

**Company Registration No. 6415051**

**BBA Aviation Finance**

**Annual report and financial statements**

**For the year ended 31 December 2014**

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# **BBA Aviation Finance**

## **Annual report and financial statements for the year ended 31 December 2014**

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## **BBA Aviation Finance**

### **Annual report and financial statements for the year ended 31 December 2014**

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

##### **Directors**

D J M Blizzard

I D C Simm

M A Powell (appointed 1 July 2014)

M C H Gill (resigned 30 April 2015)

D Marcinik

M Hoad (resigned 30 June 2014)

##### **Company Secretary**

M Dawkins

##### **Registered Office**

3<sup>rd</sup> Floor

105 Wigmore Street

London

W1U 1QY

##### **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 2014.

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. The loss for the year reflects the impairment of investments.

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 (2013: loss \$70,340,000).

During the year, no interim dividend was paid (2013: \$nil). The directors do not recommend the payment of a final dividend (2013: \$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 10. 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.

## 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:

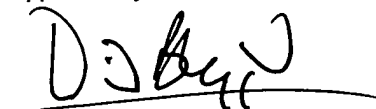
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



D J M Blizzard  
Director

26 September 2015

## **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. 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 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 2014 which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet and the related notes 1 to 11. 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).

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 2014 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.

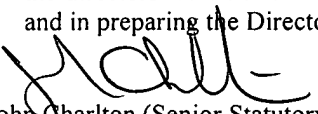
### **Opinion on other matter prescribed by the Companies Act 2006**

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**

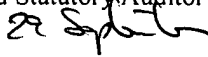
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

  
John Charlton (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom  2015

## BBA Aviation Finance

### Profit and loss account

#### For the year ended 31 December 2014

	Notes	2014 \$'000	2013 \$'000
Finance charges	4	(1)	(1)
Other operating expense	2	-	(70,339)
<b>Loss on ordinary activities before taxation</b>	2	(1)	(70,340)
Taxation on loss on ordinary activities	5	-	-
<b>Loss on ordinary activities after taxation and retained loss for the financial year</b>	2, 9	(1)	(70,340)

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 total recognised gains and losses For the year ended 31 December 2014**

	<b>2014</b> <b>\$'000</b>	<b>2013</b> <b>\$'000</b>
Loss for the financial year	(1)	(70,340)
Revaluation of investment in subsidiary undertakings	381,290	(11,882)
<b>Total recognised gains and losses for the year</b>	<b>381,289</b>	<b>(82,222)</b>

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


## BBA Aviation Finance

### Balance sheet As at 31 December 2014

	Notes	2014 \$'000	2013 \$'000
<b>Fixed assets</b>			
Investments in group undertakings	6	1,351,139	969,849
<b>Current liabilities</b>			
Cash overdrafts		(309)	(308)
<b>Net current liabilities</b>		(309)	(308)
<b>Net assets</b>		<u>1,350,830</u>	<u>969,541</u>
<b>Capital and reserves</b>			
Called - up share capital	7	22	22
Share premium account	8	1,108,692	1,108,692
Revaluation reserve	8	601,396	220,106
Profit and loss account	8	(359,280)	(359,279)
<b>Shareholders' funds</b>	9	<u>1,350,830</u>	<u>969,541</u>

The financial statements of BBA Aviation Finance, registered number 6415051 were approved by the board of directors and authorised for issue on ~~28 September~~ 2015.

Signed on behalf of the board of directors

  
D J M Blizzard  
Director

# **BBA Aviation Finance**

## **Notes to the financial statements For the year ended 31 December 2014**

### **1. Accounting policies**

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 as modified to revalue investments, and in accordance with applicable United Kingdom accounting standards and law.

The Company has taken advantage of the exemption from preparing consolidated financial statements offered by section 400 of the Companies Act 2006 because it is a wholly-owned subsidiary of BBA Aviation plc, which prepares consolidated financial statements which are publically available. The Company is also, on this basis, exempt from the requirements of FRS 1 to present a cash flow statement.

#### **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, mainly due to amounts owed to group undertakings.

Whilst technically repayable upon demand, the Directors have obtained confirmation from the parent company that no repayments of intercompany loans or other amounts will be required within a year of the date of the signing of these financial statements.

#### **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.

# **BBA Aviation Finance**

## **Notes to the financial statements For the year ended 31 December 2014**

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

#### **Investments**

The Company's investments are shown at the underlying market value of the subsidiary undertakings which is calculated using discounted cash flows to determine the market value which is allocated between the different underlying investments based on forecast profits. 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. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The directors believe that this provides more useful information in respect of these investments. Revaluation gains are taken directly to the revaluation reserve except to the extent that previous impairments have been taken through the profit and loss account. Similarly revaluation losses are taken to the profit and loss account except to the extent that previous revaluation gains have been taken to the revaluation reserve.

#### **Taxation**

The tax charge on the profit or loss for the year comprises current tax.

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

Deferred tax is not provided on timing differences arising from the sale or revaluation of fixed assets unless, at the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief.

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited on the profit or loss account, except when it relates to items credited or charged directly to equity in which case the deferred tax is also dealt with in equity.

In accordance with FRS 19, deferred tax assets are recognised only to the extent that it is regarded that it is more likely than not that future taxable profits will be available against which the assets can be utilised.

#### **Related party transactions**

Under FRS 8, the Company is exempt from disclosing related party transactions with other wholly-owned group companies as 100% of the voting rights are controlled within the group and the ultimate parent company, BBA Aviation plc, has prepared consolidated financial statements which include the results of the Company for the year and are available to the public.

### **2. Loss on ordinary activities before taxation**

Fees payable to the Company's auditor for the audit of the Company's annual financial statements were \$2,500 (2013: \$2,500). These have been borne by another Group undertaking.

No amounts have been paid to Deloitte LLP Chartered Accountants for non-audit services to the company.

The charge for the year reflects the revaluation of the investments in the current year. See the director's report for more details.

## BBA Aviation Finance

### Notes to the financial statements For the year ended 31 December 2014

#### 3. Employees and employee costs

There were no full time employees other than directors during the year (2013: none) and the aggregate payroll costs were \$nil (2013: \$nil). No director received any remuneration in the current year for services to the Company (2013: \$nil).

#### 4. Finance charges

	2014 \$'000	2013 \$'000
<i>Interest payable and similar charges:</i>		
Bank interest payable	(1)	(1)

#### 5. Tax on loss on ordinary activities

	2014 \$'000	2013 \$'000
United Kingdom corporation tax at 21.5% (2013: 23.25%) based on the loss for the year	-	-
Total current tax charge	-	-
Factors affecting the current tax charge:		
Loss on ordinary activities before taxation	(1)	(70,340)
Tax at the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	-	(16,354)
Non-taxable revaluation of investments	-	16,354
Tax losses surrendered for no consideration	-	-

There are no deferred tax assets or liabilities as at 31 December 2014 (2013: \$nil).

The tax charge of the Company in future periods is expected to be affected most significantly by the availability of group relief for £nil consideration.

The reduction in the UK corporation tax rate to 21 per cent from 1 April 2014 and the further reduction to 20 per cent from 1 April 2015 were substantively enacted on 2 July 2013. As the 2013 Finance Act has been enacted at the balance sheet date, the effects of these changes are reflected in the financial statements for the year ended 31 December 2014.

The Summer Budget 2015 announced a further reduction in the Corporation Tax main rate to 19% for the three years from 1 April 2017, with a further reduction to 18% from 1 April 2020.

## BBA Aviation Finance

### Notes to the financial statements For the year ended 31 December 2014

#### 6. Investments

	2014 \$'000	2013 \$'000
At 1 January	969,849	1,052,070
Revaluation of investments	381,290	(11,882)
Impairment of investments	-	(70,339)
	<u>1,351,139</u>	<u>969,849</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	29.60%
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%
Bahamas Airport Services Limited	Holding company	Bahamas	36.99%
BBA Aviation ASIG Europe	Holding company	United Kingdom	36.99%
BBA Aviation Lynton Group Limited	Holding company	United Kingdom	36.99%
Signature Support Washington National Inc.	Holding company	Holding company	36.99%

\*Held directly by BBA Aviation Finance.

## BBA Aviation Finance

### Notes to the financial statements For the year ended 31 December 2014

#### 6. Investments (continued)

As detailed in the accounting policies note, investments are re-valued at each year end, based on the value in use, which is calculated using discounted cash flows. 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. Changes to selling prices and direct costs are based on past practices and expected future changes in the market.

The review indicated that the BBA Aviation USA Inc. recoverable amount exceeded its carrying value by \$317.9m and consequently has been revalued upwards by this amount. The revaluation gain has been recognised in the 'Revaluation reserve' in the statement of total recognised gains and losses.

The review indicated that the International Airmotive Holdings Corporation recoverable amount exceeded its carrying value by \$63.3m and consequently has been revalued upwards by this amount. The revaluation gain has been recognised in the 'Revaluation reserve' in the statement of total recognised gains and losses.

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

#### 7. Share capital

	2014 \$'000	2013 \$'000
<b>Allotted, called up and fully paid</b>		
2,200,809 ordinary \$0.01 shares	22	22

#### 8. Movement in reserves

	Share premium account \$'000	Revaluation reserve \$'000	Profit and loss account \$'000
At 1 January 2014	1,108,692	220,106	(359,279)
Retained profit / (loss) for the financial year	-	-	(1)
Revaluation of investment in subsidiary	-	381,290	-
At 31 December 2014	1,108,692	601,396	(359,280)

Revaluation losses are taken to the revaluation reserve to the extent these reverse previously recorded gains.

#### 9. Reconciliation of movement in shareholders' funds

	2014 \$'000	2013 \$'000
Shareholders' funds at start of year	969,541	1,051,763
Revaluation (loss)/gain	381,290	(11,882)
Profit / (Loss) for the year	(1)	(70,340)
<b>Shareholders' funds at 31 December</b>	<b>1,350,830</b>	<b>969,541</b>

## **BBA Aviation Finance**

### **Notes to the financial statements For the year ended 31 December 2014**

#### **10. 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.

#### **11. 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 Aviation Financial Services LLC (US).