John Menzies plc

2020 Full Year Results Announcement

9 March 2021

John Menzies plc

Results for the Year Ended 31 December 2020

Financial Summary	**2020** Reported	**2020** Constant currency[6]	2019 Reported
Revenue	£824.2m	£839.9m	£1,325.6m
Underlying operating (loss)/profit[1]	£(18.5)m	£(18.7)m	£52.5m
Operating (loss)/profit	£(96.2)m	---	£39.6m
Underlying (loss)/profit before taxation[2]	£(38.9)m	£(39.1)m	£30.4m
(Loss)/profit before tax	£(120.5)m	---	£17.3m
Underlying (loss)/earnings per share[3]	(61.8)p	---	24.9p
Basic (loss)/earnings per share[4]	(151.1)p	---	12.8p
Underlying operating cash flow[5]	£149.6m	---	£134.9m
Cash generated from operations	£113.7m	---	£104.1m

Results Overview

Response to pandemic

- 2020 results reflect the severe impact of passenger travel restrictions imposed in response to the Covid-19 pandemic
- Menzies has reacted quickly and effectively by:
  - Reducing costs and optimising the cash position – with significant support from global government schemes and effective cash management
  - £30m of fixed cost removed, of which two-thirds is permanent
  - Right-sizing operations and headcount in line with reduced volume
  - Working with customers to find solutions – revised pricing and strong credit management
  - Revised banking covenants – sufficient liquidity headroom to invest in growth
  - Well positioned to recover strongly

Continued delivery on long-term strategic priorities

- Developing momentum in rebalancing global portfolio mix:
  - Commenced operations in Baghdad, Iraq
  - Acquisition of Royal Airport Services completed in January 2021, delivering ground and air cargo services at eight locations across Pakistan
- Strong commercial progress achieved during the year:
  - Five year contract signed with Wizz Air at their main hub in Budapest
  - Significant air cargo contracts with Qatar Airways at seven locations on three continents
  - Outsourcing gains from Qantas across Australia

Financial results

- Revenue down 37% in constant currency, with decrease in flight activity leading to a 49% year on year reduction in flight volumes in ground handling and fuel services
- Air cargo services more resilient and cargo forwarding business delivered a record performance, boosted by strong yields
- Revenue impact partly mitigated by significant cost management and global government support schemes, limiting the underlying operating loss to £18.5m before exceptional costs
- Exceptional costs of £70.2m primarily reflect costs of reshaping the cost base, one off costs associated with refinancing, asset write downs and the resolution of historical claims
- Underlying operating cash flow, ahead of expectations, resulted in year end net borrowings of £355.9m, with undrawn banking facilities and available cash of £141.8m

Outlook

The Board is confident about the Group's long-term outlook. Despite the crisis we are well placed to prosper as the aviation sector gradually recovers. We have a clear strategy in place, based around our strategic priorities and we believe this disciplined approach will deliver sustainable growth in the future.

As anticipated, the aviation sector in the first quarter of 2021 continues to be heavily impacted by ongoing travel restrictions. Continued tight control on costs and ongoing support from global government schemes have enabled us to maintain our operational capability as well as a strong liquidity position. As the market recovers and we exit the pandemic, we are ready to scale up our operations to meet the demands of our customers.

Overall, we anticipate a slow increase in volumes through the second quarter with a stronger recovery during the second half of the year. However, we currently do not anticipate a return to the volumes witnessed in full year 2019 before full year 2023. As the markets recover, our restructured cost base and reshaped business portfolio should enable the Group to generate structurally improved operating margins from growth in revenues.

Despite the pandemic, 2020 was a strong year commercially with key contracts won across the product portfolio and we successfully deepened relationships with a number of key airlines. Our pipeline in all geographic regions is strong as we continue to seek out new opportunities, and as a result we expect further strategic progress during the year. Since the year end, we have commenced operations at five new locations in Canada with WestJet. We have also successfully strengthened our well established relationship with Qantas in Australia following the award of an outsourcing contract for domestic ground handling to Menzies at four airports across Australia.

Despite anticipated ongoing low flight volumes, we expect that the Group will maintain significant liquidity headroom throughout the year ahead. Once activity levels start to recover, Menzies' strong fundamental cash generation will provide the Group with the capability to invest in support of our commercial objectives and reduce leverage.

Philipp Joeinig, Chairman and Chief Executive of John Menzies plc said:

"The Covid-19 pandemic has brought about unprecedented challenges to our business as the effects on travel continued to have a significant impact on our global operations. Despite the difficulties it presented we acted decisively, adjusting the size of our operations and ensuring sufficient liquidity was maintained. We remain a strong business and well placed to benefit as the market recovers and the industry returns to structural growth.

"Looking forward we will continue to deliver against our strategic priorities. We are winning new contracts, entering new markets and optimising our portfolio. As flight volumes recover, I am confident that we will emerge as a more agile, resilient and profitable business with a sharply focused footprint and portfolio."

Notes

1. Underlying operating profit/loss is operating profit/loss adjusted for exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles, and the Group's share of interest and tax on joint ventures and associates.
2. Underlying profit/loss before taxation is underlying operating profit/loss less net finance charges.
3. Underlying earnings/loss per share is profit/loss after taxation and non-controlling interest, but before intangible amortisation and impairment and exceptional items, divided by the weighted average number of ordinary shares in issue.
4. Prior year basic earnings per share includes the benefit of 2.0p from discontinued operations.
5. Underlying operating cash flow is underlying operating profit/loss adjusted for depreciation, amortisation, income and dividends from joint ventures and associates, retirement obligation and share based payments, and movements in working capital and provisions.
6. In order to increase comparability with prior year numbers, performance at constant currency has been calculated by translating non-sterling earnings for the current year into sterling at the exchange rates used for the same period in the prior year.

Enquiries

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Analyst Presentation

There will be a presentation for analysts today at 09:30 GMT via a live webcast on the John Menzies plc website http://www.johnmenziesplc.com. Copies of the presentation slides will be available on the website.

Chairman and Chief Executive's Statement

I want to start by saying thank you to our employees worldwide for their response to the challenges caused by the pandemic. Our teams have acted admirably throughout, reacting efficiently to a constantly evolving situation and continuing to serve our customers safely and sensitively, often in difficult circumstances. They should be proud of the part they have played in helping us navigate this year.

Growth Strategy

During the year we responded proactively as the Covid-19 crisis unfolded, taking difficult decisions where required to protect the Company and continued to stay focused on executing our long-term growth strategy, ensuring we are ready to emerge strongly as the aviation market recovers.

Our long-term growth strategy is centred on our five strategic priorities:

1. **Optimise portfolio mix**
   We are targeting a wider spread of activities by promoting the organic growth of air cargo and fuelling services. We will continue to grow our ground services business but our focus will be on areas where we know future growth opportunities are stronger and returns will be higher. We are also pursuing selective growth of our ancillary services offering, where operating margins are typically higher.

2. **Targeted growth**
   We are expanding our network into emerging markets where margins are typically higher, the recovery rate is forecast to be considerably stronger and there is potential for Menzies to enhance standards and processes for customers. Expanding our network into these markets with strong growth dynamics will be a key part of our growth, utilising all of our product categories. Within the ground handling market, we will target high volume, high value contracts in key locations making better use of resources and enabling increased customer service and engagement. Where market dynamics are favourable, we will also seek to selectively expand our ancillary product portfolio.

3. **Focus on margin improvement**
   We are committed to driving a structural improvement in the Group's operating margin. This will be achieved by focusing our organic and inorganic growth in structural growth markets, a relentless focus on strong cost management and active portfolio management across the existing business.

4. **Customer first**
   Having strong customer relationships is the key to success in our industry. We seek to be solutions orientated, working with customers to deliver their goals with the aim of making Menzies Aviation the handling provider of choice wherever we operate. Our customer relationships have never been so important as they were in 2020. As the industry emerges from the pandemic, we believe their strength will be vital to the delivery of our growth strategy.

5. **People centric**
   This year we have put people at the heart of the Menzies brand. Since 1833, it is the people at Menzies who have made us unique and we recognise that investing in our employees will be a key component of our success. We want to build a team of motivated and passionate people who we will support with industry leading working environments, training and leadership.

Despite the challenges we faced in 2020, we have demonstrated tangible success in delivering on our strategy. Operations have now commenced in Iraq and our acquisition in Pakistan has recently completed. With significant contract wins with Qantas, Qatar Airways and Wizz Air, and these new operations, we have demonstrated our strong emerging market and fast growing market focus. I am particularly excited by the strength of our new opportunities pipeline across our full suite of products for the remainder of 2021 and beyond.

Aviation Market Recovery

The impact of the Covid-19 pandemic on both the global economy and global aviation markets in 2020 was unprecedented. However, with vaccine programmes being rolled out across the world, there is cause for cautious optimism as we look to the future.

As predicted, passenger markets in the first quarter of 2021 have remained weak, and we anticipate a slow recovery starting in the second quarter with a more sustained recovery in the second half of 2021. We do not anticipate global aviation activity levels making a full recovery to 2019 levels until 2023. Analysing our markets, we believe that domestic and regional passenger travel will recover earlier and faster driven by narrow bodied, single aisle aircraft, with long haul travel recovering more slowly. This partly reflects forecast demand and also reflects the impact of the long haul capacity removed by airlines during the crisis. This trend would play to Menzies' strengths, given our long standing core focus on servicing high volume, narrow bodied, single aisle aircraft.

The competitive environment remains relatively unchanged from a year ago, with global government support schemes ensuring that the raft of business closures that might ordinarily result from such a severe downturn has not occurred. However, as this support reduces and aviation volumes gradually return, we do expect to see this dynamic change.

As we look to the future, I am confident that due to our proactive approach, our restructured cost base and reshaped business portfolio will enable us to start generating structurally improved operating margins as volumes recover.

I am pleased that, whilst we had to work with our banking partners to renegotiate our covenants through to 30 June 2022, we did not take on more borrowing and therefore have maintained a healthy liquidity position throughout the year. We are also confident that our current forecasts are robust and we will continue to trade within our agreed covenant limitations.

Governance

As a Company we are dedicated to understanding how we can be better and this year we are focused on making big changes to enhance our Environmental, Social and Governance (ESG) impact. We will shortly be launching our own ESG vision and targets in this year's Annual Report.

I am committed to promoting good governance and the principles of the Corporate Governance Code. During the year, following the departure of Giles Wilson, it was agreed that I also assume the position of Chief Executive Officer to best navigate the Company through the immediate crisis, effectively execute our strategy and deliver growth in the years to come. I am delighted with the progress we have made and with the strong team I work with.

We are also in the process of recruiting a further non-executive director. The Board is focused on finding the right candidate who will add to our existing skill set and assist in driving forward our growth agenda. This process continues and we are confident to make an announcement later this year.

Finally, I would like to thank everyone who has been supportive during the year. In particular our shareholders, customers and suppliers together with my fellow colleagues around the world. Whilst we still live in very uncertain times, I look forward with confidence and see a prosperous future for the Group.

Group Performance Overview

2020 has presented the business with a number of significant challenges. Until the impact of the restrictions on flight volumes imposed as the Covid-19 pandemic accelerated globally in late March 2020, the Group had been trading well, with the cost reduction actions taken and the renewed focus on commercial activity showing positive results.

The many travel restrictions imposed due to the outbreak of Covid-19 have significantly affected the Group's revenue, with ground and fuelling services particularly badly impacted by the dramatic reduction in flights. Ground service turns were down 59% in the year and fuelling service events were down 46%. Our air cargo handling and our cargo forwarding service lines have been more resilient with reduced capacity on passenger flights driving yields to historical highs. Overall, air cargo service tonnage was down 18%.

Swift and decisive actions were taken in response to the impact of the flight restrictions. We have flexed our headcount in line with projected volumes, agency personnel schemes have been discontinued, underutilised staff have been put on furlough and in some countries, regrettably some staff were made redundant. We have optimised our use of the various government support schemes around the world, some of which have added to the Group's level of liquidity. In addition, only essential capital expenditure has been authorised and discretionary spend is at the lowest level in recent years. Our actions taken and our strict credit and expense control has resulted in a strong and sustainable level of liquidity.

Revenue for the year was £824.2m (2019: £1,325.6m), a 37% reduction in constant currency from the prior year. The Group recorded an operating loss of £96.2m in the year compared with a £39.6m profit in the prior year. Excluding exceptional and other items, the underlying operating loss for the year was £18.5m compared with a profit of £52.5m in the prior year. The reduction in profit was a direct result of the impact of the flight restrictions imposed by governments in response to the Covid-19 pandemic. The loss was mitigated by various grants received and released during the year totalling £139.2m. Grant income is released from when monies are received over the period in which in-country revenue is expected to be impacted by travel restrictions in response to Covid-19. The release is calculated as a set proportion of payroll expense until the monies are utilised. The most significant grant was US$82.8m grant funding from the US government of which £38.9m was recognised as grant income in the year. The loss before tax was £120.5m (2019: profit of £17.3m). The underlying loss per share was 61.8p (2019: 24.9p earnings per share).

Our commercial teams around the world have been very active in the period and have made encouraging progress winning and renewing significant new business, and also preparing to start-up in new stations in new regions of the world. In 2020 we added a number of significant contracts and our net gain in annualised revenue was significantly up on previous years. The emphasis has been on all areas of the business, not only ground services but also the higher margin air cargo and fuelling services businesses.

Our response to the flight restrictions has been swift and decisive. We have engaged with our customers to seek and secure interim price arrangements and also to match as closely as possible our headcount to the expected volumes of flights. Consequently, we have had to reduce our headcount. At the height of the Covid-19 related flight restrictions, our headcount was 50% lower than the same period in the prior year, with agency personnel arrangements ended, and many permanent staff on temporary leave or furlough schemes. Since then, staff have begun to return to work and at the end of the year our workforce was around 18,000, 40% lower than the previous year.

In the first half of 2021, we will continue to welcome back more of our people as we scale up our operations to meet the growing volumes of flights. As we will be a smaller business in the near term, we recognise the significant impact this has had on our colleagues that have left us. Throughout the process of change we have been doing everything we can to minimise the number of job losses across the network. To ensure we are as competitive as possible as the recovery continues, we have addressed multiple contract terms at single locations by working with our staff to harmonise pay and conditions. We believe that our success in harmonisation is vital to ensure that we can compete effectively and win new profitable business.

Business Review

Americas

In the Americas region, the impact of flight restrictions in response to the pandemic has not been as great as in other parts of the world, reflecting the significant proportion of the business that is regional rather than intercontinental, and therefore less affected by the international flight restrictions. In the USA, air cargo volumes held up well with our two largest operations in Los Angeles and San Francisco maintaining volumes close to pre-pandemic levels. The US fuelling and ground service businesses saw volumes drop in the second quarter of the year and then modestly improve in the second half. In the rest of the region, Canada fuel farm management and the Canadian and Colombian air cargo businesses remained steady and profitable. However, the ground services operations in Canada, Mexico and Colombia were severely impacted, with operations in Colombia closed at one point.

Profitability was less affected compared with other regions due to the cost savings measures put in place in response to the crisis, which resulted in the closure of operations at Boston, Newark, New Orleans and Tijuana, together with the impact of government support. The US business received $82.8m of job support grants under the Coronavirus Aid, Relief, and Economic Security Act that has provided welcome financial relief for Menzies in the USA and other key suppliers and carriers across the country's airline industry. Due to the significant support given to the US based airlines, we did see some evidence of insourcing and this resulted in the loss of our ground handling contract with United Airlines in Denver. Although this loss was partly mitigated by ancillary services wins elsewhere in the USA with the airline. We do not expect a significant change to the market dynamics in North America and see any insourcing as a short-term trend only. Important government support, albeit on a lesser scale, was received in Canada in the form of emergency wage subsidies.

In terms of our strategic priorities, as well as the portfolio management action taken to close the stations mentioned above, our work to optimise the portfolio mix resulted in a number of notable contract wins and renewals. We successfully added Qatar Airways air cargo services at Los Angeles and San Francisco evidencing our growing relationship with Qatar Airways globally and renewed multi-station fuelling services agreements with UPS and FedEx. Within the region, our focus on emerging market growth saw the successful renewal of ramp services with VivaAerobus across 21 stations in Mexico.

Our focus on margin improvement gained traction with enhanced commercial terms secured in many locations including with Air France/KLM at five air cargo service operations in Canada and at Bogota. We also successfully negotiated short-term rate improvements with airlines across the region in response to lower volumes during the pandemic.

EMEA

The EMEA region saw the largest reduction in flight schedules with ground handling turns down 64% compared with prior year. Our ground services business in the UK, Spain, Eastern Europe, Scandinavia and South Africa were severely disrupted in the second quarter, however there was an improvement in volumes in the second half of the year.

Within the fuelling services business in the UK and France, margins were maintained due to the fee-per-service nature of the contracts, although volume was significantly down. Cargo volumes in Amsterdam remained strong, and our cargo operations at London Heathrow have been running ahead of the prior year since the large contract win with Qatar Airways in June.

The profit impact of the decline in revenues has been partly mitigated by strong cost control, government support schemes and tough decisions regarding uneconomic operations. We ceased agency personnel arrangements, where appropriate employees were furloughed through government schemes, and regrettably, a number of redundancy programmes were undertaken. Government support schemes have had a positive impact on Menzies' ability to maintain the right level of staffing particularly in the UK, the Netherlands and Sweden.

In the UK, we ceased ground service operations at Birmingham, Bristol, Exeter, Liverpool, Newcastle and Stansted. Where possible we have engaged with our workforce to harmonise labour agreements in order to become a leaner organisation and be in a better position to win new business.

Despite the crisis we have continued to make progress with our strategic priorities in the region. We are currently in negotiations with a number of airlines across the region for improved pricing and other recompense in response to the changes in flight volumes. In the UK, we won ground service contracts with Loganair at Edinburgh, Glasgow and London Heathrow, and with TUI Airways at Glasgow, London Gatwick and Manchester. We also won WizzAir ground services business at Oslo, which partly mitigates the significant reduction in Norwegian Air Shuttle volumes following the airline's decision to downsize operations. Other wins included Volotea at Nantes and TUI Airways at Gothenburg.

Within the region, we made considerable progress with our strategy to expand into emerging markets. We were delighted to win the Wizz Air ground services contract at Budapest, the carrier's home airport. We also added a contract with LIFT Airline at Johannesburg and we were awarded an operating licence at Larnaca and Paphos in Cyprus ahead of commencing ground service operations in February 2021. Since the year end, the acquisition of Royal Airport Services has completed, bringing ground and air cargo services at eight locations across Pakistan, while operations have commenced at Baghdad, Iraq.

As well as the new air cargo services in Pakistan, our work to optimise the portfolio mix and target a better spread of activities resulted in us winning cargo contracts with Cargolux at Budapest and Qatar Airways at London Heathrow. The contract with Qatar Airways embodies our strategic priority of customer engagement and the growing prevalence of regional or global agreements. The contract is part of a joint approach to develop Qatar Airways global cargo network in a handling partnership programme.

Rest of World

The Rest of World region focuses on Australasia and South East Asia. As with the rest of the Group, volumes were depressed in the region with air cargo tonnage down 24% and ground services 58% lower than prior year. Our operations in Macau, China felt the impact of the government restrictions in response to the pandemic virtually all year, as it was one of the first territories to be impacted. Passenger flights were severely impacted, however air cargo traffic remained at pre-pandemic levels for most of the year.

The air cargo business was resilient in both Australia and New Zealand. Profitability in the two countries was maintained through the handling of emergency relief flights, cargo only aircraft where cargo replaced passengers on the main deck, and the optimisation of government job retention schemes, particularly in Australia. Our fuelling services business in Thailand has been mothballed and is unlikely to restart unless sufficient scale can be achieved.

The Rest of World region is a key area in terms of our strategic priority of delivering emerging market growth. Stronger forecast economic growth and the demographic trend of a growing middle class means this region is expected to experience significantly higher growth in aviation activity over the next 20 years compared with many other geographical regions.

During the year we successfully grew and optimised our portfolio in the region, adding ground services and air cargo services contracts with Qatar Airways at Sydney, Melbourne, Perth and Adelaide and air cargo services at Auckland. We also won a contract to provide high volume, narrow bodied ground services with Jetstar Airways at Melbourne. Operations in Indonesia progressed with the PT Mitra Adira Utama air cargo business now successfully integrated.

Cargo Forwarding

During the year our cargo forwarding business, Air Menzies International (AMI) performed strongly, strengthening its position as one of the world's largest neutral providers of airfreight and express services.

AMI has benefited from restricted cargo capacity reflecting the grounding of many international passenger flights. Despite fewer bookings, the size and yield of each booking has been considerably higher than in recent years. While the impact of the reduction in cargo capacity across the industry provided positive momentum to the business during the year, the business also swiftly and proactively responded to the change in cargo capacity to find solutions for its customers, chartering aircraft and filling them with air cargo demand on key trade lanes.

Financial Overview

Banking Facilities

As previously reported, the Company completed the refinance of the Group's bank facilities in January 2020 that were due to mature in 2021 and replaced them with a US$235m amortising loan and a £145m revolving credit facility, both due to mature in January 2025. In response to the financial impact of the pandemic related flight restrictions, the Company agreed a revised temporary banking covenant structure with its banking group for the facilities in August.

The new covenant structure provides sufficient flexibility to support the Group through the expected recovery period. The key terms are that a net leverage covenant is suspended and replaced with a minimum EBITDA covenant and a new covenant requiring the Group to keep a minimum of £45m liquidity. The interest cover covenant is also suspended. The revised covenant structure will remain in place until the earlier of June 2022 or whenever the Group's leverage as measured on a pre-IFRS 16 basis remains below 3.0 times for three consecutive quarters. At that point, the Group will revert to the original net leverage and interest cover covenants for the remainder of the facilities' term. The interest margin is 4.0% and will reduce to 3.5% when the Group's leverage, as measured on a pre-IFRS 16 basis, falls back below 3.0 times.

Exceptional Items in Operating Profit

Exceptional items in operating profit were a £70.2m charge to profits (2019: £4.7m) comprised £58.8m of restructuring incurred to reshape the business in response to and because of the Covid-19 pandemic travel restrictions, transaction related costs of £2.4m, primarily to set up the new business in Iraq and £9.0m of costs to reimburse the insurer in respect of an insurance claim from 2017.

The Covid-19 pandemic restructuring costs comprised £27.1m of costs incurred to write down assets, and £31.7m of restructuring costs that comprised £27.0m of costs to resize the business as a result of the downturn in volumes, and £4.7m of professional and advisory fees to secure the successful renegotiation of the new covenant structure.

Interest and Taxation

The Group's underlying net finance costs were £20.4m (2019: £22.1m).

As a multinational business, the Group is liable for taxation in multiple jurisdictions around the world. The Group's underlying tax charge for the period was £14.2m (2019: £9.5m) representing an effective underlying tax rate of -37% (2019: 31%). The increase was mainly due to de-recognising deferred tax assets in various jurisdictions.

Loss per Share

The Group's underlying loss per share was 61.8p (2019: 24.9p earnings per share). The reduction was a result of the decrease in underlying profits and the increase in the effective underlying tax rate. The corresponding basic loss per share was 151.1p (2019: 12.8p per share for continuing and discontinued operations).

Defined Benefit Retirement Obligation

The reported UK defined benefit retirement obligation has increased by £1.4m since 31 December 2019 to £6.7m. This relatively small increase is attributable to effective hedging strategy as the £39.1m adverse impact of lower discount rates on future liabilities was mostly offset by £32.1m positive impact of returns on the pension scheme assets and £3.7m of contributions from the Group.

Impact of Foreign Currency Movements

The majority of the Group's operations are located outside the UK and account in currencies other than the Group's reporting currency. The Group hedges the sterling exposure of foreign currency denominated assets to manage the impact of currency movements in the Group's net assets using forward contracts. The translation of profits from overseas trading entities is not hedged, and as a result the movement of exchange rates affects the Group's reported results. In 2020, there was minimal impact on the Group's results due to exchange rate movements against the prior year. Net borrowings are also subject to foreign currency movements, primarily on the US dollar denominated term loan and non-sterling lease liabilities.

Dividend

No dividend is to be paid in respect of the 2020 results (2019: 6.0p per share).

Group Liquidity

The Group has been effective in the proactive management of cash and liquidity. Underlying operating cash flow was £149.6m (2019: £134.9m). The increase was largely the result of strong debtor collections and upfront support from governmental agencies. Working capital management remains a key focus for the business. Cash generated from operations was £113.7m (2019: £104.1m). Free cash flow was £105.7m (2019: £81.1m). Net capital expenditure was £20.7m (2019: £21.5m). The resulting net cash and cash equivalents on hand at 31 December 2020 was £121.8m, £48.8m higher than 31 December 2019.

At 31 December 2020 reported net borrowings were £355.9m (2019: £391.5m) largely reflecting lower lease liabilities. Net debt used for measuring leverage for banking covenant purposes, particularly excluding the impact of reporting leases under IFRS 16, was £214.7m (2019: £216.6m). The Group had £316.9m of committed banking facilities at 31 December 2020, of which £296.9m were drawn.

Going Concern

The UK Corporate Governance Code requires the Directors to state whether the Board considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. In adopting the going concern basis for preparing these financial statements, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties. The spread of Covid-19 has precipitated an unprecedented level of air travel restrictions being imposed by governments across the world. Although this has had a broadly positive impact on cargo handling and forwarding businesses, it has had a negative impact on flight volumes that drive the ground and fuelling services businesses.

After reviewing the current liquidity position, financial forecasts and stress testing of potential risks and based on the current funding facilities outlined, the Board has a reasonable expectation that the Company and Group has sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 June 2022. The Group has a strong liquidity position. As a result, the Board continues to adopt the going concern basis of accounting in preparing the Company and Group financial statements. The period of management's going concern assessment is the period to 30 June 2022.

In the event of further severe downside risks beyond the Company's severe but plausible downside case as outlined in note 1 of the consolidated financial statements, the Board has identified a material uncertainty arising as a result of the impact that prolonged international travel restrictions could have on the delayed recovery of the business that, were they not adequately mitigated as they have so far may risk a breach of the leverage and interest cover covenants on the Company's unsecured facilities at 30 June 2022, a date over two years before the expiry of such facilities in January 2025 and over two years after the start of the pandemic. If such circumstance were to arise, the Company would have sufficient time to take steps to further mitigate any risk arising and, if necessary, to seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants.

Full Year Results for the year ended 31 December 2020

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2020 (year ended 31 December 2019)

	Notes	**Before exceptional and other items £m**	**Exceptional and other items £m**	**2020 £m**	Before exceptional and other items £m	Exceptional and other items £m	2019 £m
Continuing operations							
Revenue	2	**824.2**	**-**	**824.2**	1,325.6	-	1,325.6
Net operating costs		**(844.4)**	**(76.8)**	**(921.2)**	(1,280.7)	(11.3)	(1,292.0)
Operating (loss)/profit before joint ventures and associates		**(20.2)**	**(76.8)**	**(97.0)**	44.9	(11.3)	33.6
Share of post-tax results of joint ventures and associates		**1.7**	**(0.9)**	**0.8**	7.6	(1.6)	6.0
Operating (loss)/profit	2	**(18.5)**	**(77.7)**	**(96.2)**	52.5	(12.9)	39.6
Analysed as:							
Underlying operating (loss)/profit[(i)]	2	**(18.5)**	**-**	**(18.5)**	52.5	-	52.5
Exceptional items – transaction related and integration	3	**-**	**(2.4)**	**(2.4)**	-	5.1	5.1
Exceptional items – restructuring related	3	**-**	**(31.7)**	**(31.7)**	-	(10.2)	(10.2)
Exceptional items – asset impairment	3	**-**	**(17.8)**	**(17.8)**	-	(5.4)	(5.4)
Exceptional items – estimated credit loss	3	**-**	**(9.3)**	**(9.3)**	-	-	-
Exceptional items – insurance and other legal settlements	3	**-**	**(9.0)**	**(9.0)**	-	5.8	5.8
Acquired intangible asset amortisation	3	**-**	**(6.6)**	**(6.6)**	-	(6.6)	(6.6)
Share of joint ventures and associates interest		**-**	**-**	**-**	-	0.2	0.2
Share of joint ventures and associates tax		**-**	**(0.9)**	**(0.9)**	-	(1.8)	(1.8)
Operating (loss)/profit		**(18.5)**	**(77.7)**	**(96.2)**	52.5	(12.9)	39.6
Finance income		**0.2**	**-**	**0.2**	0.6	-	0.6
Finance charges excluding retirement benefit obligation interest		**(20.6)**	**(3.9)**	**(24.5)**	(22.3)	(0.2)	(22.5)
Retirement benefit obligation interest		**-**	**-**	**-**	(0.4)	-	(0.4)
(Loss)/profit before taxation		**(38.9)**	**(81.6)**	**(120.5)**	30.4	(13.1)	17.3
Taxation		**(14.2)**	**6.3**	**(7.9)**	(9.5)	1.2	(8.3)
(Loss)/profit for the year from continuing operations		**(53.1)**	**(75.3)**	**(128.4)**	20.9	(11.9)	9.0
Discontinued operations							
Profit for the year from discontinued operations	17	**-**	**-**	**-**	-	1.7	1.7
(Loss)/profit for the year		**(53.1)**	**(75.3)**	**(128.4)**	20.9	(10.2)	10.7
Attributable to equity shareholders		**(52.1)**	**(75.3)**	**(127.4)**	21.0	(10.2)	10.8
Attributable to non-controlling interests		**(1.0)**	**-**	**(1.0)**	(0.1)	-	(0.1)
		(53.1)	**(75.3)**	**(128.4)**	20.9	(10.2)	10.7
Earnings per ordinary share							
Continuing operations							
Basic	5	**(61.8)p**	**(89.3)p**	**(151.1)p**	24.9p	(14.1)p	10.8p
Diluted	5	**(61.8)p**	**(89.3)p**	**(151.1)p**	24.9p	(14.1)p	10.8p
Continuing and discontinued operations							
Basic	5	**(61.8)p**	**(89.3)p**	**(151.1)p**	24.9p	(12.1)p	12.8p
Diluted	5	**(61.8)p**	**(89.3)p**	**(151.1)p**	24.9p	(12.1)p	12.8p

Note:
[(i)] Underlying operating (loss)/profit adjusts for exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles and the Group's share of interest and tax on joint ventures and associates to provide an appreciation of the impact of those items on operating profit.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020 (year ended 31 December 2019)

	Note	**2020 £m**	2019 £m
(Loss)/profit for the year		**(128.4)**	10.7
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on defined benefit retirement obligation	14	**(3.8)**	2.0
Actuarial loss on unfunded retirement benefit obligation		**(0.3)**	(0.1)
Income tax effect on defined benefit retirement obligation		**-**	(0.4)
Loss on equity instrument at fair value through other comprehensive income		**-**	(2.0)
Items that may be reclassified subsequently to profit or loss			
Movement on cash flow hedges		**(2.1)**	(1.9)
Income tax effect on cash flow hedges		**0.4**	0.3
Movement on net investment hedges		**(1.2)**	0.7
Income tax effect on net investment hedges		**0.2**	(0.1)
Exchange gain/(loss) on translation of foreign currency net assets		**2.3**	(8.1)
Income tax effect of exchange loss on foreign currency net assets		**(0.2)**	-
Other comprehensive loss for the year		**(4.7)**	(9.6)
Total comprehensive (loss)/income for the year		**(133.1)**	1.1
Attributable to equity shareholders		**(132.1)**	1.2
Attributable to non-controlling interests		**(1.0)**	(0.1)
		(133.1)	1.1

CONSOLIDATED BALANCE SHEET
as at 31 December 2020 (31 December 2019)

	Notes	2020 £m	2019 £m
Assets			
Non-current assets			
Intangible assets	6	**167.1**	178.1
Property, plant and equipment	7	**236.5**	278.1
Investments in joint ventures and associates		**14.0**	16.2
Other investments		**0.1**	0.2
Deferred tax assets		**21.2**	23.7
		438.9	496.3
Current assets			
Inventories		**5.7**	5.8
Trade and other receivables	8	**185.1**	242.7
Current income tax receivables		**1.8**	3.9
Derivative financial assets	9	**0.2**	0.8
Cash and cash equivalents	11	**209.1**	90.5
		401.9	343.7
Liabilities			
Current liabilities			
Borrowings	9	**(137.0)**	(91.6)
Derivative financial liabilities	9	**(0.8)**	(0.2)
Trade and other payables		**(233.7)**	(187.2)
Current income tax liabilities		**(14.4)**	(12.4)
Provisions	13	**(45.0)**	(55.2)
		(430.9)	(346.6)
Net current liabilities		**(29.0)**	(2.9)
Total assets less current liabilities		**409.9**	493.4
Non-current liabilities			
Borrowings	9	**(425.0)**	(390.8)
Other payables		**(0.4)**	(0.5)
Derivative financial liabilities	9	**(2.4)**	(0.2)
Deferred tax liabilities		**(3.1)**	(3.1)
Provisions	13	**(17.3)**	(6.2)
Retirement benefit obligation	14	**(6.7)**	(5.3)
		(454.9)	(406.1)
Net (liabilities)/assets		**(45.0)**	87.3
Ordinary shares		**21.1**	21.1
Share premium account		**23.6**	23.5
Treasury shares		**(1.2)**	(1.2)
Other reserves		**(17.8)**	(17.2)
Merger relief reserve		**67.3**	67.3
Retained earnings		**(158.5)**	(27.7)
Capital redemption reserve		**21.6**	21.6
Total shareholders' equity		**(43.9)**	87.4
Non-controlling interest in equity		**(1.1)**	(0.1)
Equity		**(45.0)**	87.3

The accounts were approved by the Board of Directors on 9 March 2021 and signed on its behalf by:

Philipp Joeinig
Chairman and Chief Executive Officer

Alvaro Gomez-Reino
Chief Financial Officer

Company No. SC34970

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 31 December 2020 (31 December 2019)

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Translation and hedge reserves £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Total shareholders' equity £m	Non-controlling equity £m	Equity £m
At 31 December 2019	21.1	23.5	(1.2)	(17.2)	67.3	(27.7)	21.6	87.4	(0.1)	87.3
Loss for the year	-	-	-	-	-	(127.4)	-	(127.4)	(1.0)	(128.4)
Other comprehensive loss	-	-	-	(0.6)	-	(4.1)	-	(4.7)	-	(4.7)
Total comprehensive loss	-	-	-	(0.6)	-	(131.5)	-	(132.1)	(1.0)	(133.1)
New share capital issued	-	0.1	-	-	-	-	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	0.7	-	0.7	-	0.7
At 31 December 2020	**21.1**	**23.6**	**(1.2)**	**(17.8)**	**67.3**	**(158.5)**	**21.6**	**(43.9)**	**(1.1)**	**(45.0)**

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Translation and hedge reserves £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Total shareholders' equity £m	Non-controlling equity £m	Equity £m
At 31 December 2018	21.1	23.1	(2.6)	(8.1)	67.3	(17.2)	21.6	105.2	(3.9)	101.3
Impact of adoption of IFRS 16	-	-	-	-	-	(1.6)	-	(1.6)	-	(1.6)
Adjusted equity at 1 January 2019	21.1	23.1	(2.6)	(8.1)	67.3	(18.8)	21.6	103.6	(3.9)	99.7
Profit/(loss) for the year	-	-	-	-	-	10.8	-	10.8	(0.1)	10.7
Other comprehensive loss	-	-	-	(9.1)	-	(0.5)	-	(9.6)	-	(9.6)
Total comprehensive (loss)/income	-	-	-	(9.1)	-	10.3	-	1.2	(0.1)	1.1
New share capital issued	-	0.4	-	-	-	-	-	0.4	-	0.4
Share-based payments	-	-	-	-	-	0.8	-	0.8	-	0.8
Income tax effect of share-based payments	-	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Subsidiaries acquired (Note 15)	-	-	-	-	-	-	-	-	2.2	2.2
Recapitalisation of subsidiary	-	-	-	-	-	-	-	-	0.5	0.5
Expiry of acquisition related options	-	-	-	-	-	-	-	-	1.6	1.6
Dividends paid (Note 4)	-	-	-	-	-	(17.3)	-	(17.3)	(0.4)	(17.7)
Repurchase of Company's shares	-	-	(1.0)	-	-	-	-	(1.0)	-	(1.0)
Disposal of Company's shares	-	-	2.4	-	-	(2.4)	-	-	-	-
At 31 December 2019	21.1	23.5	(1.2)	(17.2)	67.3	(27.7)	21.6	87.4	(0.1)	87.3

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2020 (year ended 31 December 2019)

	Notes	**2020** **£m**	2019 £m
Cash flows from operating activities			
Cash generated from operations	10	**113.7**	104.1
Interest received		**0.2**	0.6
Interest paid on lease liabilities		**(7.3)**	(7.6)
Other interest paid including arrangement fees		**(16.4)**	(13.5)
Tax paid		**(2.5)**	(11.8)
Net cash flow from operating activities		**87.7**	71.8
Cash flows from investing activities			
Acquisitions	15	**-**	(7.2)
Cash acquired with subsidiaries	15	**-**	0.4
Investment in joint ventures		**-**	(0.4)
Disposal of joint venture		**-**	2.6
Disposal of minority equity investment		**-**	3.0
Increased disposal consideration		**-**	1.8
Purchase of property, plant and equipment		**(24.2)**	(29.7)
Intangible asset additions		**(1.0)**	(5.3)
Proceeds from sale of property, plant and equipment		**4.5**	13.5
Dividends received from equity accounted investments		**2.1**	6.3
Net cash flow used in investing activities		**(18.6)**	(15.0)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**0.1**	0.4
Purchase of Company's shares		**-**	(1.0)
Proceeds from borrowings		**46.6**	50.0
Repayment of borrowings excluding leases		**-**	(10.9)
Principal element of lease repayments		**(59.9)**	(57.1)
Dividends paid to non-controlling interests		**-**	(0.4)
Dividends paid to ordinary shareholders	4	**-**	(17.3)
Net cash flow used in financing activities		**(13.2)**	(36.3)
Increase in net cash and cash equivalents		**55.9**	20.5
Effects of exchange rate movements		**(6.0)**	(3.1)
Opening net cash and cash equivalents(i)		**71.9**	54.5
Closing net cash and cash equivalents(i)	11	**121.8**	71.9

Note:
(i) Net cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of preparation

The consolidated financial statements, which have been prepared under the historical cost convention, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, incorporate the financial statements of the Company and its subsidiaries, joint ventures and associates from the effective date of acquisition or to the date of deemed disposal.

Going concern

The UK Corporate Governance Code requires the Directors to state whether the Board considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. In adopting the going concern basis for preparing these financial statements, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties. The spread of Covid-19 has precipitated an unprecedented level of air travel restrictions being imposed by governments across the world. Although this has had a broadly positive impact on cargo handling and forwarding businesses, it has had a negative impact on flight volumes that drive the ground and fuelling services businesses.

After reviewing the current liquidity position, financial forecasts and stress testing of potential risks and based on the current funding facilities outlined, the Board has a reasonable expectation that the Company and Group has sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 June 2022. The Group has a strong liquidity position. As a result, the Board continues to adopt the going concern basis of accounting in preparing the Company and Group financial statements. The financial statements for the year ended 31 December 2020 were approved by the Board on 8 March 2021. The period of management's going concern assessment is the period to 30 June 2022.

In the event of further severe downside risks beyond the Company's severe but plausible downside case, the Board has identified a material uncertainty arising as a result of the impact that international travel restrictions could have on the delayed recovery of the business that may risk a breach of the leverage and interest cover covenants at 30 June 2022. If such circumstance were to arise, the Company would take steps to further mitigate any risk arising and, if necessary, to seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants.

Going concern assessment

Travel restrictions imposed in response to the Covid-19 pandemic have had a significant impact on revenues generated from ground services and into-plane fuelling. In order to respond to the ongoing market uncertainty over the going concern period, significant management actions have been taken in response, including cost saving measures, the application for and the receipt of significant government support in several countries (including loans and grant monies received from the US government as part of the Coronavirus Aid, Relief, and Economic Security Act, JobKeeper Payment in Australia and Coronavirus Job Retention Scheme in the UK), tight cash management and the successfully agreed revised covenant structure with the Group's banks.

The structural changes to the cost base and the continuing expansion into emerging markets gives confidence that the Group will be in a better place to benefit from the recovery in passenger volumes. In addition, the balance of revenue streams that the Group has within its business model has given some protection against the level of decline in passenger related volumes experienced due to travel restrictions imposed on airlines in response to Covid-19. This balance includes exposure to less impacted markets such as cargo handling, cargo forwarding and fuel farm management, a greater proportion of ground services and into-plane fuelling revenues being generated from less impacted domestic and regional travel rather than international travel, and the geographical spread as a result of operating in over 30 countries.

Assumptions and stress testing

The Board considered the liquidity position and forecast EBITDA in the Group's financial forecasts prepared to 30 June 2022, recognising the challenges around reliably estimating and forecasting the effects of Covid-19 particularly on the ground and fuel service businesses. The key areas of forecasting uncertainty include the extent and duration of border and travel restrictions in the countries in which the Group operates and the recovery in ground and fuel services aircraft turns.

In reaching its conclusion on the going concern assessment, the Board also considered the findings of the work performed to support the statement on the long-term viability of the Company and the Group. As noted below, this included assessing forecasts of severe but plausible downside scenarios and further downside stress testing related to the Company's principal risks, notably the extent to which the recovery in the ground and fuel services businesses assumed in its base case forecasts is at risk.

The relevant forecast revenue assumptions as a percentage of the average pre Covid-19 levels for the impacted ground and fuel services in the first half of 2021, second half of 2021 and for the first half of 2022 under the base case and a severe but plausible downside case are set out below.

	H1 2021	H2 2021	H1 2022
Base case	51%	62%	79%
Severe but plausible downside case	48%	54%	63%

These assumptions reflect the Company's view on the likely rate of recovery along with information from some of the Group's largest airline customers. The percentages have been benchmarked against various recovery scenarios prepared by external third parties including the European Organisation for the Safety of Air Navigation, the International Civil Aviation Organization and the International Air Transport Association.

The Group has taken actions in response to the impact of the ongoing travel restrictions to increase the resilience of the business, reflecting the restructure of the business that has taken place during 2020 and the revised cost base that has resulted in a leaner and more agile workforce. These overhead and labour cost savings are largely within the control of management and therefore the Board is confident they can be implemented. The controllable cost mitigating actions have been considered in the severe but plausible scenario.

In the Company's assumptions, government assistance has been assumed only for the period committed by the authorities in writing. However, the Board is hopeful that this support will continue, commensurate with the impact of travel restrictions and through the period during which such travel restrictions persist, as experienced in 2020 and the first quarter of 2021.

Liquidity and EBITDA headroom
The Group's main committed borrowing facilities comprised its fully drawn US$235m term loan and the £145m revolving credit facility, both available until their maturity dates of January 2025, and loans from the US government having a maturity date of 2030. The US dollar term loan has repayment instalments of US$10m that fell due in January 2021 and US$15m that is to fall due in each of January 2022, 2023 and 2024. As at 31 December 2020, the Group's available liquidity comprised of £20.0m of undrawn revolving credit facility and £121.8m of net cash balances across the Group.

The Group must comply with certain banking covenants measured quarterly. Until 31 March 2022, these relate to maintaining a minimum liquidity of £45m and exceeding predetermined minimum EBITDA levels. At 30 June 2022 the covenants revert to an interest cover exceeding three times and a net debt to EBITDA ratio as measured on a pre-IFRS 16 basis not exceeding three times, both as stipulated under the Group's banking facilities prior to the agreement of the revised covenant structure.

Under both the base case scenario and the severe but plausible downside cases, the Group is forecast to have positive headroom against its two banking covenants for minimum liquidity and minimum EBITDA measured quarterly through to 31 March 2022, and against its original interest cover and leverage covenants in place and measured at 30 June 2022, the end of the going concern period.

A further downside stress test, beyond the severe but plausible downside case, considering the impact of continued international travel restrictions has been considered. Were impacted ground and fuel services businesses volumes in the first half of 2022 to be less than 54% of pre-Covid-19 levels, and the impacts were not to be adequately mitigated, there could be a leverage and interest cover breach at the 30 June 2022 measurement date. If such circumstance were to arise, the Company would take steps to further mitigate any risk arising and, if necessary, to seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants.

Going concern statement
After reviewing the current liquidity position, financial forecasts and stress testing of potential risks and based on the current funding facilities outlined, the Board has a reasonable expectation that the Company and the Group has sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 June 2022. As a result, the Board continues to adopt the going concern basis of accounting in preparing the Company and Group financial statements.

In the event of further severe downside risks beyond the Company's severe but plausible downside case, the Board has identified a material uncertainty arising as a result of the impact that international travel restrictions could have on the delayed recovery of the business that risk a breach of the leverage and interest cover covenants at 30 June 2022 that may cast significant doubt upon the Company's ability to continue as a going concern. If such circumstance were to arise, the Company would seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants, in order to continue as a going concern. The financial statements do not include the adjustments that would result if the Company and the Group were unable to continue as a going concern.

New accounting standards and amendments
Five new accounting amendments are applicable for the first time in 2020. However, they have no material impact on the financial statements of the Group. These new standards are:

Amendment to IFRS 16 Leases - Covid-19-Related Rent Concessions – effective date 1 June 2020
Amendments to IFRS 3 Business Combinations - effective date 1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 17 - Rate Benchmark Reform – effective date 1 January 2020
Amendments to IAS 1 and IAS 8 - Definition of Material - effective date 1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards - effective date 1 January 2020

Standards and amendments to standards that have been issued that are applicable for the Group but are not effective for 2020 and have not been early adopted are:

IFRS 17 Insurance Contracts, including Amendments to IFRS 17[i] - effective date 1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current[i] - effective date 1 January 2023
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020[i] - effective date 1 January 2022
Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9 - effective date 1 January 2021
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies[i] - effective date 1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates[i] - effective date 1 January 2023

Note:
[i] IFRS 17 and other amendments and improvements set out above are not yet adopted for use in the European Union.

Revenue recognition
Ramp, passenger, into-plane fuelling and other aviation related services income is recognised at the time the service is provided in accordance with the terms of the relevant contract. Air cargo services revenue is recognised at the point of departure for exports and at the point that the goods are ready for despatch for imports. Revenue excludes value added and sales taxes and charges collected on behalf of customers.

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

Franchise and consortia fees represent revenue earned from periodic management fees for fuel farms and franchising arrangements, which are recognised in accordance with contractual rates over time.

Government grants
Government grants are recognised in the Income Statement on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Unutilised income at the period end is recognised in deferred income on the Balance Sheet. Government grants are recognised when there is reasonable assurance that the grant will be received and all conditions attached to the grant will be complied with.

Non-GAAP measures
The Group's consolidated financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. In measuring our performance, the financial measures that are used include those that have been derived from the reported results in order to eliminate factors that distort period-on-period comparisons. These are considered non-GAAP financial measures. This information, along with comparable GAAP measurements, is useful to investors in providing a basis for measuring our operational performance. Management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating performance and value creation. Non-GAAP measures should not be considered in isolation from, or as a substitute for, financial information in compliance with GAAP. Non-GAAP financial measures as reported by the Group may not be comparable with similarly titled amounts reported by other companies.

Contract, customer relationship and brand amortisation
As disclosed above, contract, customer relationship and brand amortisation relates to intangible assets recognised on historic acquisitions and since it is transaction related it is presented separately in order to provide an appreciation for underlying business performance.

Share of earnings from joint ventures and associates
As disclosed in the Income Statement, the Group's share of post-tax profit relating to joint ventures and associates is included within operating profit given the similarity of those operations to wholly owned businesses.

Underlying operating profit
As disclosed on the face of the Income Statement, underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with non-current assets, joint venture assets and other intangibles, contract, customer relationship and brand amortisation and the Group's share of joint ventures and associates interest and tax to provide an appreciation of the impact of those items on operating profit.

Underlying profit before taxation
As disclosed on the face of the Income Statement, underlying profit before taxation is defined as underlying operating profit less net finance charges and before exceptional items as set out above in the underlying operating profit definition.

Underlying earnings per share
As disclosed on the face of the Income Statement, underlying earnings per share is defined as profit after taxation and non-controlling interest before intangible amortisation and impairment and exceptional items, divided by the weighted average number of ordinary shares in issue. The calculation of underlying earnings per share is set out in Note 5.

Free cash flow
Free cash flow is defined as the cash generated after net capital expenditure, interest and taxation, before special pension contributions, acquisitions, disposals, exceptional items, cash raised, capitalised lease repayments, ordinary dividends and net spend on shares.

	2020 **£m**	2019 £m
Cash generated from operations	**113.7**	104.1
Adjusted for:		
Net interest paid	**(23.5)**	(20.5)
Exceptional interest paid	**2.8**	-
Tax paid	**(2.5)**	(11.8)
Dividends received from equity accounted investments	**2.1**	6.3
Purchase of property, plant and equipment	**(24.2)**	(29.7)
Intangible asset additions	**(1.0)**	(5.3)
Proceeds from sale of property, plant and equipment	**4.5**	13.5
Additional retirement benefit obligation contribution	**3.7**	12.1
Exceptional cash spend(i)	**30.1**	12.4
Free cash flow	**105.7**	81.1

Note:
(i) Current year exceptional spend relates mainly to redundancy and workforce restructuring costs as set out in Note 3.

Underlying operating cash flow

Underlying operating cash flow is free cash flow before net capital expenditure, net interest paid and taxation.

	2020 £m	2019 £m
Free cash flow as set out above	**105.7**	81.1
Adjusted for:		
Purchase of property, plant and equipment	**24.2**	29.7
Intangible asset additions	**1.0**	5.3
Proceeds from sale of property, plant and equipment	**(4.5)**	(13.5)
Net interest paid excluding exceptional interest	**20.7**	20.5
Tax paid	**2.5**	11.8
Underlying operating cash flow	**149.6**	134.9

2. Segment Information

The Group provides ground and air cargo services as well as into-plane fuelling and fuel farm management services across the world. Cargo forwarding services are separately disclosed, as they are distinct from the other types of aviation related services provided and are provided around the world.

The Board assesses the performance of the operating segments based on underlying operating profit/(loss). These results are before exceptional items, intangible amortisation and share of interest and tax on joint ventures and associates. Transfer prices between segments are set on an arm's length basis.

Business segments

Segmental revenue and the reconciliation of segmental underlying operating (loss)/profit to (loss)/profit before tax for the period is set out below.

2020	Note	**Americas £m**	**EMEA £m**	**Rest of World £m**	**Cargo Forwarding £m**	**Group £m**
Revenue		**290.9**	**269.5**	**91.8**	**172.0**	**824.2**
Underlying operating profit/(loss)(i),(ii)		**16.7**	**(51.3)**	**8.8**	**7.3**	**(18.5)**
Exceptional items - transaction related	3					**(2.4)**
Exceptional items - restructuring related	3					**(31.7)**
Exceptional items - asset impairment	3					**(17.8)**
Exceptional items - estimated credit loss	3					**(9.3)**
Exceptional items - insurance	3					**(9.0)**
Acquired intangible asset amortisation	3					**(6.6)**
Share of tax on joint ventures and associates						**(0.9)**
Operating loss						**(96.2)**
Net finance expense						**(24.3)**
Loss before taxation						**(120.5)**

2019	Note	Americas £m	EMEA £m	Rest of World £m	Cargo Forwarding £m	Group £m
Revenue		464.3	552.5	161.3	147.5	1,325.6
Underlying operating profit(i),(ii)		20.9	13.4	12.2	6.0	52.5
Exceptional transaction related and integration	3					5.1
Exceptional legal settlements and other	3					5.8
Exceptional restructuring and pension related items	3					(15.6)
Acquired intangible asset amortisation	3					(6.6)
Share of interest on joint ventures and associates						0.2
Share of tax on joint ventures and associates						(1.8)
Operating profit						39.6
Net finance expense						(22.3)
Profit before taxation						17.3

Notes:
(i) Underlying operating (loss)/profit is defined as operating (loss)/profit excluding intangible amortisation as shown in Note 3 and exceptional items but including the pre-tax share of results from joint ventures and associates.
(ii) Included within underlying operating (loss)/profit are the Group's share of (loss)/profit of joint ventures and associates in EMEA £2.3m and Rest of World £(0.6)m (2019: EMEA £2.9m and Rest of World £4.7m).

The information reported to the Chairman and Chief Executive Officer in his capacity as chief operating decision maker does not include an analysis of assets and liabilities by segment and accordingly no such information is presented.

	Capital expenditure		Depreciation(i)		Amortisation	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Americas	**9.0**	21.3	**36.1**	36.6	**4.6**	4.5
EMEA	**18.5**	8.2	**36.1**	33.9	**2.3**	2.2
Rest of World	**2.2**	3.3	**10.3**	10.7	**1.3**	1.2
Cargo Forwarding	**0.7**	1.4	**3.9**	3.5	**0.5**	0.3
	30.4	34.2	**86.4**	84.7	**8.7**	8.2

Note:
(i) Includes £63.1m of depreciation relating to IFRS 16 right of use assets (2019: £62.0m).

Geographic information

	Revenue		Non-current assets(i)	
	2020 £m	2019 £m	**2020 £m**	2019 £m
USA	**265.4**	372.1	**153.0**	192.3
UK	**172.4**	287.6	**91.7**	96.5
Australia	**102.9**	161.2	**40.0**	44.1
Others	**283.5**	504.7	**133.0**	139.7
	824.2	1,325.6	**417.7**	472.6

Note:
(i) Non-current assets exclude deferred tax assets and derivative financial assets.

Revenue by performance obligation

	2020 £m	2019 £m
At the point of service	**800.0**	1,298.2
Franchise and consortia fees	**24.2**	27.4
	824.2	1,325.6

Revenue is earned at the point of service in each segment of the business. Franchise and consortia fees are earned in Americas and EMEA.

The business provides customers with a comprehensive handling service whilst aircraft are on the ground, encompassing a variety of critical support services including baggage handling, cleaning, fuelling, de-icing and towing. The level of service required can vary according to conditions therefore judgment is exercised in determining the distinct performance obligations under the contract. Performance obligations under ground services, fuelling services and air cargo services contracts constitute a package of services provided together within a single aircraft turnaround. The interrelated activities are considered to be integrated in providing a single turnaround to customers. Revenue on these contracts is recognised according to the actual work carried out, typically governed by a schedule of agreed rates, at the time the service is provided.

Within air cargo services the business also undertakes cargo forwarding services where contracts with customers to fulfil the single performance obligation to facilitate the transportation of goods from one location to another. The business directs the performance of this obligation, selecting carriers to use. Revenue is recognised at the point of delivery as this is the point at which the revenue is significantly assured.

Franchise and consortia fees represent revenue earned from periodic management fees for fuel farms and franchising arrangements, which are recognised in accordance with contractual rates over time.

Employee costs	2020 £m	2019 £m
Wages and salaries	**500.1**	727.4
Government payroll subsidies[i]	**(139.2)**	-
Share-based payments	**0.7**	0.8
Social security costs	**42.3**	62.6
	403.9	790.8
Pension charge	**16.0**	22.8
	419.9	813.6

Note:
[i] The Group benefits from various Covid-19 related government grants and assistance programmes in many countries around the world, most notably the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the USA, and the Coronavirus Job Retention Scheme (CJRS) in the UK.

During 2020, the Group received US$118.4m of governmental funding under the CARES Act. This comprised US$82.8m of grant funding to support the payroll of the US business and US$35.6m as a loan note as set out in Note 9. The purpose of the grant income is to support the business through the period when aviation activity has been most adversely impacted by the pandemic. As there is no specific period over which the grant funding is to be utilised Management has applied judgment in determining the appropriate systematic basis to recognise the grant income for the Group. Grant income is released from when monies are received over the period in which in-country revenue is expected to be impacted by travel restrictions in response to Covid-19. The release is based on the expected revenue level compared to 2019 revenue and applied to expected payroll over the anticipated recovery timeline at date of receipt. The unutilised grant funding at 31 December 2020 is included in Trade and Other Payables on the Balance Sheet and disclosed separately in Note 10 Cash Generated from Operations. The Group has complied with the grant agreement and applicable US law in the year. As set out in Note 18 Events after the Reporting Period, after the reporting period a further US$49.3m was received in February 2021 comprising US$35.9m grant funding and a US$13.4m loan note.

Under the CJRS scheme, grant income is claimed in respect of certain costs to the Group of furloughed employees. The grant income recognised of £46.5m reflects the costs incurred in the UK in the year ended 31 December 2020 that are eligible to be included in claims to the extent Management considers there to be reasonable certainty that the grant will be received.

3. Exceptional and Other Items

Exceptional items included in operating profit

	2020 £m	2019 £m
Acquisition and transaction related costs[i]	**(2.4)**	(3.9)
Acquisition integration costs[ii]	**-**	(3.3)
Acquisition claims settlement[iii]	**-**	12.3
Restructuring and pension de-risking costs[iv]	**(31.7)**	(10.2)
Asset impairments[v]	**(17.8)**	(5.4)
Estimated credit loss[vi]	**(9.3)**	-
Insurance and other legal settlements[vii]	**(9.0)**	5.8
	(70.2)	(4.7)

Notes:
[i] Acquisition and transaction related costs comprise £2.4m of joint venture set up costs. In the prior year, acquisition and transaction related costs comprised £2.9m of costs in relation to aborted potential transactions, £0.9m of joint venture set up costs and £0.1m of other related costs.
[ii] In the prior year, acquisition integration costs related to the integration of the Airline Services business in the UK.
[iii] In the prior year, a net credit acquisition claims settlement of £12.3m was recognised.
[iv] Restructuring costs include £23.1m of redundancy and workforce restructure costs, £4.7m for professional adviser fees related to the re-negotiation of covenants of the Group's banking facilities and £3.9m in station closure costs all in response to the need to re-size the business following the result of the governmental responses to the Covid-19 pandemic. In the prior year, restructuring costs comprised £8.0m of redundancy payments and £1.3m of station closure costs. Professional fees of £0.9m were also incurred to complete a programme to de-risk the UK defined benefit pension scheme.
[v] Asset impairments include £8.0m of owned equipment assets and £9.8m of leased property and equipment assets following a review of post-Covid-19 asset utilisation. In the prior year £5.4m of asset write-downs and refurbishments related to an asset optimisation programme were recognised.
[vi] Estimated credit losses of £9.3m were incurred as a result of certain airlines facing financial difficulties due to flight restrictions in response to Covid-19.
[vii] Insurance and other legal settlement costs of £9.0m relate to unanticipated reimbursement of costs to the insurers in respect of an incident that occurred in 2017. No further reimbursement to the insurer is anticipated. In the prior year, other legal settlements resulted in a net credit of £5.8m.

Exceptional items included in finance charges

	2020 **£m**	2019 £m
Impact of renegotiated banking facilities(i)	**(3.9)**	-

Note:
(i) The Group's bank facilities were revised during the year resulting in a fair value charge of £3.9m.

Acquired intangible assets amortisation included in operating profit
Acquired intangible asset amortisation costs incurred were £6.6m (2019: £6.6m). The amortisation relates to contract, customer relationship and brand assets recognised on the acquisition of businesses.

Tax effect of exceptional items
The taxation effect of the exceptional items is a net credit of £5.1m (2019: net charge of £1.4m) due to tax deductible costs incurred during the year, offset in part by deferred tax credits not taken on tax deductions available for a proportion of the exceptional costs arising during the year, following a reassessment of the profitability of the UK business.

4. Dividends

Dividends paid on ordinary shares	**2020** **£m**	2019 £m
Interim paid in respect of 2019, 6.0p per share	**-**	5.1
Final paid in respect of 2018, 14.5p per share	**-**	12.2
	-	17.3

Given the impact of flight restrictions in response to the Covid-19 pandemic on the operations of the Group in 2020 and the ongoing uncertainty of the extent of the impact on the aviation industry, the Board believes it prudent and in the best interests of shareholders to suspend the dividend for the time being. The Board is therefore not recommending a final dividend payment for the year.

5. Earnings per Share

	Basic		Underlying(i)	
	2020 **£m**	2019 £m	**2020** **£m**	2019 £m
(Loss)/profit for the year after tax as set out in the Income Statement	**(128.4)**	10.7	**(53.1)**	20.9
Adjustment to exclude result relating to non-controlling interests	**1.0**	0.1	**1.0**	0.1
(Loss)/earnings for the year attributable to equity shareholders	**(127.4)**	10.8	**(52.1)**	21.0
Basic earnings per ordinary share				
(Loss)/earnings per ordinary share	**(151.1)p**	12.8p		
Diluted (loss)/earnings per ordinary share	**(151.1)p**	12.8p		
Underlying earnings per ordinary share(i)				
(Loss)/earnings per ordinary share			**(61.8)p**	24.9p
Diluted (loss)/earnings per ordinary share			**(61.8)p**	24.9p
Number of ordinary shares in issue				
Weighted average (million)	**84.3**	84.2		
Diluted weighted average (million)	**84.3**	84.2		
Continuing operations				
(Loss)/profit for the year after tax as set out in the Income Statement	**(128.4)**	10.7	**(53.1)**	20.9
Adjustment to exclude result from discontinued operations	**-**	(1.7)	**-**	-
Adjustment to exclude result relating to non-controlling interest	**1.0**	0.1	**1.0**	0.1
(Loss)/earnings for the year attributable to equity shareholders	**(127.4)**	9.1	**(52.1)**	21.0
Basic earnings per ordinary share				
(Loss)/earnings per ordinary share	**(151.1)p**	10.8p		
Diluted (loss)/earnings per ordinary share	**(151.1)p**	10.8p		
Underlying earnings per ordinary share				
(Loss)/earnings per ordinary share			**(61.8)p**	24.9p
Diluted (loss)/earnings per ordinary share			**(61.8)p**	24.9p

Discontinued operations				
(Loss)/profit for the year after tax as set out in the Income Statement	**(128.4)**	10.7	**(53.1)**	20.9
Adjustment to exclude result from continuing operations	**128.4**	(9.0)	**53.1**	(20.9)
Earnings for the year attributable to equity shareholders	**-**	1.7	**-**	-
Basic earnings per ordinary share				
Earnings per ordinary share	**-**	2.0p		
Diluted earnings per ordinary share	**-**	2.0p		
Underlying earnings per ordinary share				
Earnings per ordinary share			**-**	-
Diluted earnings per ordinary share			**-**	-

Note:
(i) Underlying earnings is presented as an additional performance measure and is stated before exceptional items.

The weighted average number of fully paid shares in issue during the year excludes those held by the employee share trusts. The diluted weighted average is calculated by adjusting for all outstanding share options that are potentially dilutive (i.e. where the exercise price is less than the average market price of the shares during the year). There was no impact of these share options on the diluted weighted average number of shares by (2019: Nil) and there was no anti-dilutive impact on basic or underlying EPS in the year.

6. Intangible Assets

	Goodwill £m	Contracts, customer relationships and brands £m	Computer software £m	Total £m
Cost				
At 31 December 2019	153.6	108.8	19.2	281.6
Additions	-	-	1.0	1.0
Currency translation	(2.4)	0.4	-	(2.0)
At 31 December 2020	**151.2**	**109.2**	**20.2**	**280.6**
Amortisation and impairment				
At 31 December 2019	23.4	68.4	11.7	103.5
Amortisation charge	-	6.6	2.1	8.7
Impairment(i)	-	-	1.1	1.1
Currency translation	(0.9)	1.1	-	0.2
At 31 December 2020	**22.5**	**76.1**	**14.9**	**113.5**
Net book value				
At 31 December 2020	**128.7**	**33.1**	**5.3**	**167.1**
At 31 December 2019	130.2	40.4	7.5	178.1

Note:
(i) Computer software assets of £1.1m were impaired following a review of post Covid-19 asset utilisation. Along with other impairments, this amount is included in the £8.0m exceptional charge set out in Note 3.

	Goodwill £m	Contracts, customer relationships and brands £m	Computer software £m	Total £m
Cost				
At 31 December 2018	136.8	103.8	14.6	255.2
Subsidiaries acquired (Note 15)	20.5	6.2	-	26.7
Additions	-	-	5.3	5.3
Disposals	-	-	(0.7)	(0.7)
Currency translation	(3.7)	(1.2)	-	(4.9)
At 31 December 2019	153.6	108.8	19.2	281.6
Amortisation and impairment				
At 31 December 2018	24.4	61.5	10.1	96.0
Amortisation charge	-	6.6	1.6	8.2
Currency translation	(1.0)	0.3	-	(0.7)
At 31 December 2019	23.4	68.4	11.7	103.5
Net book value				
At 31 December 2019	130.2	40.4	7.5	178.1
At 31 December 2018	112.4	42.3	4.5	159.2

Goodwill acquired through business combinations has been allocated at acquisition to cash generating units (CGUs) that are expected to benefit from the business combination. The carrying amount of the goodwill has been allocated to the operating units is provided below.

		2020		2019	
		Pre-tax discount rate used in impairment review	**Goodwill**	Pre-tax discount rate used in impairment review	Goodwill
		£m	**£m**	£m	£m
Americas	Ground services	**10%**	**55.0**	10%	55.6
	Cargo services	**9%**	**9.9**	9%	9.5
EMEA	Ground services	**11%**	**45.1**	12%	45.1
	Cargo services	**11%**	**2.8**	10%	2.8
Rest of World		**11%**	**7.4**	9%	8.3
Cargo forwarding		**11%**	**8.5**	11%	8.9
			128.7		130.2

The Group tests goodwill annually for impairment or more frequently if there are indications that these might be impaired. The basis of these impairment tests including key assumptions are set out below.

The recoverable amounts of the CGUs are determined from value in use calculations. These calculations use future cash flow projections based on financial forecasts approved by Management. The key assumptions for these forecasts are those regarding revenue growth, net margin, capital expenditure and the level of working capital required to support trading, which Management estimates based on past experience and expectations of future changes in the market.

The value in use calculations use a post-tax discount rate assumption in a range from 7% to 8% (2019: 7% to 8%) based on the Group's weighted average post-tax cost of capital and having considered the uncertainty risk attributable to individual CGUs. The equivalent pre-tax discount rate is a range from 9% to 11% (2019: 9% to 12%) as shown in the table above. The pre-tax rate has been applied to pre-tax cash flows.

Value in use calculations are based on Board approved budgets and outlooks extrapolated out for five years. Growth rates in the cash flows beyond three years have been assumed to be Nil% (2019: Nil%). Net margin assumptions are based on historic experience.

Base case forecasts show significant headroom above carrying value for each CGU. Sensitivity analysis has been undertaken for each CGU to assess the impact of any reasonably possible change in key assumptions. For all significant CGUs there are no reasonably possible change that would cause the carrying values to exceed recoverable amounts.

7. Property, Plant and Equipment

	Owned freehold property £m	Leasehold property improvements £m	Right of use asset property £m	Right of use asset subleased as lessor £m	Owned plant and equipment £m	Right of use asset plant and equipment £m	Total £m
Cost							
At 31 December 2019	5.8	51.5	109.4	0.8	234.1	115.5	517.1
Additions	0.1	2.2	-	-	27.1	-	29.4
Right of use assets recognised	-	-	44.6	-	-	6.0	50.6
Disposals	-	(1.4)	(19.8)	-	(29.2)	(46.8)	(97.2)
Currency translation	0.4	0.3	1.1	-	(0.4)	0.7	2.1
At 31 December 2020	**6.3**	**52.6**	**135.3**	**0.8**	**231.6**	**75.4**	**502.0**
Depreciation							
At 31 December 2019	4.3	34.5	30.5	0.2	138.6	30.9	239.0
Charge for the year	0.1	2.7	37.4	-	20.5	25.7	86.4
Disposals	-	(1.1)	(17.2)	-	(24.3)	(23.8)	(66.4)
Impairment(i)	-	-	-	-	6.3	-	6.3
Currency translation	-	0.4	0.2	-	(0.4)	-	0.2
At 31 December 2020	**4.4**	**36.5**	**50.9**	**0.2**	**140.7**	**32.8**	**265.5**
Net book value							
At 31 December 2020	**1.9**	**16.1**	**84.4**	**0.6**	**90.9**	**42.6**	**236.5**
At 31 December 2019	1.5	17.0	78.9	0.6	95.5	84.6	278.1

Note:
(i) Owned equipment assets of £6.3m were impaired following a review of post Covid-19 asset utilisation. Along with other impairments this amount is included in the £8.0m exceptional charge set out in Note 3.

	Owned freehold property £m	Leasehold property improvements £m	Right of use asset property £m	Right of use asset subleased as lessor £m	Owned plant and equipment £m	Right of use asset plant and equipment £m	Total £m
Cost							
At 31 December 2018	11.8	51.8	-	-	218.1	-	281.7
Impact of adoption of IFRS 16	-	-	97.9	-	-	117.9	215.8
Adjusted balance at 1 January 2019	11.8	51.8	97.9	-	218.1	117.9	497.5
Acquisitions (Note 15)	-	0.1	-	-	4.2	2.7	7.0
Additions	0.3	1.3	-	-	27.3	-	28.9
Right of use assets recognised	-	-	15.2	0.8	-	4.5	20.5
Disposals	(6.1)	(0.4)	(0.8)	-	(9.2)	(6.6)	(23.1)
Currency translation	(0.2)	(1.3)	(2.9)	-	(6.3)	(3.0)	(13.7)
At 31 December 2019	5.8	51.5	109.4	0.8	234.1	115.5	517.1
Depreciation							
At 31 December 2018	5.6	33.4	-	-	126.7	-	165.7
Impact of adoption of IFRS 16	-	-	0.6	-	-	-	0.6
Adjusted balance at 1 January 2019	5.6	33.4	0.6	-	126.7	-	166.3
Charge for the year	0.2	2.1	29.8	-	20.4	32.2	84.7
Disposals	(1.5)	(0.4)	(0.1)	-	(5.1)	(1.2)	(8.3)
Impairment	-	-	1.0	0.2	-	0.6	1.8
Currency translation	-	(0.6)	(0.8)	-	(3.4)	(0.7)	(5.5)
At 31 December 2019	4.3	34.5	30.5	0.2	138.6	30.9	239.0
Net book value							
At 31 December 2019	1.5	17.0	78.9	0.6	95.5	84.6	278.1
At 31 December 2018	6.2	18.4	-	-	91.4	-	116.0

8. Trade and Other Receivables

	2020 £m	2019 £m
Trade receivables	**113.1**	142.8
Less: provision for estimated credit loss	**(13.1)**	(2.5)
Net trade receivables	**100.0**	140.3
Accrued income	**23.1**	27.3
Consortia related receivables	**6.4**	7.7
Prepayments	**18.3**	14.6
Other receivables	**37.3**	52.8
	185.1	242.7

The average credit period on sale of goods is 44 days (2019: 39 days). Interest is not charged on trade receivables.

During the year £23.1m of accrued income at 31 December 2020 was recognised in the Income Statement (2019: £27.3m).

Consortia related receivables include re-billable expenses and restricted cash relating to fuel farm management services. Restricted cash represents funding received from customers and held in a fiduciary capacity to be used on their behalf to satisfy fuel farm cash funding requirements within 12 months and is therefore classified as a current asset.

Credit risk management

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. New customers are subject to formal credit checks. Credit terms for new customers cannot exceed 30 days without prior approval. New contracts and renewals with existing customers are subject to credit worthiness checks. Existing or previous trading experiences are taken into account before making a recommendation on terms. Receivables 12 months overdue are provided in full unless there is clear evidence of collectability. Bad debts written off require prior approval.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. Days past due is a key indicator of rates. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low due to its wide customer base. There is minimum risk relating to consortia related receivables due to funding received in advance for fuel farm operations.

The credit risk exposure on the Group's trade receivables and accrued income is set out below.

		Trade receivables				
2020	Accrued income £m	Current £m	31-60 days £m	61-90 days £m	Over 90 days £m	Total £m
Estimated credit loss rate	**-**	**0.6%**	**8.3%**	**28%**	**61%**	
Gross carrying amount	**23.1**	**69.9**	**21.8**	**6.4**	**15.0**	**113.1**
Expected credit loss	**-**	**0.4**	**1.8**	**1.8**	**9.1**	**13.1**

		Trade receivables				
2019	Accrued income £m	Current £m	31-60 days £m	61-90 days £m	Over 90 days £m	Total £m
Estimated credit loss rate	-	0.2%	0.4%	4.7%	36%	
Gross carrying amount	27.3	108.4	24.5	4,3	5.6	142.8
Expected credit loss	-	0.2	0.1	0.2	2.0	2.5

Allowance for expected credit loss

	2020 £m	2019 £m
At beginning of year	**2.5**	3.9
Amounts provided	**11.4**	0.6
Amounts released	**(0.2)**	(1.7)
Amounts utilised	**(0.7)**	(0.2)
Currency translation	**0.1**	(0.1)
At end of year	**13.1**	2.5

9. Financial Instruments

Derivative financial instruments

Recognised in the Balance Sheet

	2020 **£m**	2019 £m
Current asset	**0.2**	0.8
Current liability	**(0.8)**	(0.2)
Non-current liability	**(2.4)**	(0.2)
Net fair value	**(3.0)**	0.4

Adjusted to fair value through the Statement of Other Comprehensive Income

	2020 **£m**	2019 £m
Cash flow hedges:		
Interest rate swaps	**(2.4)**	(0.2)
Foreign currency net investment hedges:		
Foreign exchange forward contracts	**(0.6)**	0.6
Net fair value	**(3.0)**	0.4

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Group only enters into derivative financial instruments that are designated as hedging instruments. The fair values of foreign currency instruments are calculated by reference to current market rates.

The Group uses a hierarchy for determining and disclosing the fair value of financial instruments by valuation technique as set out below.

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the year, all derivative financial instruments were measured using Level 2 fair value measurements (2019: all Level 2). For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash flow hedges

	2020 **Liabilities** **£m**	2019 Liabilities £m
Fair value of cash flow hedges – interest rate swaps	**(2.4)**	(0.2)
	(2.4)	(0.2)
Current value	**-**	-
Non-current value	**(2.4)**	(0.2)
	(2.4)	(0.2)

Foreign currency net investment hedges

	2020		2019	
	Assets **£m**	**Liabilities** **£m**	Assets £m	Liabilities £m
Fair value of foreign currency net investment hedges	**0.2**	**(0.8)**	0.8	(0.2)
Current value	**0.2**	**(0.8)**	0.8	(0.2)

Other financial instruments

Contingent consideration

The liabilities for contingent consideration and other acquisition related amounts are Level 3 derivative financial instruments. The fair value of contingent acquisition related amounts is set out below.

	2020 £m	2019 £m
PlaneBiz 2015 Ltd	**1.7**	1.6
GTO Global Logistics Inc	**0.2**	0.2

Interest-bearing loans and borrowings

	Maturity	**2020 £m**	2019 £m
Bank overdrafts	On demand	**87.3**	18.6
Non-amortising sterling bank loans	January 2025	**125.0**	109.0
Amortising US dollar term loan	January 2025	**175.8**	177.9
US government loan	January 2030	**26.2**	-
Spanish government backed loans	June 2025	**3.6**	-
French government backed loans	July 2021	**1.3**	-
Lease liabilities	Various	**141.4**	175.5
Preference shares	Non-redeemable	**1.4**	1.4
		562.0	482.4
Current value		**136.2**	91.6
Non-current value		**425.8**	390.8
		562.0	482.4

The Company has issued 1,394,587 cumulative preference shares of £1 each. These shares are not redeemable and pay an interest coupon of 9% semi-annually.

Refinancing

In January 2020 the Group completed the refinance of its bank facilities maturing in June 2021, replacing them with a $235m US dollar denominated amortising term loan and a £145m revolving credit facility both due to mature in January 2025. Due to the impact of Covid-19 on the Group, a new covenant package was agreed with the Group's lending syndicate to ensure that these facilities remain in place. This agreement secures additional flexibility to support the Group through to June 2022. Beyond this date the Group will revert to the original covenants for the remainder of the facilities' term.

The key terms of the new covenant package are: the net leverage covenant is replaced with a minimum EBITDA covenant tested on a quarterly basis; a new minimum liquidity covenant requiring the Group to keep a minimum of £45m liquidity; a new interest margin of 4.0% while the Group is above 3.5:1 net debt to EBITDA, as measured and on a pre-IFRS 16 basis; and interest cover covenant is suspended. The new covenant package will remain in place until the earlier of June 2022 or Group leverage, as measured and on a pre-IFRS 16 basis, being below 3.0:1 for two consecutive quarters.

As set out in Note 3, a fair value adjustment of £3.9m was recognised as an exceptional charge and increased debt relating to increased interest margin agreed under the revised facilities. This increased debt will be amortised over the remaining term of the facility.

Government grant and loan financing

Between June and September 2020 the Group received US$118.4m of federal funding in the US under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This comprised US$82.8m of grant funding to support the payroll of the US business and US$35.6m in the form of a loan note. The loan note is a ten year non-amortising term loan that attracts 1.0% cash and 3.0% non-cash interest during the first five years. After the fifth year the interest rates increase annually by 1.0% each year, capped at 8.0%. There are no early repayment penalties relating to this loan. The loan note is included within proceeds from borrowings in the Statement of Cash Flows. The Group has complied with the grant agreement and applicable US law in the period. The Group has also complied with the requirements of the separate loan note during the period.

On 3 June 2020 the Group also received support in Spain where the Group received a £3.6m bank loan that is backed by an 80% guarantee from the Spanish government. This five year term loan amortises monthly over four years from July 2021 and attracts a margin of 2.5% above EURIBOR, with a minimum rate payable of 2.5%.

On 15 July 2020 the Group also received support in France where the Group received a £1.3m bank loan, guaranteed by the French government. This loan attracts a margin of 0.25% above EURIBOR for the first year.

After the first year the loan can be repaid immediately or over a period from one to five years. The interest rate for the repayment period is EURIBOR + 1% for one to two years' duration and EURIBOR +2% for the three to five year period.

Net borrowings

	2020 **£m**	2019 £m
Interest-bearing loans and borrowings	**562.0**	482.4
Derivative financial instruments	**3.0**	(0.4)
Total borrowings	**565.0**	482.0
Less: cash at bank, cash in hand and short-term deposits	**(209.1)**	(90.5)
	355.9	391.5

The book and fair values of net borrowings is provided below.

	2020		2019	
	Book value **£m**	**Fair value** **£m**	Book value £m	Fair value £m
Short-term bank borrowings	**8.7**	**8.7**	16.2	16.2
Medium-term bank borrowings	**293.1**	**293.1**	270.7	270.7
Long-term borrowings	**31.5**	**31.5**	1.4	1.4
Short-term lease liabilities	**41.0**	**41.0**	56.8	56.8
Long-term lease liabilities	**100.4**	**100.4**	118.7	118.7
Derivative financial instruments	**3.0**	**3.0**	(0.4)	(0.4)
Bank overdrafts	**87.3**	**87.3**	18.6	18.6
Total financial liabilities	**565.0**	**565.0**	482.0	482.0
Less: cash at bank, cash in hand and short-term deposits	**(209.1)**	**(209.1)**	(90.5)	(90.5)
Net borrowings	**355.9**	**355.9**	391.5	391.5

At 31 December 2020 undrawn committed facilities of £20.0m expired in more than five years (2019: £41.0m between two and five years).

10. Cash Generated from Operations

	2020 **£m**	2019 £m
(Loss)/profit before tax(i)	**(120.5)**	19.0
Net interest charge	**24.3**	22.3
Share of post-tax results of joint ventures and associates	**(0.8)**	(6.0)
Depreciation	**86.4**	84.7
Amortisation of intangible assets	**8.7**	8.2
Share-based payments expense	**0.7**	0.8
Cash spend on onerous leases	**(2.9)**	(0.9)
Loss/(gain) on sale of property, plant and equipment	**0.1**	(1.7)
Pension charge	**1.3**	1.0
Pension contributions in cash	**(3.7)**	(12.1)
Continuing operations exceptional items	**70.2**	4.7
Discontinued operations exceptional items	**-**	(1.7)
Cash spend on exceptional items(ii)	**(27.2)**	(11.5)
Government grant funding received	**23.9**	-
Decrease/(increase) in working capital	**53.2**	(2.7)
	113.7	104.1

Notes:

(i) Prior year includes both continuing and discontinued operations.

(ii) Current year spend relates mainly to redundancy and workforce restructuring costs as set out in Note 3.

11. Changes in Net Borrowings

	31 December 2019	Lease liabilities	Cash flows	Fair value movements	Currency translation	**31 December 2020**

		recognised during the year less terminations				
	£m	£m	£m	£m	£m	**£m**
Cash at bank and in hand	90.5	-	123.3	-	(4.7)	**209.1**
Bank overdrafts	(18.6)	-	(67.4)	-	(1.3)	**(87.3)**
Net cash and cash equivalents	71.9	-	55.9	-	(6.0)	**121.8**
Bank loans due within one year	(16.2)	-	7.5	-	-	**(8.7)**
Lease liability due within one year	(56.8)	(1.1)	17.4	-	(0.5)	**(41.0)**
Preference shares	(1.4)	-	-	-	-	**(1.4)**
Government loans due after one year	-	-	(26.2)	-	-	**(26.2)**
Debt due after one year	(270.7)	-	(27.9)	(3.9)	5.5	**(297.0)**
Lease liability due after one year	(118.7)	(23.1)	42.5	-	(1.1)	**(100.4)**
Net derivative assets/(liabilities)	0.4	-	(0.1)	(3.3)	-	**(3.0)**
Net borrowings	(391.5)	(24.2)	69.1	(7.2)	(2.1)	**(355.9)**

As set out in the Statement of Cash Flows, proceeds from borrowings were £46.6m (2019: £50.0m) and repayments of borrowings were £Nil (2019: £10.9m). The principal element of lease payments were £59.9m (2019: £57.1m).

Currency translation movements result from the Group's policy of hedging overseas net assets, which are denominated mainly in US dollars, euros and Australian dollars. The translation effect on net debt is offset by the translation effect on net assets, which resulted in an overall net exchange gain of £1.1m (2019: loss of £7.5m). The net loss is recognised in other comprehensive income.

12. Leasing

The Group leases various offices, warehouses, ground handling equipment and vehicles as a lessee. Lease contracts are typically entered into for fixed periods of one to ten years but may have break options or extension options as set out below. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and low value assets recognition exemptions for these leases.

The carrying amounts of right of use assets recognised and the movements during the year are set out in Note 7. The carrying amounts of lease liabilities and the movements during the year are set out in Note 9 and Note 11. The maturity profile of the Group's lease liabilities based on contractual undiscounted payments are set out in Note 9 along with the currency and interest rate profile. Cash outflows relating to both capitalised and non-capitalised leases were £95.2m (2019: £102.5m).

The following are the lease related amounts recognised in the Income Statement.

	Note	**2020 £m**	2019 £m
Depreciation charge of right of use assets	7	**63.1**	62.0
Interest charge on lease liabilities		**7.3**	7.6
Expense relating to short-term leases		**14.8**	22.8
		85.2	92.4

The Group has lease commitments relating to non-lease components of contracts as well as short-term leases where the exemption from capitalisation has been utilised. Future aggregate minimum commitments under non-capitalised leases are set out below.

	2020 £m	2019 £m
Within one year	**11.2**	18.7

Between one and two years	**8.4**	14.7
Between two and three years	**3.6**	14.6
Between three and four years	**0.5**	4.2
Between four and five years	**0.1**	0.2
After five years	**-**	0.1
	23.8	52.5

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term applicable for accounting purposes, Management considers facts and circumstances that create economic incentive to exercise an extension option or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In addition, the Group has entered into one operating lease as lessor consisting of one floor of an office building. Rental income recognised by the Group during the year was £0.2m (2019: £0.2m). Future minimum rentals receivable under the non-cancellable operating lease as at 31 December 2020 are £0.3m (2019: £0.3m) within one year and £0.5m between two and five years (2019: £0.8m). This subleased asset is disclosed separately in Note 7.

13. Provisions

	Insurance £m	Legal and employee related £m	Property and equipment £m	Other £m	Group £m
At 31 December 2019	32.7	20.7	5.2	2.8	61.4
Provided during year	14.5	6.7	2.2	4.6	28.0
Utilised during year	(2.3)	(17.8)	(2.9)	(3.0)	(26.0)
Reclassifications	-	0.1	(0.2)	-	(0.1)
Currency translation gain	(1.0)	-	-	-	(1.0)
At 31 December 2020	**43.9**	**9.7**	**4.3**	**4.4**	**62.3**
Current	**34.2**	**4.5**	**2.6**	**3.7**	**45.0**
Non-current	**9.7**	**5.2**	**1.7**	**0.7**	**17.3**
	43.9	**9.7**	**4.3**	**4.4**	**62.3**

	Insurance £m	Legal and employee related £m	Property and equipment £m	Other £m	Group £m
At 31 December 2018	27.0	26.8	4.9	1.2	59.9
Impact of adoption of IFRS 16	-	-	(3.1)	-	(3.1)
Adjusted balance at 1 January 2019	27.0	26.8	1.8	1.2	56.8
Provided/(released) during year	12.9	4.5	3.7	(0.5)	20.6
Utilised during year	(7.2)	(7.2)	(0.9)	(0.4)	(15.7)
Reclassifications	-	(3.1)	0.2	-	(2.9)
Subsidiaries acquired	-	-	0.6	2.6	3.2
Currency translation gain	-	(0.3)	(0.2)	(0.1)	(0.6)
At 31 December 2019	32.7	20.7	5.2	2.8	61.4
Current	32.7	16.8	3.3	2.4	55.2
Non-current	-	3.9	1.9	0.4	6.2
	32.7	20.7	5.2	2.8	61.4

Insurance provisions relate to anticipated settlement obligations arising from past events. Reimbursement receivable assets of £19.2m (2019: £34.4m) relating to insurance and legal provisions are included in other receivables in Note 8. The timing and amount of these liabilities is uncertain and is based on estimates using available information on the claims and historical experience of similar claims. As set out in Note 3 an exceptional cost was recognised as a provision during the year and remains outstanding at year end.

Legal and employee related provisions include amounts in respect of the cost of settling workers' compensation claims in the USA. The timing and amount of these liabilities is uncertain and is based on estimates using available information on the claims and historical experience of similar claims. Property, plant and equipment provisions include equipment refurbishments and dilapidation obligations on leasehold properties that the Group has exited or anticipate exiting within the next two years, and non-rent costs associated with two empty retail premises on long leaseholds.

Other provisions mainly comprise of amounts recognised in relation to vendor settlement negotiations.

14. Retirement Benefit Obligation

Defined benefit scheme

The principal Group-funded defined benefit pension scheme is the Menzies Pension Fund (the Fund) in the UK. The Fund closed to future accrual in March 2017.

The components of the actuarial (loss)/gain in the consolidated Statement of Comprehensive Income are:

	2020 **£m**	2019 £m
Returns on assets excluding interest income	**32.1**	36.9
Changes in demographic assumptions	**4.1**	2.7
Changes in financial assumptions	**(39.1)**	(39.1)
Experience	**(0.9)**	1.5
Actuarial (loss)/gain	**(3.8)**	2.0

Changes in Fund assets and defined benefit obligation

	2020 **£m**	2019 £m
Fair value of assets at start of year	**342.8**	305.0
Interest income	**6.6**	8.5
Returns on assets excluding interest income	**32.1**	36.9
Company contributions	**3.7**	12.1
Benefits and expenses paid	**(17.5)**	(19.7)
Fair value of assets at end of year	**367.7**	342.8
Return on scheme assets including interest income	**38.7**	45.4

	2020 **£m**	2019 £m
Defined benefit obligation at start of year	**348.1**	323.0
Administrative costs	**1.3**	1.0
Interest cost	**6.6**	8.9
Benefits and expenses paid	**(17.5)**	(19.7)
Changes in demographic assumptions	**0.9**	(2.7)
Changes in financial assumptions	**39.1**	39.1
Experience	**(4.1)**	(1.5)
Defined benefit obligation at end of year	**374.4**	348.1

The fair value of Fund assets and liabilities is set out below.

	2020			2019		
	Quoted **£m**	**Unquoted(i)** **£m**	**Total** **£m**	Quoted £m	Unquoted(i) £m	Total £m
Equities	**62.7**	**-**	**62.7**	89.2	-	89.2
Bonds	**110.9**	**-**	**110.9**	100.3	-	100.3
Investment funds	**17.4**	**28.3**	**45.7**	8.0	40.4	48.4
Liability driven investment funds	**-**	**84.0**	**84.0**	-	57.4	57.4
Property	**-**	**23.4**	**23.4**	-	24.1	24.1
Annuity contracts(ii)	**-**	**5.1**	**5.1**	-	5.0	5.0
Cash	**27.5**	**-**	**27.5**	18.4	-	18.4
Other	**0.6**	**7.8**	**8.4**	-	-	-
Assets	**219.1**	**148.6**	**367.7**	215.9	126.9	342.8
Defined benefit obligation			**(374.4)**			(348.1)
Recognised in Balance Sheet			**(6.7)**			(5.3)
Related deferred tax asset			**-**			0.9
Net retirement obligation			**(6.7)**			(4.4)

Notes:
(i) The valuations of unquoted assets have been determined by reference to appropriate manager valuation reports.

(ii) The Fund holds annuity contracts in respect of a number of members that provide cash flows to the Fund that match the benefit payments to these members.

Outlook

The triennial valuation process in which the Company and Trustee agree the long-term funding strategy was concluded for 31 March 2018 and a schedule of contributions agreed and dated 29 November 2018. The schedule of contributions sets out the additional contributions required to meet the funding shortfall between the value of the Fund's assets and liabilities. The additional contributions have been agreed as monthly contributions totalling £9.4m per annum rising with the higher of the UK retail price index or the annual percentage change in dividends beginning in December 2018 and continuing to the year ended 31 March 2026. The Company and the Trustee have agreed that reasonable adjustment be made for the impact of any equity raising or change in equity, recognising the actual percentage increase in dividend per share.

The value of the net liabilities of the fund at 31 March 2018 as measured on the Trustee's technical provisions basis was approximately £73m and the funding level, being the ratio of assets to liabilities measured on the technical provisions basis was 80%. The Company and the Trustee have agreed that the schedule of contributions may be revised should the funding level reach 98% following any quarter end before 31 March 2026. The purpose of any revision would be to ensure that contributions are sufficient to reach 100% by 31 March 2026 without the possibility of overfunding at that time. The next triennial valuation of the Fund will be effective as at 31 March 2021.

The Company expects to contribute around £8.4m to the Fund during the year to 31 December 2021.

15. Acquisitions

There were no acquisitions during the year. Aggregated details relating to the prior year are set out below and detailed more fully in the 2019 Annual Report and Accounts.

	2019 £m
Purchase consideration:	
Cash paid	21.0
Trading and working capital funding to date of completion	6.1
Working capital adjustment	0.2
Fair value of existing equity interest in associate	0.8
Deferred consideration	0.2
	28.3
Less: non-controlling interest acquired at fair value	(2.2)
Less: fair value of net assets acquired	10.0
Goodwill	20.5

The fair values of assets and liabilities arising from the acquisitions were:

	2019 £m
Intangible assets – contracts and customer relationships	6.2
Other investments	0.2
Deferred tax assets	0.1
Property, plant and equipment	7.0
Inventory	1.6
Trade and other receivables	7.7
Cash	0.4
Current borrowings	(0.9)
Trade and other payables	(5.9)
Provisions	(3.2)
Non-current borrowings	(1.8)
Non-current payables	(0.1)
Deferred tax liability	(1.3)
Net assets acquired at fair value	10.0

There have been no changes to the provisional fair values of the net assets acquired in the prior year.

16. Related Party Transactions

During the year the Group transacted with related parties in the normal course of business and on an arm's length basis. These sales to and from related parties are made at normal market prices and details are set out below.

Related party	Group share holding %	**Sales to related party 2020 £m**	**Amounts owed by related party at 31 December 2020 £m**	Sales to related party 2019 £m	Amounts owed by related party at 31 December 2019 £m
Menzies Macau Airport Services Ltd	29	**0.5**	**0.1**	0.5	0.1
Menzies Aviation Bobba (Bangalore) Private Ltd	49	**0.1**	**0.1**	0.1	0.1

Remuneration of key management personnel, who comprise Directors of the Company and those having authority and responsibility for planning, directing and controlling activities of the business as disclosed in the segmental analysis, is set out below.

	2020 £m	2019 £m
Short term employee benefits	**2.7**	2.6
Post-employment pension and medical benefits	**0.3**	0.4
Termination benefits	**-**	0.6
Share-based payments	**0.7**	0.8
	3.7	4.4

17. Discontinued Operations

In 2018 the Group disposed of Menzies Distribution Ltd and its subsidiaries and in 2019 an exceptional gain of £1.7m was recognised.

18. Events after the Reporting Period

On 26 January 2021 the Group acquired a 51% share of Royal Airport Services for a cash consideration of £7.3m. Royal Airport Services provide aviation services including ground and cargo services and airline ticketing in Pakistan. The business handles both domestic and international airlines at eight airports. The acquisition accounting is not yet complete as control has recently been obtained. No further disclosures are provided on the assets and liabilities acquired.

Since the year end, the Group has received US$49.3m of funding comprising US$35.9m grant funding and a US$13.4m loan note under the Coronavirus Aid, Relief, and Economic Security Act in the USA.

19. Annual Report and Accounts

The figures used in this statement, which was approved by the Directors on 9 March 2021, are not the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006 for the year, but are taken from those accounts. The Auditor's report on the statutory accounts was unqualified and did not contain a statement under section 428 (4(f)) of the Companies Act 2006. In the Auditor's report for the year ended 31 December 2020, the auditors drew attention to a material uncertainty related to going concern arising as a result of the impact that international travel restrictions could have on the delayed recovery of the business that may risk a breach of banking leverage and interest cover covenants at 30 June 2022 and may cast significant doubt upon the Company's ability to continue as a going concern.

The Annual Report and Accounts will be available on 8 April 2021 and the Annual General Meeting will be held at held at the registered office of the Company, 2 Lochside Avenue, Edinburgh Park, Edinburgh, EH12 9DJ on Friday 14 May 2021 at 2:00 p.m. Statutory accounts for the year ended 31 December 2019 have been delivered to the Registrar of Companies and those for the year to 31 December 2020 will be delivered following the Company's Annual General Meeting.