BBA Aviation

Annual Report 2015

Contents

About BBA Aviation

BBA Aviation plc is a market-leading provider of global aviation support and aftermarket services.

What we do

Our business is managed in two divisions:

— Our *Flight Support* businesses provide specialist on-airport support services, including refuelling and ground handling, to the owners and operators of private, business and commercial aircraft.

— Our *Aftermarket Services* businesses principally repair and overhaul small thrust capacity gas turbine engines and service and support primarily legacy aerospace components, sub-systems and systems.

Our approach

Our businesses have a common vision, mission and set of values. We focus on: consistently exceeding customer expectations; valuing and empowering our people in a zero incident, safe environment; encouraging innovation; working together for greater gain; and always behaving with integrity and respect.

Our people are the foundation of our success and through whom we seek to promote our values of: performance; safety; people; service; responsibility; and integrity. These are a vital and integral part of the way we do business.

This consistent, Group-wide focus is fundamental to achieving our overarching objective of delivering exceptional, long-term, sustainable value for all our stakeholders.

Chairman's Statement

Sir Nigel Rudd
Chairman

30.9¢
Adjusted historical earnings per share

13.5¢
Dividends per ordinary share

BBA Aviation delivered a satisfactory overall performance in 2015 with excellent progress in Signature Flight Support, our largest business, which continued to perform ahead of its key markets with good operating leverage. This offset a disappointing year for Aftermarket Services, specifically in Engine Repair and Overhaul. The acquisition of Landmark Aviation, which completed in February 2016, will be transformational for the Group, almost doubling Signature's already leading presence in the US B&GA market which continues to demonstrate through-cycle structural growth.

Results

In 2015 Group revenue fell by 7% to $2,129.8 million, reflecting the impact of lower fuel prices and foreign exchange movements. On an organic basis, revenue increased by 2%. There was further underlying operating profit progress including an $8.3 million contribution from acquisitions. On an organic basis, operating profit declined by 3% with significant progress in Flight Support being offset by a weak Aftermarket Services performance. Adjusting for the rights issue undertaken to finance the acquisition of Landmark Aviation, adjusted historical earnings per share grew by 1% to 30.9¢. On a reported basis adjusted earnings per share decreased by 8% to 20.1¢.

The Group's ability to generate strong cash flows remains unchanged. Free cash flow increased by $37.2 million to $88.4 million and there was a total spend during the year on acquisitions and licences of $32.9 million. ROIC reduced by 30 basis points to 9.1% reflecting the significant investments made during the year which are expected to generate superior returns over the longer-term. Post the acquisition of Landmark Aviation, the Group's principal measures of financial success will be cash tax adjusted earnings per share and EBITDA as a percentage of invested capital.

In 2015, Signature contributed over 95% of Flight Support's operating profit and delivered a very strong performance despite modest B&GA movement growth, demonstrating the strength of its network proposition and its market-leading services and facilities. During the course of the year, Signature added eight new Signature Select® locations and the newly constructed FBO at Mineta San Jose International Airport was successfully completed. The ongoing redevelopment of Signature London Luton is on track.

In February 2016, BBA Aviation completed the acquisition of Landmark Aviation for a total consideration of $2,065 million, extending the network to 195 locations and 19 MRO facilities and adding aircraft management and charter services. Landmark Aviation's financial performance in 2015 was in line with expectations and has continued to demonstrate good growth.

ASIG's performance during the year was impacted by net contract losses against a backdrop of flat markets in North America and modest commercial aviation movement growth in Europe. In the context of a highly competitive ground handling market management remains focused on driving operational improvements which had a positive impact on ASIG's performance in the second half of the year.

Aftermarket Services had a disappointing year, despite Legacy Support's solid performance, with greater than anticipated production inefficiencies associated with our ERO footprint reduction in H1 and lower than anticipated volumes and a competitive pricing environment in H2. Notwithstanding these challenges, ERO successfully added new authorisations during the year, completed its test cell and approvals in the Abu Dhabi rotorcraft facility and made further progress with the construction of its new facility at Dallas-Fort Worth International Airport. Against a background of a low growth aftermarket environment we will be undertaking additional actions in 2016 to further reduce the cost and complexity of our ERO business.

Legacy Support further extended its product portfolio, signing its first licence with Thales Avionics and expanding its portfolio of engine support capabilities. It also achieved FAA Part 145 certification in the UK and both CAAC and CAAS approval in Singapore. The adoption processes for the seven licences signed during 2014 and 2015 are progressing well and there is a strong pipeline of further licence opportunities.

Dividend

See more on Corporate Governance pages 67–78

At the time of the interim results, the Board declared an increased interim dividend of 4.85¢ per share (2014: 4.62¢ per share). The Board is now proposing a final dividend of 8.68¢ per share (2014: 11.58¢ per share), taking the dividend for the full year to 13.53¢ per share (2014: 16.20¢ per share). Removing the impact of the rights issue, the final dividend on a historical basis would have been 12.15¢ per share, giving a historical dividend per share for 2015 of 17.00¢.

After adjusting for the impact of the rights issue this represents a 5% increase in the dividend on a historical basis and continues to reflect the Board's progressive dividend policy and continuing confidence in the Group's future growth prospects.

Corporate Governance and the Board

The Board believes that high standards of governance are an important contributor to the financial and operating success of the Group. We take pride in the way we conduct our business in order to deliver BBA Aviation's strategic objectives and we are committed to ensuring that appropriate standards of governance are maintained throughout the Group. Our Corporate Governance Statement (pages 67-78) describes in detail how the principles of good corporate governance and Board effectiveness as set out in the UK's Combined Code on Corporate Governance are applied in practice at BBA Aviation in terms of internal policies and procedures, risk management, decision making and to the way we interact with external stakeholders.

In November 2015, we announced that Nick Land would not seek re-election at the 2016 AGM. I would like to thank him for his counsel over the last ten years, both as our Senior Independent Director and as Chair of the Audit and Risk Committee. It is intended that Susan Kilsby will replace him as the Senior Independent Director and Wayne Edmunds will become Chairman of the Audit and Risk Committee at that time. We also announced the appointment of two new non-executive directors, Peter Edwards and Peter Ventress from 1 January 2016. Their knowledge and skills will be an excellent complement to the Board at this exciting time in the Group's development.

Outlook

We anticipate further progress in 2016, driven mainly by Signature's continued outperformance, the application of its operational excellence across a much larger network of high quality locations and the realisation of the Signature/Landmark combination benefits which enhance the Group's prospects for cash generation and value creation. The Board therefore expects further good growth in 2016 and beyond.

Sir Nigel Rudd
Chairman

Financial Highlights

2015 Highlights

$m	2015	2014	Change
Revenue	2,129.8	2,289.8	7%
Organic revenue growth[1]	2%	3%	–
Underlying EBITDA[2]	273.1	267.2	2%
Underlying operating profit[3]	202.0	201.2	0%
Operating profit	130.8	154.1	(15)%
Underlying operating margin[4]	9.5%	8.8%	–
Underlying profit before tax[5]	170.0	172.4	(1)%
Profit before tax	95.3	152.4	(37)%
Profit for the period	83.1	162.5	(49)%
Exceptional and other items including tax[6]	(61.2)	17.7	
Earnings per ordinary share – basic			
Adjusted†	20.1¢	21.9¢	
Unadjusted	11.6¢	24.6¢	
Earnings per ordinary share – diluted			
Adjusted†	20.0¢	21.8¢	
Unadjusted	11.5¢	24.4¢	
Historical basic earnings per share (adjusted)[7†]	30.9¢	30.7¢	
Dividends per ordinary share	13.5¢	16.2¢	
Historical dividends per ordinary share[7]	17.0¢	16.2¢	
Return on invested capital[8]	9.1%	9.4%	
Free cash flow[9]	88.4	51.2	73%
Underlying cash conversion	92%	65%	
Net debt[10]	456.5	(619.2)	
Historical net debt[7]	(640.2)	(619.2)	
Historical net debt to underlying EBITDA[7]	2.3x	2.3x	

See more on
Key Performance
Indicators
pages 16–17

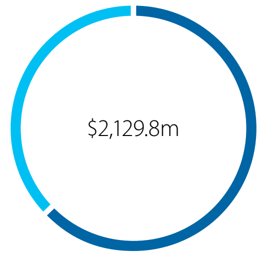
1 Organic excludes the impact of fuel prices, foreign exchange, acquisitions and disposals.
2 Underlying operating profit before depreciation and amortisation.
3 Operating profit before exceptional and other items as defined in Note 2.
4 Operating margin on underlying operating profit.
5 Profit before tax excluding pre-tax exceptional items.
6 Exceptional and other items including tax.
7 'Historical' measures are presented on the basis of the capital base being adjusted to remove the impact of the rights issue.
8 Underlying operating profit return on average invested capital including goodwill and intangibles amortised or written off to reserves.
9 Cash generated by operations plus dividends from associates, less tax, interest, preference dividends and net capital expenditure (excluding expenditure on Ontic licences).
10 Book value of borrowings and finance leases less cash and cash equivalents..

† Earnings per share before exceptional and other items.

The definitions as outlined above are consistently applied throughout the Consolidated Financial Statements.

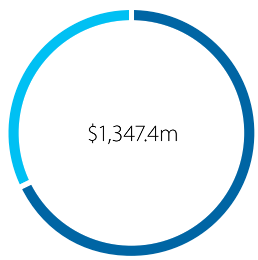
Revenue Splits

BBA Aviation



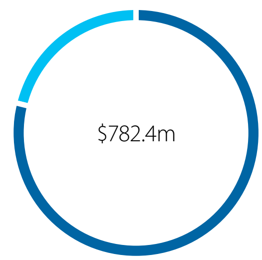
- Flight Support 63%
- Aftermarket Services 37%

Flight Support



- Signature 68%
- ASIG 32%

Aftermarket Services



- ERO 79%
- Legacy 21%

Revenue by business

$m	N. America	RoW	Total
Signature	787.4	132.8	920.2
ASIG	298.9	128.3	427.2
ERO	520.1	99.1	619.2
Legacy	99.3	63.9	163.2
Total	1,705.7	424.1	2,129.8

Where We Operate

We operate at over 240 locations on five continents and have approximately 13,000 employees worldwide. Over 80% of Group revenues are generated in North America.

Locations as at 31 December 2015.

*Including minority interest locations.

Sources: B&GA distribution data from JetNet. Commercial Aviation movements data from OAG. The OAG data includes Mexico and the Caribbean in South America.

See more on Our Business **pages 32–59**

North America, Central America & Caribbean

New locations
Signature added 2 new Signature Select® locations in North America in 2015.

69%
World's business jets

Key figures

169 Total sites	13 ERO sites
80 Signature sites	1 Legacy site
75 ASIG sites	

Landmark Aviation
Following completion of the Landmark Aviation acquisition, Signature now has 135 North American locations.

30%
Commercial aviation movements

Europe

Key figures

45 Total sites	2 ERO sites
31 Signature sites	1 Legacy site
11 ASIG sites	

New locations
Signature added 6 new Signature Select® locations in Europe in 2015.

10%
World's business jets

Landmark Aviation
Following completion of the Landmark Aviation acquisition, Signature now has 33 European locations.

23%
Commercial aviation movements

South America

ERO Field Support
ERO signed a new field support authorisation with Honeywell for the HTF7000 engine in Brazil in 2015.

10%
Commercial aviation movements

Key figures

24*
Total sites

1
ERO site

23
Signature sites

Signature
Signature's network of 23 FBOs operate under a joint venture agreement with Lider Aviação.

9%
World's business jets

Asia & Middle East

Key figures

7*
Total sites

2
ERO sites

3
Signature sites

1
Legacy site

1
ASIG site

Abu Dhabi
The new ERO facility in Abu Dhabi became operational in 2015.

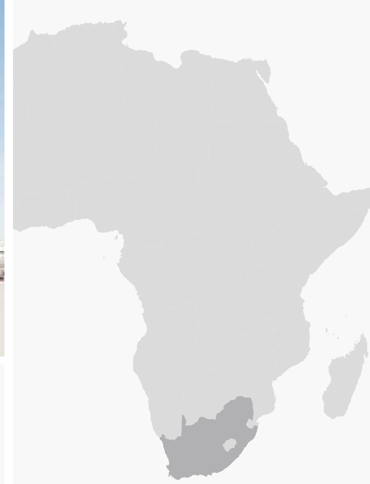
6%
World's business jets

ERO Field Support
ERO signed a new field support authorisation with GE Aviation for the CF34 engine in Asia Pacific in 2015.

30%
Commercial aviation movements

See more online
www.bbaaviation.com/about-us/company-overview/where-we-operate.com

Africa



Key figures

1
Total sites

1
Signature site

4%
World's business jets

3%
Commercial aviation movements

Our Strengths

We are a focused business, ideally placed to exploit opportunities in the markets in which we operate. Five major factors will contribute to BBA Aviation's continued success and growth.

See more on Our Business pages 32–59

Market leadership

- Signature Flight Support is the world's leading fixed base operation (FBO) network with 138 locations worldwide – growing to 195 locations following the acquisition of Landmark Aviation.
- ASIG is the largest independent refueller in the world.
- Our Engine Repair & Overhaul (ERO) businesses have market-leading positions in the majority of programmes in which they participate.
- Legacy Support has a proven capability in the adoption of intellectual property to provide seamless support of Original Equipment Manufacturer (OEM) pedigree parts.

Signature locations worldwide

138

Barriers to entry

- Our network of FBO locations in the USA has an average unexpired lease term of 19 years.
- The network of airports at which we have operating licences and assets gives us the capacity to provide a range of commercial aviation services.
- We have the assets and technical capability to conduct into-plane refuelling.
- We have a strong portfolio of authorisations from OEMs to service their engines. We are authorised to overhaul engines powering 80% of the Business and General Aviation (B&GA) fleet and over 65% of the rotorcraft fleet.
- Intellectual property on aviation component sub-systems and systems which we buy or license from OEMs.

Average remaining lease life of our US FBOs

19 years

Service orientation/ cash generation

- Our businesses have a service focus and operate with low asset intensity and a naturally flexible cost base, making them highly cash generative and inherently well suited to deal with market cyclicality.

Low fixed costs

~25%

Growth

- There are significant growth opportunities across all of our businesses resulting from recovery, structural growth and the scope for continued consolidation in generally fragmented markets.

B&GA market still ~15% off prior peak

~15%

Focus

- The business is actively managed by an empowered, experienced and motivated management team with a defined, Group-wide focus as expressed in BBA Aviation's Vision, Mission and Values.

One shared Vision, Mission and Values

1

Strategic Report

CEO's Statement

Simon Pryce
Group Chief Executive

BBA Aviation is ideally positioned to maximise the opportunities presented by the markets in which we operate.

Our Executive Management Committee includes representatives from each of our business operations and key functions and implements decisions made by the Board on strategic direction and policy. Our businesses are then actively managed in line with the strategy to deliver long-term sustainable value.

At Group-level we allocate resource, monitor critical objectives, enable best practice to be shared and facilitate growth by supporting cross-business co-operation, leveraging our business relationships and exploiting the opportunities offered by our global footprint and strong networks. We also support our businesses with functional expertise and management systems.

Our businesses are leaders in their markets and, over time, we have built strong positions, technical capability and respected service-led brands. Our focus on the B&GA market, which will be strengthened by the acquisition of Landmark Aviation, continues to offer us significant opportunities for growth from both cyclical recovery and structural expansion and through the leveraging of our individual business strategies.

Committees

BBA Aviation operates a series of Senior Management Committees which support the goals of the Executive Management Committee. Committees include the Business Alliance Team, which is responsible for leveraging relationships with customers in order to provide additional services and the Continuous Improvement and Innovation Committee, which supports the development of knowledge across the Group in both these areas.

Employees

In 2015 BBA Aviation had c.13,000 employees worldwide and we value the hard work, commitment and contribution that every individual has made to the ongoing success of the Group. Our employees are linked as one team by BBA Aviation's Vision, Mission and Values (see opposite) which are promoted throughout the Group and we, in turn, commit to support them through investing in training and career development, recognising them for good performance, listening to their views and focusing on providing a safe environment in which to work.

Safety

Whilst our sites run their own safety programmes relevant to their operations, we have recently undertaken a series of initiatives at Group level via BBA Aviation's Safety Committee to more deeply engage all individuals in safety issues. This includes the launch of a new Safety Management System and the relaunch of our ZIPP global safety brand, along with a Global Safety Day. Our goal and the goal of every site and individual in BBA Aviation is zero preventable incidents and we are committed to delivering the culture in which this can be achieved.

See more on CSR
pages 60–65

Corporate Social Responsibility

Corporate Social Responsibility and sustainability are embedded into our Vision, Mission and Values and are important to everyone that either works for or has a relationship with BBA Aviation. They are promoted across the Group by our CSR Committee and enshrined in our Approach to CSR policy.

Simon Pryce
Group Chief Executive

Our Vision, Mission and Values

Our Vision, Mission and Values align and link all BBA Aviation companies and businesses together as one team. They describe our operating system, what each of us focuses on, cares about and the way we behave.

See more online
www.bbaaviation.com/about-us/what-drives-us.com

Our Vision and Mission

BBA Aviation is dedicated to being the world's leading provider of aviation support and aftermarket services with the overarching objective to deliver exceptional, long-term sustainable value for all our stakeholders.

All Group businesses are individually and collectively focused on:

— Consistently exceeding customer expectations;
— Valuing and empowering our people in a zero incident, safe environment;
— Encouraging innovation;
— Working together for greater gain;
— Always behaving with integrity and respect.

Our Values

Our employees are also unified around a common set of values that are a vital and integral part of the way we do business. Every day we put our values into action with pride.

Integrity
We earn the trust and respect of our stakeholders with honesty, fairness, openness and by honouring our commitments.

Responsibility
We are committed to managing our impact on, and contributing positively to society and the environment.

Service
We strive continually to anticipate customer needs, exceeding their expectations.

Performance
We focus on delivery of long-term and sustainable value, continuous improvement and reliability.

Safety
We are dedicated to safety and security, the elimination of hazards and protecting people, property and our environment.

People
We are committed to investing in and empowering our people through training and education and to providing them with opportunities for rewarding careers.

Business Model

Group Operations

BBA Aviation is dedicated to being the world's leading provider of aviation support and aftermarket services.

BBA Aviation is focused on driving long-term sustainable value through developing, accessing and efficiently allocating human and financial capital resources to aviation support and aftermarket service companies. BBA Aviation, at Group level, sets the focus and strategic direction, exercises oversight through process-led active management and strives to maximise our intrinsic cross-business opportunities.

Group revenue by division

- Flight Support 63%
- Aftermarket Services 37%

Resource

— Access to capital
— Access to and development of capable, empowered people with the values and experience to enable execution

Focus

— Driving sustainable value by focusing on the same critical objectives across the Group
— Supporting cross business co-operation to facilitate growth opportunities, efficiency improvements and the transfer of best practice

Process

— Strategic planning and forecasting
— Management systems
— Investment analysis and value creation discipline

Access

— Utilising unique relationships
— Cross referral / outsourcing
— Leveraging new market entry or improved business capture

See more on page 15

Business Operations

Flight Support

What we do and what sets us apart

Our Flight Support businesses (Signature Flight Support and ASIG) provide specialist on-airport support services, including refuelling and ground handling, to the owners and operators of private, business and commercial aircraft.

Underlying operating profit

$158.5m

Landmark Aviation

In February 2016 we announced the completion of the acquisition of Landmark Aviation, representing a major expansion of Signature Flight Support's global FBO business and deepening our exposure to the attractive B&GA market with its structural growth drivers.

See more on Landmark Aviation pages 35–37

Strong customer relationships
- Customer centric approach
- Diversified and loyal customer base

Network strength and relevance
- Largest international network of FBOs
- Unique network locations on long leases
- Materially more relevant network
- Location specific critical mass with labour flexibility

Market-leading customer service
- Breadth of service offering
- Consistent service standards
- Industry leading training and safety standards

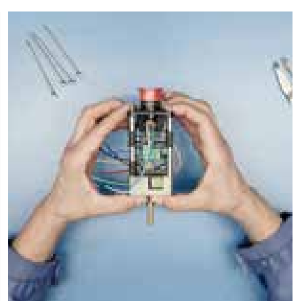
Strong brands
- Recognised and respected by customers

See more on Flight Support page 32–45

Aftermarket Services

What we do and what sets us apart

Our Aftermarket Services businesses (ERO and Legacy Support) principally repair and overhaul small thrust capacity gas turbine engines and service and support primarily legacy aerospace components, sub-systems and systems.



Underlying operating profit

$59.6m

Intellectual property
- Authorisations from OEMs to service engines on 80% of the B&GA fleet and over 65% of the rotorcraft fleet
- Intellectual property rights for >4,500 parts acquired or licensed from 20 OEM partners

Technical capability
- Broad portfolio of manufacturing and product support capabilities
- Knowledge of multiple aircraft systems
- Cross-trained workforce
- Proven adoption process

Service and support excellence
- Comprehensive solutions for OEMs and end users
- Network of locations and 'in field' capability

See more on Aftermarket Services pages 46–59

Our Markets

BBA Aviation's portfolio of market-leading businesses support a broad spectrum of aviation customers in the Business & General Aviation, Commercial and Military markets.

See more on
Our Markets in 2015
pages 24–25

Business and General Aviation (67% of Group revenue)

B&GA covers thousands of aircraft large and small, serving a wide variety of roles. Worldwide there are more than 19,000 jets, 14,000 turboprops and 21,000 turbine civil helicopters in operation classified as B&GA aircraft. Our Flight Support division primarily services business aircraft in this segment and our Aftermarket Services division supports a range of jets, turboprops and helicopters engaged in a variety of business, utility and public service roles.

B&GA aircraft worldwide

>54,000

B&GA flight hours and movements are key drivers for both of our divisions, particularly in North America, which is the largest B&GA market and where over 80% of our revenues are generated. Increased activity means more arrivals and departures and an increased uptake of fuel throughout our Signature network and a greater number of engine repair and overhaul events driven by increased engine usage. Measures that give a broader indication of the longer-term health of the market and future flying hours include new business aircraft (jet and turboprop) development and deliveries, the proportion of the fleet held for resale and the price of and demand for second-hand inventory.

B&GA is a market with attractive growth characteristics that are both cyclical and structural in nature. B&GA travel is driven by corporate confidence and wealth creation with a through-cycle correlation to US GDP. Following the North American market's decline during the 2007–2009 downturn the US market remains approximately 15% off its peak activity levels. With no structural change in the market and B&GA travel remaining a key productivity and efficiency tool, particularly in North America where there are significant distances between large populations and a lack of efficient intermodal alternatives, inherent structural growth coupled with recovery remain an exciting prospect for the Group.

B&GA market still ~15% off prior peak

~15%

Commercial Aviation (27% of Group revenue)

ASIG, our commercial aviation service business provides fuelling, ground handling and technical services to commercial operators and airports around the world. Our Aftermarket Services division also participates in this market by providing engine repair and overhaul services to regional jet operators who fly the same small thrust engines used in B&GA. We also offer component and accessory repair services to the legacy commercial fleet and fuel measurement devices used on a number of newer aircraft models.

The primary growth driver for this market is the frequency of commercial aircraft movements which, in turn, drives demand for our on-airport services and aftermarket support. The long-term average growth forecasts for commercial aircraft movements are 2.7% per annum in the USA and 1.8% per annum throughout Europe for the next 20 years.

Military Aviation (6% of Group revenue)

Our services to the military aviation market are primarily the support of legacy military fixed-wing and rotorcraft platforms. Much like our B&GA and commercial markets, demand is principally driven by flight activity.

Our Strategy

Our Vision, Mission and Values define the way we operate and our approach to long-term sustainable value creation. Each of the divisions has clear strategies to compete effectively in its markets and to deliver superior through-cycle growth.

Group strategy

Performance	— Active management of a balanced portfolio of market-leading aviation support and aftermarket services businesses with good barriers to entry.
Growth	— Producing above average through-cycle growth in markets with attractive characteristics.
Cash Generation	— Disciplined capital management with absolute cash generation and strong cash conversion.
Value Creative Investment	— Value creative business investment and consolidation in fragmented markets to deliver attractive through-cycle returns.

Division strategies

	Flight Support	Aftermarket Services
Performance	— Operational/process improvement. — Cross-business co-operation to extend customer base/offering and/or drive operational improvement. — Investing in our people.	— Operational/process efficiency. — Cross-business co-operation to extend customer base/offering and/or drive operational improvement. — Investing in our people.
Growth	— Market growth/recovery. — Enhanced customer service offer. — Continued share gain. — Focus on innovation.	— Market growth/recovery. — Enhanced customer service offer. — Expand capabilities. — Focus on innovation.
Cash Generation	— Increase efficiency/reduce duplication. — Financial discipline.	— Increase efficiency/reduce duplication. — Financial discipline.
Value Creative Investment	— Consolidate our fragmented markets. — Global network expansion in relevant markets/locations.	— Expand licences/authorisations/platforms. — Optimise geographical footprint.

How We Measure Success

Each year we set a series of short-term specific and measurable goals, aligned with our mission statements. Progress against our goals is measured using financial and non-financial performance indicators.

Our Goals

BBA Aviation's Executive Management Committee sets a series of short-term goals related to our areas of focus which are then cascaded throughout the Group. Each business has actions aligned to the achievement of each of these specific and measurable goals that support the delivery of our longer-term objectives. The execution of these actions is actively monitored as part of the Group's management process.

These specific, measurable, achievable, realistic and time-bound (SMART) goals are aligned with our mission statements:

- Consistently exceeding customer expectations;
- Valuing and empowering our people in a zero incident, safe environment;
- Encouraging innovation;
- Working together for greater gain;
- Always behaving with integrity and respect.

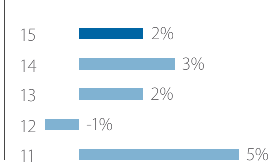
In 2015, we made good further progress against our goals through the continued effective execution of our strategy, underpinned by further underlying operational improvements across the Group.

Financial KPIs

Performance

Organic Revenue Growth: Monitoring organic revenue growth provides a measure of the underlying growth of the business. It excludes the impact of foreign currency and fuel price fluctuations and any contribution from acquisitions and disposals.

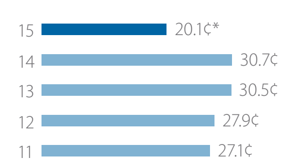
2015 Performance: Organic revenue growth was driven by a strong Flight Support performance offsetting softness in Aftermarket Services.



Growth

Adjusted Earnings per Share: Adjusted earnings per share measures the profit attributable to shareholders after the impact of interest and tax. It excludes the impact of exceptional items and is divided by the weighted average number of shares in issue.

2015 Performance: Adjusting for the impact of the rights issue, the historic earnings per share grew by 1% to 30.9¢ (2014: 30.7¢). On a reported basis adjusted earnings per share decreased by 8% to 20.1¢ (2014: 21.9¢).

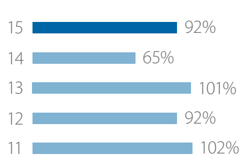


* Impacted by the October 2015 rights issue to finance the aquisition of Landmark Aviation.

Cash Generation

Cash Conversion: BBA Aviation's cash conversion rate measures how effectively we convert operating profit into cash. Focusing on this measure encourages strong discipline in the management of working capital and decisions on capital expenditure. Good cash generation enables ongoing investment in growth opportunities.

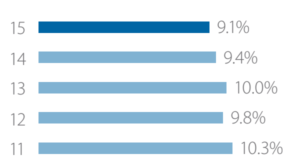
2015 Performance: The Group's ability to generate strong cash flows remains unchanged with cash conversion of 92%.



Value Creative Investment

Return on Invested Capital (ROIC): Measuring ROIC ensures BBA Aviation is focused on the efficient use of assets, with the target of operating returns generated across the cycle exceeding the cost of holding the assets. ROIC is defined for the Group as underlying operating profit expressed as a percentage of average invested capital at constant currency, including goodwill and intangible assets amortised or written off to reserves.

2015 Performance: ROIC reduced to 9.1% reflecting the substantial investments made during the year which are expected to generate superior returns over the longer term.

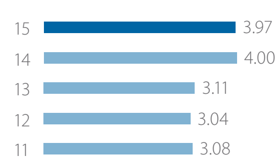


Non-Financial KPIs

Performance

Recordable Incident Rate (RIR): RIR is our primary health and safety performance metric. RIR is measured as the total number of injuries and illnesses multiplied by 200,000, divided by the number of actual hours worked by all employees.

2015 Performance: Following a rise in our group-wide RIR in 2014, we recorded a decrease in 2015 reflecting our continued focus on developing a safety culture that will help to deliver our goal of zero preventable incidents.

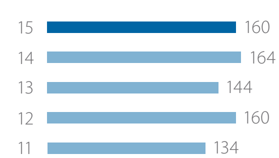


Performance

Number of locations achieving zero RIR: BBA Aviation's health and safety strategy seeks to deliver a zero preventable incident environment in which every individual is responsible. In 2015, this approach was supported by the launch of a new Safety Management System framework and the relaunch of our ZIPP global safety brand along with a Global Safety Day.

2015 Performance: 160 out of 269 reporting locations achieved an RIR of zero during 2015, reflecting 60% of our reporting locations.

In addition to these health and safety performance indicators, we also have a series of other non-financial KPIs to monitor our progress against our goals that we do not disclose for competitive reasons.



Our Risks

We are committed to effective risk management which supports the achievement of our strategic objectives.

Our risk management process is designed to improve the likelihood of delivering our business objectives, protect the interests of our shareholders and key stakeholders and enhance the quality of our decision making. It also assists in the safeguarding of our assets, including people, finances, property and reputation. We are committed to conducting business in accordance with all applicable laws and regulations and in a manner that is consistent with our values.

See more on our Audit and Risk Committee pages 74–78

BBA Aviation's risk mitigation strategy and risk appetite are matters that are overseen by the Board, with the support of the Audit and Risk Committee, which manages the processes that underpin risk assessment and our systems of internal control.

Risk Governance Structure

Accountability for monitoring

The Board
Responsible for our system of corporate governance, strategy, policy, risk management and financial performance.

Audit and Risk Committee
Responsible for reviewing and approving the adequacy and effectiveness of our risk management and internal controls.

Executive Committee
Delegated with Board authority to review risks and take appropriate action.

Business Divisions
Responsible for identifying, assessing and managing risks within their businesses.

Audit function
Reviews and reports on the system of internal control.

Chief Risk Officer
Reports on key risks and risk mitigation.

Company Risk Map (Risk Register) & Divisional Risk Maps
Management teams in business units review risks through self-assessment methodology and develop risk registers which together with risk maps that are developed from the risk registers, are submitted to the Executive Committee and the Audit and Risk Committee on a bi-annual basis.

Responsibility for implementing

How we manage risk across BBA Aviation

The Board has established a framework for assessing risk in the context of likelihood and impact in financial and reputational terms. Each Group-level risk is assessed against this framework and the Board re-assesses its risk appetite on a bi-annual basis when Risk Maps are presented to the Audit and Risk Committee.

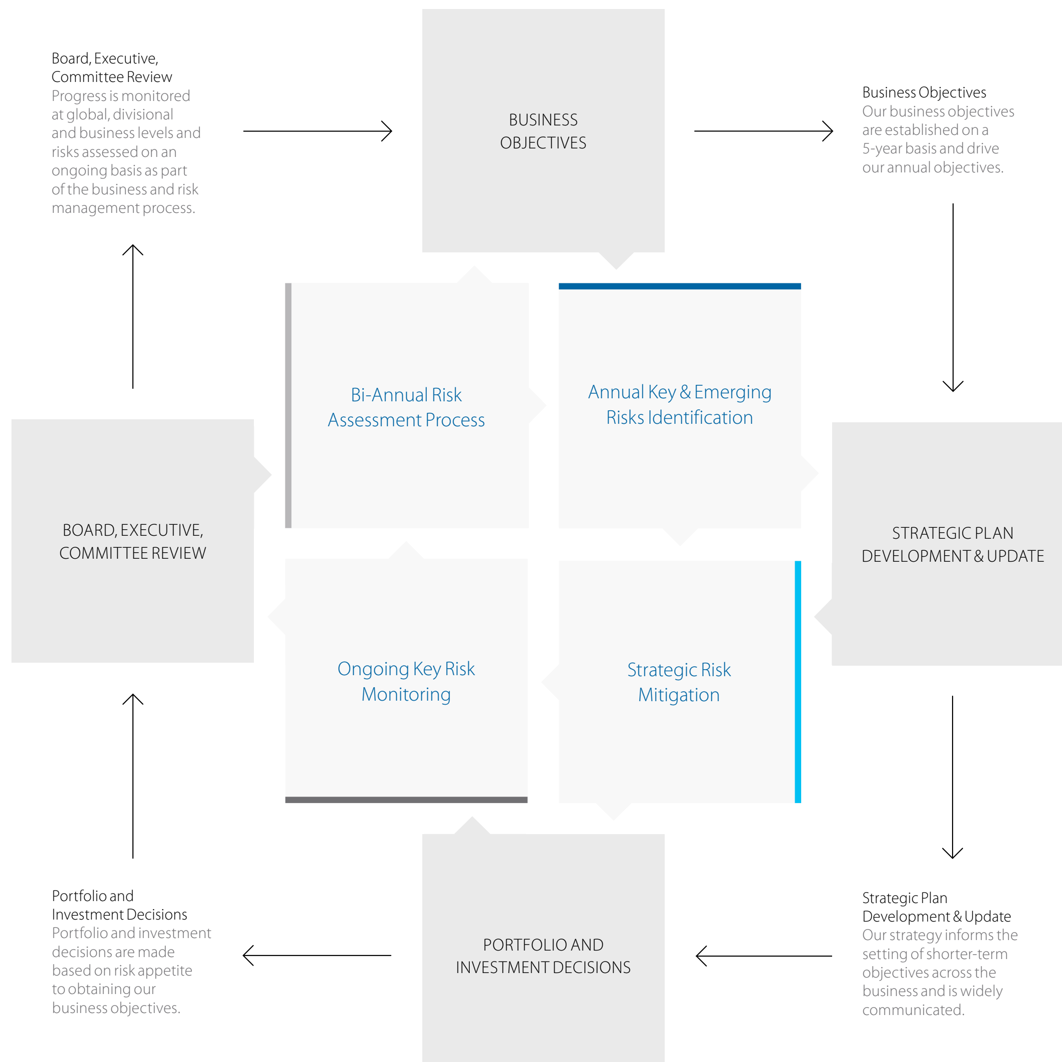
See more on our Vision, Mission and Values page 11

Group policies, standards and internal controls, together with our values and our focus on safety, underpin our approach to risk management. We are committed to being a responsible values-led business and our leaders are responsible for embedding this into BBA Aviation's culture, our decision-making and how we work.

Our employees are accountable for working to established standards and for identifying and escalating encountered risks so that they can be appropriately managed. The Group has comprehensive training programmes to ensure that employees are appropriately trained in BBA Aviation's ethics policies.

Risk Management Process

The key features of our risk management process are set out below:



The bi-annual risk assessment process looks forward three years to create BBA Aviation's risk profile. These key Group level risks are input into the scenario modelling for the viability statement, which is explained further on page 105.

Progress in 2015

In 2015 we appointed a Chief Risk Officer to drive improvement in our risk management process and integrate it more effectively with our strategic planning and operational management processes. We have updated our Risk Management Framework and more closely aligned our Risk Management and Internal Audit functions. The risk assessment process drives the internal audit scope, and the Chief Risk Officer and Head of Internal Audit attend Audit and Risk Committee meetings to provide regular updates.

We have changed the Internal Audit approach from one based on substantive testing to a risk and controls based approach. All audit findings are reported in terms of risk and impact, which is aligned with BBA Aviation's Risk Model.

We strengthened our project management capability on major projects including in our preparation for completion of the Landmark Aviation acquisition. We prepared for this by employing a specialist integration management consultancy to guide us through the integration planning process to ensure that we deliver an effective integration of Landmark Aviation into the BBA Aviation Group and deliver the targeted synergies from the deal.

We have further developed our approach to third party vetting to ensure that we are informed as to the identity and affairs of our business partners before entering into business relationships with them. We are investing in a leading-edge third party risk management platform to move the due diligence process from manual processing to an online data collection platform, automating research and analysis. This reduces administrative tasks, enabling us to focus on third party risk mitigation and working more closely with our business partners.

The acquisition of Landmark Aviation completed on 5 February 2016. We have undertaken a risk management workshop with representative Landmark Aviation senior managers to understand the risk profile of the Landmark Aviation business and assess its impact on BBA Aviation's business.

Principal Risks

We have identified ten principal risks and uncertainties facing BBA Aviation which are considered by the Board to be material to the development, performance, position or future prospects of the Group. These risks, mitigations and changes during the year are summarised in the table below. They are not set out in priority order.

Objective	Risks	Mitigation action/Control	Change during year	
Growth	Structural changes in the global economic environment or cycle fluctuations: — drive down B&GA and commercial flying, and military expenditure. — cause market weakness in the ERO sector.	— Active monitoring of lead economic indicators. — Strong financial controls to monitor financial performance and provide a basis for corrective action when required. — Low fixed costs allow cost base to be flexed to meet demand.		Increased exposure to early cycle business as a result of the Landmark Aviation acquisition.
	Global terrorist events either inflight, at or near major airports materially impacting global air travel.	— Airport and internal access security processes, vetting of potential staff members in recruitment process. — Low fixed costs allow cost base to be flexed to enable corrective action to be taken.		Global threat of terrorism has increased this year.
	Legislative changes causing material increase to cost of B&GA flight relative to alternatives such as commercial flying, road or rail travel.	— Active participation in all relevant industry bodies. — Ongoing monitoring of all US and EMEA political activity which may impact B&GA activity. — Low fixed costs allow cost base to be flexed to meet demand.		
Performance	Ability to deliver major projects effectively – including the integration of Landmark Aviation.	— Extensive due diligence conducted. — Project Management Office established to ensure controlled execution of planning and integration activities. — Retention agreements for key members of staff.	NEW	Investment in project management capability to deliver key strategic projects.
	Ability to attract and retain high-quality and capable people at senior and mid management levels.	— Succession planning process embedded with review at Executive Management Committee and Board level annually. — Remuneration structure designed to reward superior performance and promote retention. — Proactive employee development and key talent retention processes.		
	Potential liabilities from defects in services and products.	— Standard operating procedures with routine root cause analysis of all incidents. — Liability insurance.		
	Intentional or inadvertent non-compliance with company values and legislation, both within BBA Aviation and with trading partners.	— Clear values statement and ethical policies. — Semi-annual compliance certification by all senior management. — Rigorous third party vetting processes. — Robust internal control environment and regular review by internal and external audit.		

Objective	Risks	Mitigation action/Control	Change during year	
Performance	Environmental exposures.	— Strong procedural controls and physical containment when working with fuel or other hazardous chemicals. — Active management of known environmental matters to minimise costs to resolve. — Environmental insurance where appropriate.		
	Non-compliance with banking covenants caused by: — increase in debt funding as a result of the Landmark Aviation acquisition. — tighter regulatory environment around sanctions compliance, which is a key condition of our banking covenants.	— Strong treasury management controls concerning liquidity management. — Rigorous third party vetting processes, which includes the compliance with sanctions regulations.		Increase in bank debt facilities to enable Landmark Aviation acquisition.
Value Creative Investment	Changes in tax regulation in both the USA and EMEA could impact our effective tax rate and our cash tax liabilities.	— Timely compliance with all international tax requirements. — Continuous monitoring of changes to tax legislation, taking advice where appropriate from reputable professional advisers.		The Base Erosion and Profit Sharing ("BEPS") project led by the OECD is likely to accelerate the pace of legislative change in the countries in which the Group operates.

2015 Overview

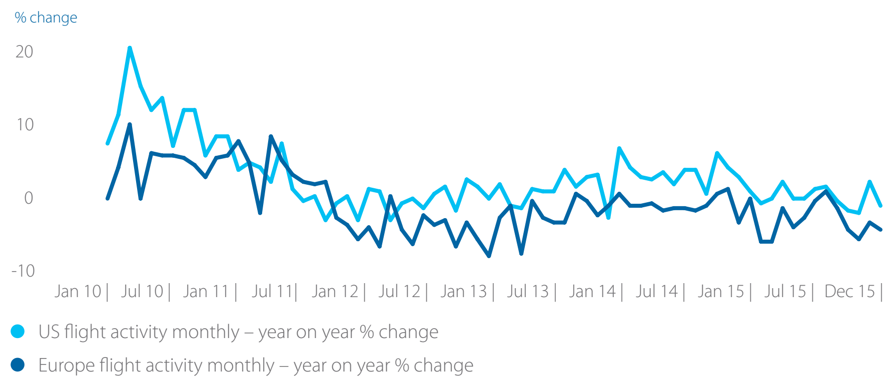
Our Markets in 2015

BBA Aviation's major market continued to recover in 2015. B&GA movements in the US increased by 1% year on year. However, B&GA movements in Europe declined by 3%. Commercial aviation movements remained flat in North America and increased by 3% in Europe.

Business & General Aviation

B&GA flight activity in the USA continued to grow during 2015, with movements up 1% year on year. US B&GA monthly flight activity cycles were steadily positive for the majority of the period with a slowdown from August versus strong 2014 comparators. In Europe, B&GA aircraft movements were down 3% for the year. Despite there being some signs of strengthening in several Western European markets, the region's overall performance was hampered by declines in Eastern Europe.

B&GA Aircraft Movement Trends – USA and Europe



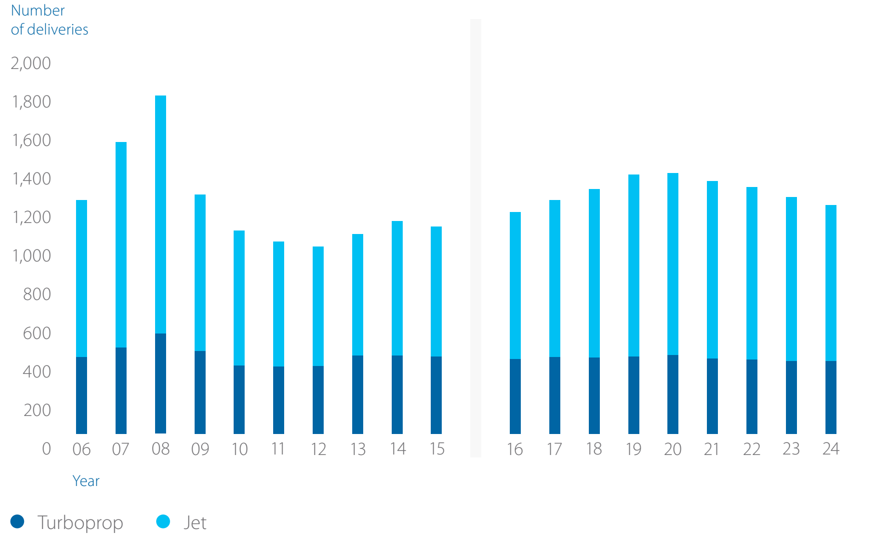
Source: FAA (ETMSC) and EUROCONTROL (ESRA 08)

Delivery volumes of new business jets fell in 2015 but remain above those recorded in the 2011-2013 period. Deliveries are forecast to continue to steadily increase over the next five years due to existing order books, new jet models entering service and the need to refresh the fleet as it ages. Long-term forecasts project the delivery of more than 8,000 new business jets between 2016 and 2024, with the North American market positioned to take about 60% of these deliveries.

Pre-owned inventories of business jets grew marginally in 2015 but, at c.9% of the active fleet, remain close to historical norms. Pricing of used jets in this segment has become more stable but was down around 4%. For sale inventory for turboprop business aircraft has been growing moderately but remains at historically normal levels in the USA.

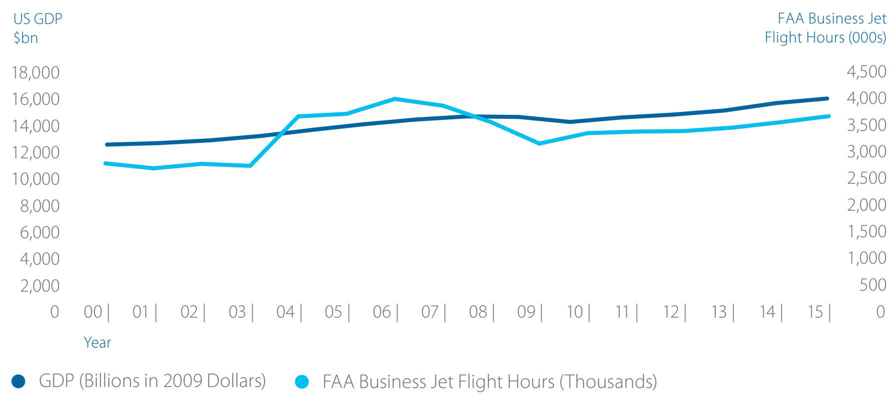
Over the longer term, the key drivers for B&GA remain the same as historically - continued growth in GDP and total wealth, the increasing value of people's time and corporate activity levels. The unusual nature of the 2007–2009 credit-driven crisis and the slow associated recovery have meant that business confidence and thus reinvestment have remained low over the last few years. However, continued steady growth in US GDP supports the increase in B&GA movements in the USA.

Business Jet and Turboprop deliveries – historical and forecast



Source: 2006-2015 historic deliveries: GAMA 2015 General Aviation Statistical Databook (excludes Airbus ACJ, Boeing BBJ and head of state/shuttles, ag turboprops).
Source: 2016-2024 forecast deliveries: Teal Group Business Aircraft Forecast, December 2015 (excludes Airbus ACJ, Boeing BBJ and head of state/shuttles).

FAA Flight Hours and GDP



Sources: FAA 2015 Forecast and U.S. Bureau of Economic Analysis

Commercial Aviation

Worldwide commercial aircraft movements increased by 3% in 2015 versus 2014. In North America, commercial aircraft movements remained flat and in Europe increased by 3%. Operational trends continue in the USA and globally as airlines continue to move towards larger, more fuel efficient aircraft and implement further capacity discipline.

Military Aviation

Trends in military aviation remain the same. Cuts to the US military budget continue to negatively impact the flight activity of some platforms and thus maintenance spend. However, this trend is also supporting the life extension of existing platforms as funding is redirected. New platform programmes have also demonstrated that long development periods are required thus putting life extension programmes at the forefront of defence strategies. The average age of the global military fleet is now approximately 25 years and our aftermarket businesses are agile and flexible in their ability to support the older, out of warranty aircraft now in service.

Group Financial Summary

Financial Summary	2015 $m	2014 $m	Inc/(dec) %
Revenue	2,129.8	2,289.8	(7)%
Underlying EBITDA	273.1	267.2	2%
Underlying operating profit	202.0	201.2	0%
Underlying operating margin	9.5%	8.8%	
Total operating profit	130.8	154.1	(15)%
Underlying profit before tax	170.0	172.4	(1)%
Profit before tax	95.3	152.4	(37)%
Adjusted earnings per share	20.1¢	21.9¢	(8)%
Adjusted historical earnings per share	30.9¢	30.7¢	1%
Profit for the period	83.1	162.5	(49)%
Operating cash flow	119.4	100.1	19%
Free cash flow	88.4	51.2	73%
Net debt	456.5	(619.2)	
Historical net debt	(640.2)	(619.2)	
Historical net debt to underlying EBITDA	2.3x	2.3x	
Return on invested capital	9.1%	9.4%	

See more on
pages 32–59

BBA Aviation delivered a satisfactory overall performance in 2015. Above market growth in Flight Support offset a disappointing year for Aftermarket Services, specifically in Engine Repair & Overhaul. The Group made transformational progress with the significant expansion of the Flight Support network through the acquisition of Landmark Aviation which completed on 5 February 2016. The acquisition of Landmark Aviation has impacted these results in terms of the rights issue to finance the acquisition, which completed in October 2015, and fees associated with the acquisition but not in terms of any contribution to profit as the acquisition itself completed after the year end.

Group revenue decreased by 7% to $2,129.8 million (2014: $2,289.8 million) reflecting the impact of lower fuel prices and foreign exchange movements that reduced Group revenue by $248.5 million. Acquisitions contributed $48.8 million of revenue during the period. On an organic basis, Group revenue increased by 2% (excluding the impact of fuel prices, foreign exchange, acquisitions and disposals).

Underlying operating profit was $202.0 million (2014: $201.2 million) including an $8.3 million contribution from acquisitions. On an organic basis, operating profit declined by 3% with the significant progress in Flight Support offset by a weak Aftermarket Services performance.

Group underlying operating profit margin decreased to 9.5% (2014 constant fuel price: 9.7%) with positive margin development in Flight Support offset by a lower margin in Aftermarket Services.

Net underlying interest increased by $3.2 million to $32.0 million (2014: $28.8 million) due to the cost of the new longer-term debt put in place in 2014, and the impact of higher net debt resulting

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from the significant growth investments made over the last 18 months. The Group was $456.5 million cash positive due to the rights issue to fund the acquisition of Landmark Aviation (2014 net debt: $619.2 million). Adjusting for the impact of the rights issue and costs associated with the acquisition of Landmark Aviation, historical net debt was $640.2 million. Interest cover was 8.5x (2014: 9.3x) and the historical net debt to EBITDA ratio was unchanged at 2.3x (2014: 2.3x).

Underlying profit before tax decreased by 1% to $170.0 million (2014: $172.4 million).

The underlying tax rate decreased modestly to 15.1% (2014: 16.0%). This reflected both the lower proportion of the Group's pre-tax profits arising in higher marginal tax jurisdictions, principally in our US based Engine Repair & Overhaul businesses and by the additional profits resulting from ASIG's acquisition of its joint venture partner's 80% stake of ASIG Panama S.A., which was on a tax free basis.

Adjusting for the impact of the rights issue on the capital base the adjusted historical earnings per share grew by 1% to 30.9¢ (2014: 30.7¢). On a reported basis adjusted earnings per share decreased by 8% to 20.1¢ (2014: 21.9¢).

Statutory profit before tax of $95.3 million represented a 37% decline against the 2014 comparator that included the $26.8 million profit on disposal of APPH (2014: $152.4 million) and reflects the exceptional costs detailed below.

Exceptional and other items include restructuring expenses of $15.1 million (2014: $13.8 million). $6.8 million of this related to the termination of ASIG's contract in Singapore and $8.3 million is associated with Engine Repair & Overhaul's ongoing footprint rationalisation programme. Amortisation of intangible assets are non-cash and amounted to $11.7 million (2014: $11.1 million), and there were $38.4 million of transaction costs (2014: $5.8 million). All transaction costs in 2015 related to the acquisition of Landmark Aviation.

Unadjusted earnings per share decreased by 53% to 11.6¢ against the 2014 comparator that included the profit on disposal of APPH (2014: 24.6¢).

Free cash flow increased by $37.2 million to $88.4 million (2014: $51.2 million).

Capital expenditure amounted to $90.7 million (2014: $116.4 million). Principal items include the investment in Signature's FBO development projects at San Jose and London Luton, as well as Engine Repair & Overhaul's footprint rationalisation and investment in its new Middle East facility in support of the rotorcraft authorisations signed last year.

The Group also paid net $20.5 million of pension payments (2014: $13.9 million), of which $10.5 million represented pension deficit payments reflecting the agreed payments to the UK scheme.

The Group's tax payments were $5.0 million (2014: $28.4 million), reflecting the lower payments and timing of refunds.

Other cash flow items include the $76.6 million dividend payment (2014: $74.2 million), $22.0 million related to share repurchases in the first half of the year (2014: $76.6 million), $20.4 million of cash flows associated with transaction costs, as well as the $1,117.1 million net proceeds resulting from the rights issue.

The total spend on acquisitions and licences completed during the year amounted to $32.9 million (2014: $161.1 million) including $12.3 million for Legacy Support's acquisition from Pratt & Whitney Canada of the manufacturing rights for select JT15D engine components and $6.0 million in relation the acquisition of our joint venture partner's share of ASIG Panama S.A.

ROIC reduced by 30 basis points to 9.1% (2014: 9.4%) reflecting the significant investments made during the year which are expected to generate superior returns over the longer-term. Post the acquisition of Landmark Aviation, the Group's principal measures of financial success will be cash tax adjusted earnings per share and EBITDA as a percentage of invested capital.

Mike Powell
Group Finance Director

Financial Matters

Exchange Rate

BBA Aviation's revenues, cash flows and Balance Sheet are principally denominated, and as a result reported, in US dollars. The exchange rates used to translate the key non-US dollar flows and balances were:

	2015	2014	2013
Sterling – average	1.53	1.65	1.57
Sterling – spot	1.48	1.56	1.66
Euro – average	1.11	1.33	1.33
Euro – spot	1.09	1.21	1.38

Acquisition of Landmark Aviation

The Group completed the acquisition of Landmark Aviation on 5 February 2016. Details regarding the acquisition of Landmark Aviation are disclosed in note 26 to the consolidated financial statements. Although Landmark Aviation is not consolidated in the Group's financial statements for 2015 the rights issue, debt funding arrangements and other associated fees have influenced the financial position and performance of the Group for 2015. These changes in capital structure and associated fees have impacted several key financial measures, most notably earnings per share, net debt, dividends per share and financial covenants. Total net fees for the acquisition of Landmark Aviation were $73.7 million during 2015, being equity fees of $26.0 million, debt arrangement and ticking fees of $9.7 million ($5.8 million capitalised) and other transaction fees of $38.4 million. These fees were partially offset by $0.4m of interest received on money market deposits relating to the proceeds of the rights issue.

To improve comparability of key financial measures several 'historical' financial measures have been established and are referred to in the following review of financial matters. These measures adjust the relevant GAAP measures to remove the impact of the rights issue, debt funding arrangements and associated fees to enable comparison of those key financial measures to prior periods.

See more on
Our Business
pages 32–59

Central costs

Unallocated central costs before exceptional and other items were $5.0 million lower at $16.1 million (2014: $21.1 million), primarily driven by a reduction in share based payment charges.

Exceptional and other items

Exceptional and other items are defined in note 2 to the consolidated financial statements. Total exceptional and other items, net of tax for 2015 were $61.2 million (2014: $17.7 million gain). This loss recognised in operating profit comprised the transaction costs (excluding debt and equity fees) for the acquisition of Landmark Aviation totalling $38.4 million (2014: $5.8 million transaction costs not related to Landmark Aviation), restructuring costs totalling $15.1 million (2014: $13.8 million) relating to ongoing ERO footprint rationalisation and the exit of ASIG's operations in Singapore in 2015, $11.7 million (2014: $11.1 million) of non-cash amortisation of acquired intangibles and $6 million (2014: $nil) of other exceptional items.

In the year, the Group incurred a net exceptional loss of $3.5 million (2014: $nil) in respect of net finance costs. The exceptional net finance costs relate to certain facility and commitment fees incurred in the debt financing arrangements to enable partial funding for the acquisition of Landmark Aviation.

The exceptional and other items incurred an exceptional tax credit of $13.5 million (2014: $17.2 million) in relation to these items bringing the net loss in exceptional and other items to $61.2 million (2014: $17.7 million net profit).

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Acquisitions and disposals

During 2015 the Group completed two acquisitions for a total initial consideration of $18.3 million and settled deferred consideration totalling $1.1 million. Further details of these acquisitions are given in note 23 to the consolidated financial statements. The acquisitions represented the purchase of manufacturing rights and associated processes from Pratt & Whitney Canada by our Legacy business and the acquisition of the remaining 80% share of ASIG Panama S.A. from our joint venture partner. The acquisition of the controlling interest in ASIG Panama S.A. resulted in a bargain gain of $4.3 million. Further details regarding the bargain gain are disclosed in note 23 to the consolidated financial statements.

Interest

Net underlying interest expense increased by $3.2 million to $32.0 million (2014: $28.8 million) due to the cost of the new longer-term debt put in place in 2014, and the impact of higher net debt resulting from the significant growth investments made over the last 18 months. Adjusted interest cover decreased as a result of the higher underlying interest expense to 8.5x (2014: 9.3x).

Tax and Dividends

The underlying tax rate decreased modestly to 15.1% (2014: 16.0%). This reflected both the lower proportion of the Group's pre-tax profits arising in higher marginal tax jurisdictions, principally in our US based Engine Repair and Overhaul businesses and by the additional profits (including the bargain gain) resulting from our acquisition of the remaining 80% of ASIG Panama S.A. which was on a tax free basis.

At the time of the interim results, the Board declared an increased interim dividend of 4.85¢ per share (2014: 4.62¢ per share). The Board is now proposing a final dividend of 8.68¢ per share (2014: 11.58¢ per share), taking the dividend for the full year to 13.53¢ per share (2014: 16.20¢ per share). Removing the impact of the rights issue the final dividend on a historical basis would have been 12.15¢, giving a historical dividend per share for 2015 of 17.00¢.

After adjusting for the impact of the rights issue this represents a 5% increase in the dividend on a historical basis and continues to reflect the Board's progressive dividend policy and continuing confidence in the Group's medium-term growth prospects.

Carrying value of assets

The Group's review processes for the carrying values of its cash generating units has continued to closely monitor ASIG and Dallas Airmotive which exhibited sensitivity to key assumptions in their 2014 reviews. Given the reduced valuation headroom for these two businesses during 2015 the Group now considers that a reasonably possible change in their key assumptions of discount rate or growth rate in EBITDA could result in impairment for ASIG and Dallas Airmotive. Further details regarding the valuation headroom, key assumptions and changes in these assumptions that would result in impairment are disclosed in note 8 to the consolidated financial statements.

Following the recent acquisition of Landmark Aviation, we have received a number of approaches from third parties expressing an interest in some or all of ASIG. As part of BBA Aviation's focus on driving long term sustainable value for our stakeholders we are reviewing value maximisation alternatives for ASIG including a possible sale of all or part of the business. Whilst the impairment review has been performed on a value in use basis, we note that there is uncertainty regarding the recoverable value of ASIG should a transaction be agreed.

Pensions

The actuarial valuation of the UK plan as at 31 March 2015 has now been completed, indicating a reduced funding deficit of £45.0 million ($66.0 million). Total deficit contributions for the year amounted to £6.9 million ($10.5 million). The Company has agreed to make additional contributions of £0.3 million (~$0.5 million) per annum over the next five years bringing the annual deficit contribution to £3.0 million, until the next triennial valuation, and £2.7 million thereafter until 2034.

As at 31 December 2015, the accounting net deficit across the UK and US plans was $40.1 million (2014: $62.2 million).

Under the terms of the Asset-Backed Funding (ABF) structure which was put in place for the UK defined benefit pension plan in 2014, the Group made an additional one-off payment of £4.2 million ($6.4 million) on top of the agreed annual deficit contributions of £2.7 million ($4.1 million) payable each year until 2034. The accounting net deficit for the Group has improved since 31 December 2014 partly as a result of the contributions of $20.5 million, of which $10.5 million represented pension deficit payments reflecting the agreed payments to the UK scheme.

Cash Flow and Debt

At 31 December 2015 the Group had net cash of $456.5 million (2014 net debt: $619.2 million) due to the funds received from the rights issue. Adjusting for the impact of the rights issue and fees associated with the acquisition of Landmark Aviation, net debt on a 'historical' basis was $640.2 million. On the 'historical' basis the Group's net debt to EBITDA ratio was consistent at 2.3x (2014: 2.3x).

Operating cash flows of $188.4 million are broadly in line with the prior year (2014: $187.7 million) but free cash flow increased by $37.2 million to $88.4 million (2014: $51.2 million) reflecting lower capital expenditure and reduced tax payments. Capital expenditure amounted to $90.7 million (2014: $116.4 million). Principal items included the investment in Signature's FBO development projects at San Jose and London Luton, as well as Engine Repair & Overhaul's footprint rationalisation and investment in its new Middle East facility in support of the rotorcraft authorisations signed last year. Cash flow during 2015 also benefited from the completion of engine sale and leaseback transactions within our Engine Repair and Overhaul business.

Other significant cash flow items include dividend payments of $76.6 million (2014: $74.2 million), $22.0 million related to share repurchases (2014: $76.6 million), $13.5 million of licence acquisitions by our Legacy business (2014: $22.6 million) and $20.4 million of cash flows associated with transaction costs, as well as the $1,117.1 million net proceeds resulting from the rights issue.

A significant proportion of our debt is held in US dollars as a hedge against our US dollar assets. A profile by currency is shown in the table below:

(Debt)/Cash Profile by Currency

	2015	2014
US dollars	394	(650)
Sterling	41	17
Euros	12	11
Others	9	3
Total	456	(619)

The Group policy with respect to cash deposits is only to have deposits with pre-approved banks with limits on the amounts deposited with each institution dependent on their long-term credit rating. Deposits are generally for short-term maturity (less than three months).

Financial Risk Management and Treasury Policies

The main financial risks of the Group relate to funding and liquidity, interest rate fluctuations and currency exposures. A central treasury department that reports directly to the Group Finance Director and operates according to objectives, policies and authorities approved by the Board, manages these risks.

The overall policy objective is to use financial instruments to manage financial risks arising from the underlying business activities and therefore the Group does not undertake speculative transactions for which there is no underlying financial exposure. More details are set out in note 16 to the consolidated financial statements.

Funding and Liquidity

The Group's operations are financed by a combination of retained profits, equity and borrowings. Borrowings are generally raised at Group level and then lent to operating subsidiaries. The Group maintains sufficient available committed borrowing facilities to meet its forecasted funding requirements.

The Group has a five year $650 million (2014: $650 million) multi-currency revolving credit facility. In addition, the Group has $500 million (2014: $500 million) of US private placement loan notes. These debt obligations and facilities are subject to cross-default. In addition, the Group maintains uncommitted facilities for daily working capital fluctuation purposes.

During 2015 the Group put in place an Acquisition Financing Agreement (AFA) to fund the Landmark Aviation acquisition in conjunction with the rights issue. The AFA comprises three term debt facilities for $150 million, $400 million and $450 million.

At the end of 2015, the Group had committed bank facilities of $1,650 million (2014: $850 million) of which $nil million (2014: $270 million) was drawn.

Subsequent to the year end on 5 February 2016 as disclosed in note 26 to the consolidated financial statements the acquisition of Landmark Aviation was completed and the Group drew down $1,000 million of term debt under the AFA facilities and a further $316 million under the Group's multi-currency revolving credit facility.

The revolving credit facility, AFA facilities and the US private placement loan notes are subject to two main financial covenants: maximum net debt to underlying EBITDA of 3.5 times and minimum net interest cover of 3.0 times underlying EBITDA. The facilities and the loan notes do permit the use of an 'acquisition spike' which allows for the net debt to be up to 4.0 times underlying EBITDA for two test periods following activation of the 'acquisition spike'.

The rationale for preparing the financial statements on a going concern basis is set out on page 105.

Interest Rate Risk Management

The interest rate exposure arising from the Group's borrowing and deposit activity is managed by using a combination of fixed and variable rate debt instruments and interest rate swaps. The Group's policy with respect to interest rate risk management is to fix portions of debt for varying periods based upon the debt maturity profile and an assessment of interest rate trends. At the end of 2015, approximately 77% (2014: 46%) of the Group's total borrowings were fixed at weighted average interest rates of 3.2% (2014: 3.6%) for a weighted average period of four years (2014: four years).

During 2015 the Group established forward starting interest rate swaps in readiness for the draw down of the AFA facilities consistent with its normal interest rate risk management policy.

Currency Risk Management

The Group's policy is to hedge all significant transactional currency exposures through the use of forward currency contracts. The Group's policy is to draw its borrowings principally in US dollars in order to match the currency of its cash flows, earnings and assets, which are principally denominated in US dollars.

Flight Support

Our Flight Support businesses provide specialist on-airport support services, including refuelling and ground handling to the owners and operators of private, business and commercial aircraft.

Signature Flight Support is the world's largest and market leading fixed base operation (FBO) network for business aviation with more than 130 locations in the USA, Europe, South America, Africa and Asia. It provides high-quality, full service support for B&GA travel, focused on passenger handling and customer amenities such as refuelling, hangar and office rentals, and other technical services.

ASIG is the world's leading independent refueller, providing ground, fuel and airport facility services to airlines, airports, oil companies and industry partners in the commercial aviation sector. It safely delivers flexible and comprehensive service solutions including refuelling, fuel farm management, ground handling, aircraft technical support services, facilities equipment maintenance and de-icing with considerable technical expertise at more than 85 airports in North America, Central America, Europe and Asia.

Financial Summary

	2015 $m	2014 $m	Inc/(dec) %
Revenue	1,347.4	1,536.3	(12)%
Organic revenue growth*	0.1%	–	–
Underlying operating profit	158.5	132.7	19%
Underlying operating profit margin†	11.8%	10.0%	180bps
Operating cash flow	149.7	116.4	29%
Return on invested capital	11.5%	9.9%	160bps

* Excluding the impact of foreign exchange, fuel prices, acquisitions and disposals.
† Operating margins at constant fuel prices.

Revenue in Flight Support decreased by 12% to $1,347.4 million (2014: $1,536.3 million), reflecting the net impact of lower fuel prices and foreign exchange movements that reduced revenue by $233.6 million. Adjusting for the impact of fuel and FX, revenue increased by 3%. Acquisitions contributed $42.8 million of revenue during the period. On an organic basis, revenue was flat with the strong performance in Signature offset by ASIG's net contract losses.

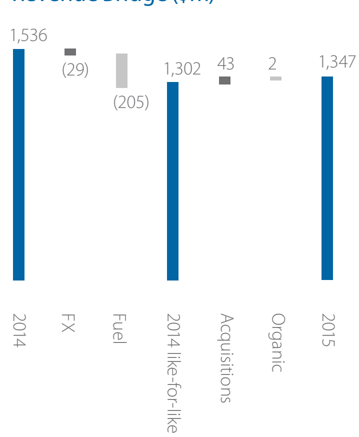
Underlying operating profit in Flight Support increased by 19% to $158.5 million (2014: $132.7 million). During the period acquisitions contributed $8.6 million to operating profit. On an organic basis, operating profit increased by 14%, all of which was driven by Signature's strong operational delivery.

During the period, the division's underlying operating profit was impacted by three one-off items with a net benefit of $5.5 million: first a reclassification of our investment in the Hong Kong Business Aviation Centre as an associate rather than a financial investment to more appropriately reflect its scale and our level of influence, interest and control, which, in the first half, resulted in the recognition of an accounting profit of $5.2 million relating to prior years, second a non-cash tax-free gain of $4.3 million in the second half associated with ASIG's purchase of its joint venture partner's stake in ASIG Panama at Tocumen International Airport and third ASIG's trading losses in the first half from the now exited contracts at Singapore Changi Airport of $4.0 million.

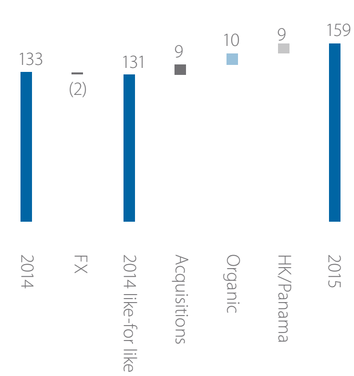
Operating margins improved to 11.8% (2014 constant fuel price: 10.0%). This was driven primarily by Signature's continued market outperformance and its strong operating leverage that more than offset the reduced operating profit contribution from ASIG due to net contract losses, though ASIG delivered an improved operational performance in the second half.

Operating cash flow for the division was $149.7 million (2014: $116.4 million). Return on invested capital increased to 11.5% (2014: 9.9%) reflecting Signature's continued strong performance.

Revenue Bridge ($m)



Operating Profit Bridge ($m)



Signature Flight Support

The world's largest and market-leading FBO network for business aviation with more than 130 locations in the USA, Europe, South America, Africa and Asia.

It provides high quality, full service support for B&GA travel, focused on passenger handling and customer amenities such as refuelling, hangar and office rentals, and other technical services.

Key Facts

Locations worldwide	US market share	FBOs in top US metro locations
138	13%	52
Gallons of aviation fuel sold per annum	**Average remaining lease life of our US FBOs**	**Touches 73% of the world's business jet fleet**
>183m	19 years	73%

Revenue	2015 $m	2014 $m	Inc/(dec) %
North America	787.4	913.7	(14)%
Europe & ROW	132.8	162.1	(18)%
Total	920.2	1,075.8	(14)%

Signature Flight Support delivered a very strong performance despite modest B&GA movement growth. Signature continued to outperform its key markets, demonstrating the strength of its network proposition and market-leading services and facilities.

Signature's revenue decreased by 14% to $920.2 million (2014: $1,075.8 million). Adjusting for lower fuel prices and foreign exchange movements, and after adjusting for acquisitions that contributed $26.3 million to revenue, organic revenue increased by 4% representing a material outperformance relative to its markets with US B&GA movements up 1% and European B&GA movements down 3% during the period.

During the course of the year, Signature added eight new Signature Select® locations at Camarillo, Vancouver, Vienna, Graz, Innsbruck, Klagenfurt, Linz and Salzburg, expanding its network and relevance through this affiliate FBO programme. The Signature Select® network now incorporates 15 locations globally.

Signature's newly constructed state-of-the-art FBO at Mineta San Jose International Airport was successfully completed and officially opened in February 2016 in time to welcome the high levels of B&GA traffic associated with Super Bowl 50. The ongoing development at London Luton Airport is progressing well and the new FBO and extended apron are on track to be completed by the end of 2016.

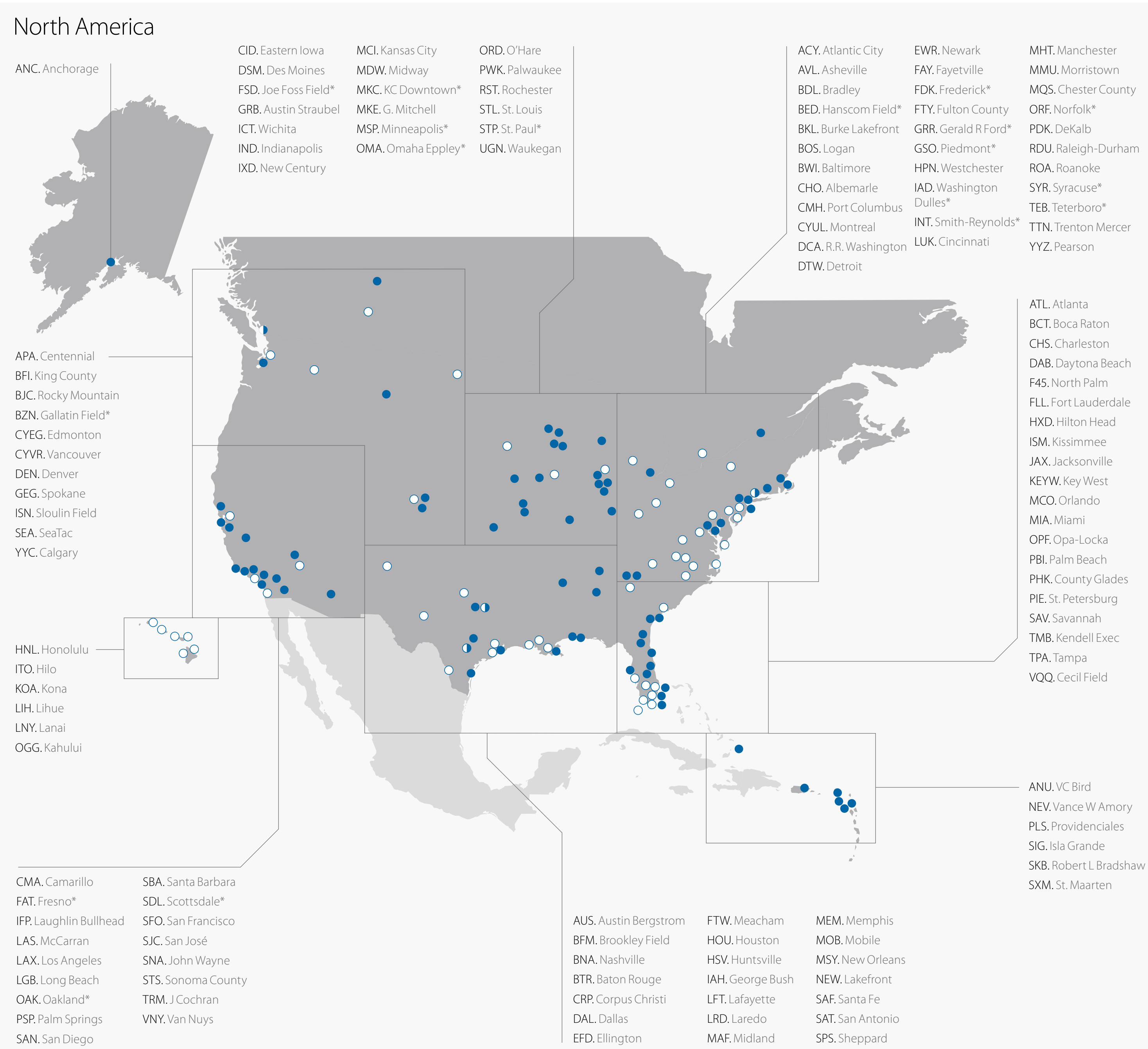
In February 2016, BBA Aviation completed the transformational acquisition of Landmark Aviation for a total consideration of $2,065 million. The acquisition was partly funded through a $1.14 million rights issue. The acquisition represents a major expansion of Signature, already the world's largest FBO network. The acquisition enables Signature to extend its operational excellence to Landmark Aviation's portfolio of FBOs and MRO facilities and enhances its customer leading proposition to include aircraft management and charter services. Signature's global network now includes 195 FBO locations and 19 MRO facilities.

Landmark Aviation's financial performance in 2015 was in line with expectations and has demonstrated continued good growth. The process to sell the six FBOs, required under the terms of the US Department of Justice's regulatory approval, is underway and making good progress.

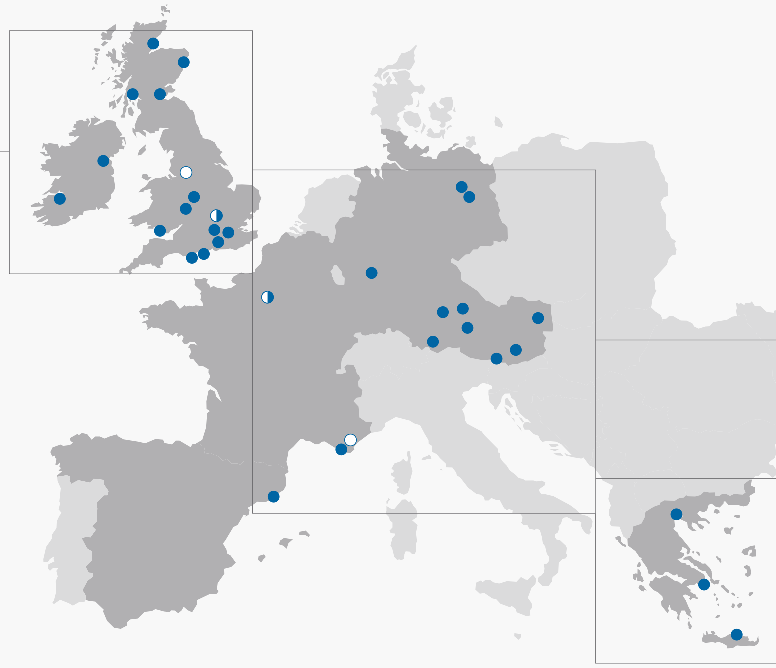
The Group's 2015 pro forma leverage post completion and associated disposals is 3.5x net debt/EBITDA, with a good deleveraging profile.

Signature & Landmark Aviation

Following the completion of the Landmark Aviation acquisition, Signature now has 195 locations globally.



Europe

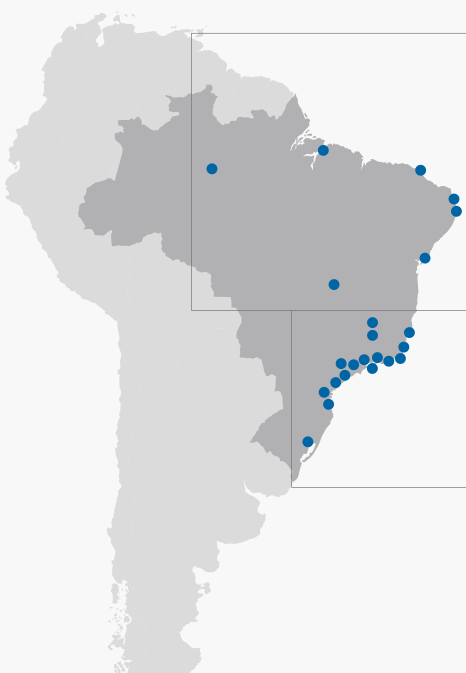


ABZ. Aberdeen
BHX. Birmingham
BOH. Bournemouth*
BQH. Biggin Hill
CWL. Cardiff
DUB. Dublin
EDI. Edinburgh
EGCC. Manchester
EMA. East Midlands
GLA. Glasgow
INV. Inverness
LGW. Gatwick
LHR. Heathrow
LTN. Luton
SNN. Shannon
SOU. Southampton

BCN. Barcelona
FRA. Frankfurt
GRZ. Graz
INN. Innsbruck
KLU. Klagenfurt
LBG. Paris LB
LFMN. Nice
LNZ. Linz
MUC. Munich
SXF. Berlin S
SZG. Salzburg
TLN. Toulon
TXL. Berlin T
VIE. Vienna

ATH. Athens
HER. Heraklion
SKG. Thessaloniki

South America



SBBE. Belem
SBBR. Brasilia
SBEG. Eduardo Gomes
SBFZ. Pinto Martins
SBRF. Guararapes
SBSV. L.E. Magalhaes
SBSG. Sao Goncalo

SBBH. Pampulha
SBCF. Confins
SBCP. Bartolomeu L.
SBCT. Afonso Pena
SDIM. Itanhaem
SBGL. Maestro T.J.
SBGR. Sao Paulo
SBJR. Jacarepagua
SBKP. Viracopos
SBME. Macae
SBNF. Navegantes
SBPA. Salgado Filho
SBRJ. Santos Dumont
SBSJ. Sao Jose D.C.
SBSP. Congonhas
SBVT. Vitoria

Asia & Middle East

HKG. Hong Kong

SIN. Changi
WSSL. Seletar

Africa

CPT. Cape Town

Location Key

- Signature Flight Support
- Landmark Aviation
- Shared Location
- * MRO Location

These maps are for illustrative purposes only. Not to scale.

Above
A customer's G5 is safely marshalled and towed by Signature's highly trained team.

Pages 38–39
Customers' jets parked in Signature's hangars at the newly completed FBO at Mineta San Jose International Airport.

Below
The Signature ramp at Van Nuys where customers' jets are refuelled and prepared for departure.

ASIG

The world's leading independent refueller providing ground, fuel and airport facility services to airlines, airports, oil companies and industry partners in the commercial aviation sector.

It safely delivers flexible and comprehensive solutions including refuelling, fuel farm management, ground handling, aircraft technical support services, facilities equipment maintenance and de-icing with considerable technical expertise at more than 85 airports in North America, Central America, Europe and Asia.

Key Facts

Locations worldwide	Locations at hub and large international airports	Handles over 4.5 million flights per year
87	41	4.5m

Gallons of aviation fuel pumped per annum	Fuel farms managed	Customers worldwide
>12bn	63	>600

Revenue	2015 $m	2014 $m	Inc/(dec) %
North America	**298.9**	338.9	(12)%
Europe & ROW	**128.3**	121.6	6%
Total	**427.2**	460.5	(7)%

ASIG's revenue decreased by 7% to $427.2 million (2014: $460.5 million), with commercial aviation movements flat in North America and up 3% in Europe. This revenue decline reflects the net contract losses, principally the previously announced loss of the ground handling contract at John F. Kennedy International Airport (JFK) Terminal One in February 2015 and the loss making contract in Singapore that we have now exited. A trading loss of $4.0 million in relation to this contract was realised in the first half and an exceptional charge of $6.8 million related to the closure and exit from operations in Singapore was recognised during the year. After a challenging first half, improvements in underlying cost performance and service delivery led to a much improved operational performance in the second half of the year.

In July, ASIG acquired its joint venture partner's stake in ASIG Panama at Tocumen International Airport. This purchase resulted in a non-cash tax-free gain of $4.3 million.

Pages 44–45 One of the ASIG team inspects the fuel facility at Los Angeles International Airport – one of the 63 major fuel facilities that ASIG operates and maintains worldwide.


13
17

Aftermarket Services

Our Aftermarket Services businesses principally repair and overhaul small thrust capacity gas turbine engines and service and support legacy aerospace components, sub-systems and systems.

Our **Engine Repair & Overhaul (ERO)** businesses are leading independent OEM authorised engine repair service providers to the B&GA market. Together, our ERO businesses have strong and established relationships with major engine OEMs and are authorised to work on 80% of engines powering the B&GA fleet and over 65% of engines powering the rotorcraft fleet.

Legacy Support is a leading provider of high-quality, cost-effective solutions in the continuing support of maturing aerospace platforms to major aerospace OEMs and airframe operators.

Financial Summary

	2015 $m	2014 $m	Inc/(dec) %
Revenue	**782.4**	753.5	4%
Organic revenue growth*	**6%**	–	–
Underlying operating profit	**59.6**	89.6	(33)%
Underlying operating profit margin	**7.6%**	11.9%	(430)bps
Operating cash flow	**31.8**	16.3	95%
Return on invested capital	**6.7%**	10.4%	(370)bps

* Excluding the impact of foreign exchange, acquisitions or disposals.

In Aftermarket Services, revenue increased by 4% to $782.4 million (2014: $753.5 million, which included a $4.6 million contribution from APPH that was disposed of in 2014). On an organic basis revenue increased by 6%, in part due to engine trading during the year, which represented $39.7 million of revenue.

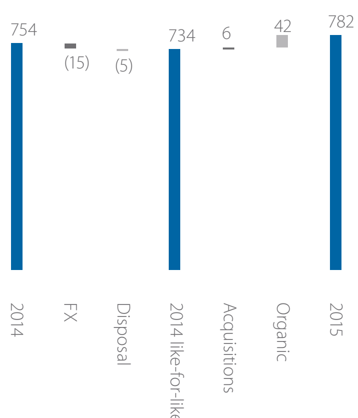
Underlying operating profit of $59.6 million decreased by 33% (2014: $89.6 million). Legacy Support performed in line with expectations, delivering broadly flat operating profit for the year. ERO experienced a number of headwinds in the year that were partly offset by profits on engine trading at higher than normal divisional margins.

On an organic basis, operating profit was down $27.3 million or 31% with operating margins at 7.6% (2014: 11.9%).

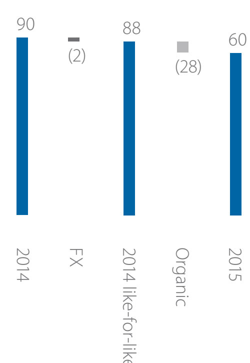
Operating cash flow for the division was $31.8 million reflecting the capital expenditure associated with the rotorcraft authorisations signed last year and higher working capital as a result of increased inventory in Legacy Support.

Return on invested capital decreased to 6.7% (2014: 10.4%) reflecting the growth investment in the new engine repair and overhaul facilities and operating profit decline.

Revenue Bridge ($m)



Operating Profit Bridge ($m)



Engine Repair & Overhaul

Our Engine Repair & Overhaul (ERO) businesses are leading independent OEM authorised engine repair service providers to the B&GA market.

Together, our ERO businesses have strong and established relationships with major engine OEMs and are authorised to work on 80% of engines powering the B&GA fleet and over 65% of engines powering the rotorcraft fleet.

Key Facts

Authorisations supporting 80% of the engines powering the B&GA fleet

80%

Authorisations supporting over 65% of engines powering the rotorcraft fleet

>65%

Strong customer relationships – global network of more than 8,000 customers

>8,000

More than 100 field service personnel globally

>100

Over 2,500 turbine engines processed

>2,500

18 locations worldwide, distributed to support customer requirements

18

Revenue	2015 $m	2014 $m	Inc/(dec) %
North America	520.1	468.7	11%
Europe & ROW	99.1	114.7	(14)%
Total	619.2	583.4	6%

In Engine Repair & Overhaul, revenue was $619.2 million (2014: $583.4 million), representing an 8% organic revenue increase, most of which was related to engine trading.

In the first half of the year, ERO experienced greater than anticipated inefficiencies related to the significant and ongoing footprint rationalisation programme that commenced in 2014. It had been anticipated that this footprint change would have a short-term impact on productivity and cost; however this transition proved more challenging than expected with greater inefficiencies associated with the moving of overhaul cells and cross-training of labour. This led to materially increased costs associated with overtime payments, customer concessions and penalties and higher engine lease costs, against a backdrop of competitive and low growth markets.

Significant measures were implemented to improve turn times and reduce the cost inefficiencies and these began to benefit operating performance in the third quarter.

However, in the second half inputs and engine work scopes were weaker than anticipated, and in a competitive market and pricing environment we failed to achieve anticipated share gains. Conditions in ERO remain challenging and therefore we will be undertaking additional actions during the course of 2016 to further reduce the cost and complexity of the ERO business, which we expect will lead to a further exceptional cash cost of $5.0 million in 2016.

Notwithstanding the challenges ERO faced during the year, it successfully expanded its field support capabilities with authorisations from Honeywell for the HTF7000 engine in Brazil and GE Aviation for the CF34 engine in Asia Pacific and renewed its long-standing engine repair and overhaul authorisations with Pratt & Whitney Canada on the JT15D, PT6A, PT6T and PW100 engines.

After initial weather driven delays, construction of the new engine repair and test facility at Dallas Fort Worth International Airport is now progressing well and remains on track to meet the revised fully operational date of the end of 2016. In addition, the new rotorcraft engine repair facility in Abu Dhabi successfully established its test cell, as well as receiving both General Civil Aviation Authority CAR 145 approval and EASA certification ensuring that it can meet the comprehensive MRO needs for PW200 and PT6C-67 customers throughout the EMEA region.

Left
Parts for an M250 turbine engine are carefully prepared.

Above
A PW305 engine is inspected by a cross-trained engineer at Dallas Airmotive's Heritage Park facility.

Pages 50–51
A Dallas Airmotive facility which is designed to support multiple engine types and maximise the efficiency of their repair and overhaul processes.

Below
A third stage low pressure turbine is assembled, inspected and tested prior to use.

Legacy Support

A leading provider of high-quality, cost-effective solutions in the continuing support of maturing aerospace platforms to major aerospace OEMs and airframe operators.

Key Facts

Fast growing portfolio of licences for more than 4,500 parts >4,500	Relationships with 20 OEM licensors 20	Diverse, global customer base with more than 3,000 customers worldwide >3,000
Operations across 3 continents 3	Growing percentage of revenues from commercial aviation >45%	Large, addressable market of over 49,000 legacy aircraft over 20 years old >49,000

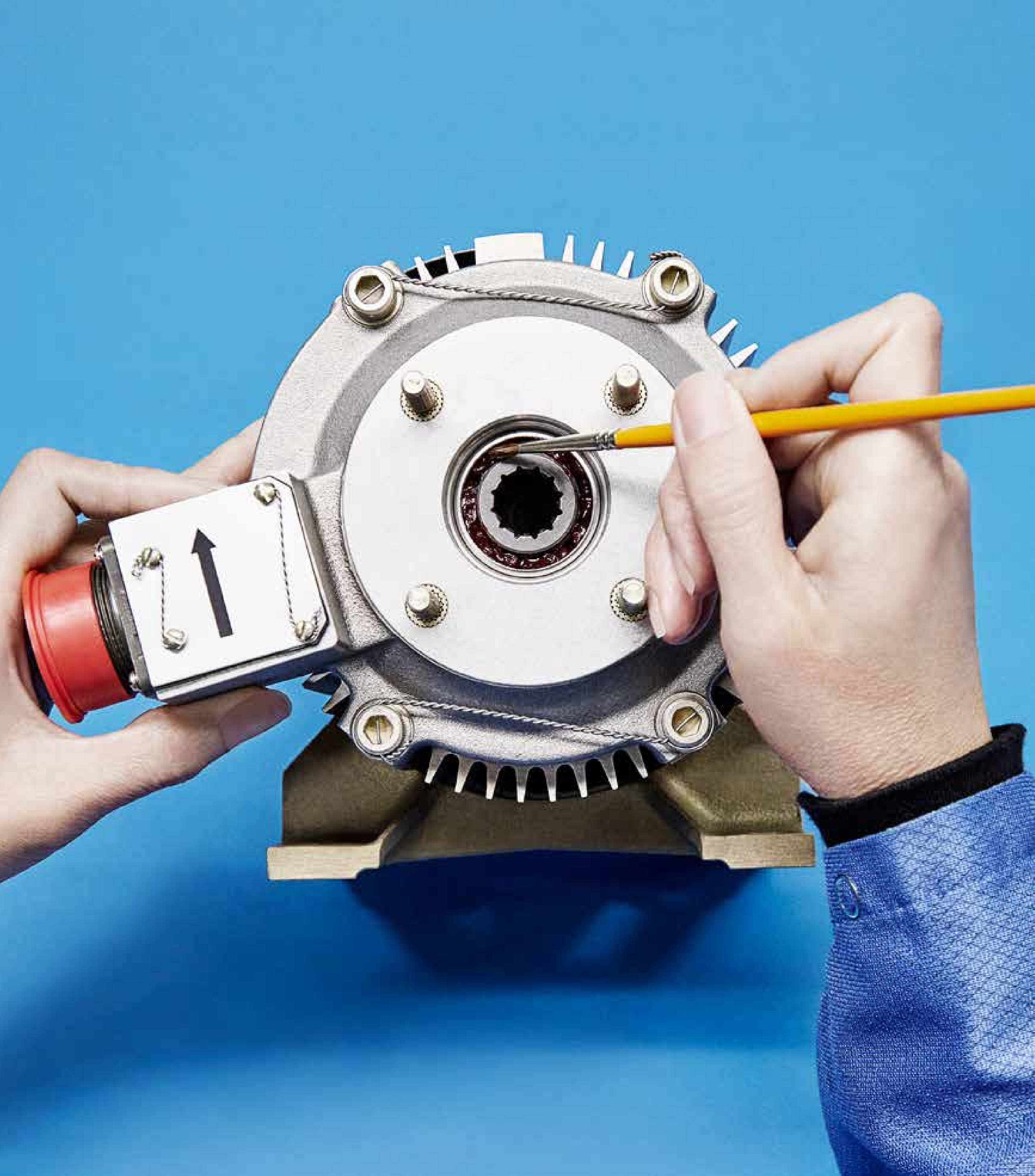
Revenue	2015 $m	2014 $m	Inc/(dec) %
North America	**99.3**	99.5	0%
Europe & ROW	**63.9**	66.0	(3)%
Total	**163.2**	165.5	(1)%

Revenue in Legacy Support decreased by 1% to $163.2 million (2014: $165.5 million), or 2% on an organic basis, reflecting a satisfactory performance and in line with our expectations.

During 2015, Legacy Support further extended its product portfolio with the addition of important new licensors, signing its first product licence with Thales Avionics for surveillance equipment used on military and commercial aircraft and acquiring the manufacturing rights from Pratt & Whitney Canada for select JT15D engine components, expanding its existing portfolio of engine support capabilities. Legacy Support also extended its long-standing relationship with UTAS with a licence for hydraulic pumps used on several military fighter jet platforms.

In addition, Legacy Support achieved FAA Part 145 certification at its UK facility and also gained both CAAC and CAAS approval at its Singapore facility, supporting fast turn times and wider product availability for its customers.

The adoption of the seven licences signed during 2014 and 2015 is progressing well and Legacy Support continues to see a strong pipeline of further licence opportunities.



Left
A highly skilled technician carefully applies an aerospace grade lubricant to the output spline bearing of a motor.

Below
A line actuator undergoing fine adjustment and measurement tests.

Above
The detailed inspection of a sensor prior to assembly.

Pages 56–57
Legacy Support's facility in Chatsworth, California, supports thousands of parts across a range of aerospace platforms. The facility has been recently reorganised along customer lines to continuously improve efficiency and product flows through the facility.

Corporate Social Responsibility

Corporate Social Responsibility

Every day our people put our values into action with pride, performing services for customers safely, responsibly and with integrity.

Corporate Social Responsibility (CSR) and sustainability are embedded into our Vision, Mission and Values and are fundamental to everything we do at BBA Aviation, including our objective of creating sustainable long-term value for all our stakeholders. Our Vision, Mission and Values are important to everyone who works for the Group and they are relevant to our customers, our suppliers and to everyone that has a relationship with us.

Overall responsibility for CSR sits with the Board. Day-to-day management is delegated, via the Executive Management Committee, to the CSR Committee, which sets direction on CSR and sustainability issues. The Committee is made up of senior members of the BBA Aviation team with relevant business roles and the ability to share knowledge and best practice across the Group. The Committee meets 10–11 times each year and the Committee Chairman regularly reports progress to the Executive Management Committee and to the Board.

We aim to involve all our employees personally in our CSR efforts and support them by investing in new technologies, equipment and training and development programmes where we believe we can make a difference.

In 2015, we completed a review of BBA Aviation's CSR and sustainability strategy and benchmarked performance with the help of an external consultant. The CSR Committee also agreed a list of Special Issues for 2015/16 as follows:

- continuous improvement in environmental performance;
- investigate and follow trends in 'alternative fuels';
- community involvement: local participation and charitable giving;
- employee recognition; and
- diversity initiatives.

The Committee will also continue to measure the Group's environmental impact, focus on social issues and monitor developments in the CSR field.

On the BBA Aviation website you can read more about our approach to CSR and download copies of our *2015 Values Report* and past years' reports, showing some of the varied projects that BBA Aviation's businesses have been undertaking, together with copies of our relevant policies.

Download our Values Report
www.bbaaviation.com/investors/reports

Our Approach to CSR

The following is an extract from BBA Aviation's "Approach to CSR" policy document which is reviewed by the Board.

Download our Values Report
www.bbaaviation.com/investors/reports

The full document, which deals with additional areas such as Business Ethics, Transparency and Human Rights, can be found in the CSR section of the BBA Aviation website.

Health and Safety

— We are committed to achieving a working environment which is safe, secure and supports healthy lifestyles.
— We will aim to pursue, achieve and promote best practices on Health and Safety specific to the aviation industry.

Employees

— We value the diversity of our employees and promote an inclusive environment recognising the importance of equality of opportunity.
— We support employees through training and development, encouraging them to expand their capabilities and realise their potential.

Environment

— We will manage, and strive to reduce, our environmental impact through the more efficient use of the resources our businesses consume.
— We will support innovative developments in technologies that support our business objectives and can offer environmental, community and social benefits.

Community

— We will identify opportunities to benefit local communities where we operate through community involvement and charitable giving.

FTSE4Good and Carbon Disclosure Project

Since 2006, as BBA Aviation plc, we have been a member of the FTSE4Good index and participated in the Carbon Disclosure Project.

Details on BBA Aviation's Health and Safety KPIs can be found on page 17

Health and Safety Committee and Parent Company Charitable Giving Committee

BBA Aviation also operates a Health and Safety Committee and Parent Company Charitable Giving Committee to oversee our activities in those areas. The Health and Safety Committee includes representatives from across the Group. Its role is to enhance our safety policies and procedures and to promote safety best practices and behaviours. Our Parent Company Charitable Giving Committee reviews and approves applications for funds to BBA Aviation's charitable giving programme, which is now in its sixth year.

Reporting on CSR

Our Values, along with our Vision and Mission, align and link all of our businesses together as one team. Wherever you go in BBA Aviation you will see them displayed and our teams actively promote and demonstrate them on a daily basis. They form the basis upon which we discuss and report on CSR.

Performance – We focus on the delivery of long-term and sustainable value, continuous improvement and reliability.

Performance is relevant to everything we do at BBA Aviation. It applies to operational and financial results and also to how we approach our relationships with our stakeholders and to all that contributes to the successful progress of our businesses. We monitor CSR performance by reporting on a number of important sustainability and safety KPIs which, together with internal expectations, motivate our teams to do their very best. All members of the BBA Aviation team are encouraged to contribute what they can to the success of the whole Group.

Safety – We are dedicated to safety and security, the elimination of hazards and protecting people, property and our environment.

Protecting the safety and health of our teams and all those affected by our business is a priority for BBA Aviation. Our goal is zero preventable incidents and our Health and Safety strategy seeks to deliver an environment and culture in which this is achievable. We expect employees to take responsibility for themselves, co-workers and the areas they are working in with the support of their local Health and Safety teams. Our focus continues to be on acknowledging and learning from near misses and the root causes of incidents which, together with a shift towards behavioural-based safety, is raising awareness and helping to more deeply engage team members in safety issues.

Safety was one of the key topics at BBA Aviation's Senior Leadership Conference in April 2015 and the introduction of our new Safety Management System took place in the second half of 2015. Our Group-wide Recordable Incident Rate (RIR) has slightly decreased to 3.97 for the year ended 31 December 2015 and 160 out of 269 BBA Aviation reporting locations achieved an RIR of zero during 2015.

ZIPP

BBA Aviation ZIPP

During 2015, the Safety Committee relaunched ZIPP, BBA Aviation's global health and safety brand and a new reporting process to distinguish between preventable and non-preventable incidents. The latter being an issue raised in the 2014 Employee Survey.

People – We are committed to investing in and empowering our people through training and education and to providing them with opportunities for rewarding careers.

Our people are the foundation of our success. Their service skills and operational and engineering expertise are the core of our business. Ensuring we attract, develop and retain the best people is vital to meeting and exceeding our goals.

Our businesses provide each of our employees with equal opportunities to thrive, as well as specific and relevant job-related training to expand their capabilities both within their roles and personally. As a result of the 2014 BBA Aviation Employee Survey, we have made efforts to increase employee recognition in both formal and informal ways. We continue to encourage the use of our Above and Beyond cards, which recognise individual achievement at all levels of the Group and have an annual Vision, Mission and Values Award programme.

Effective 2 Way Communication

BBA Aviation's Effective 2 Way Communication training programme has continued to expand across the Group, with over 1,300 employees having now completed the course. The programme was developed following our 2011 Employee Survey and aims to improve the two way communication and listening skills of BBA Aviation managers.

People continued

At BBA Aviation we believe diversity enhances the performance and culture of our businesses and we apply this philosophy when seeking to find the best people to fill roles in our organisation. Recognising that gender is only one particular form of diversity to which we are committed, we are pleased that across BBA Aviation's various executive management teams, women make up between 11% and 22% of the population and we look forward to seeing this develop.

The table below shows the percentage of women employed in various roles as at 31 December 2015:

Population	Population size	% of women
Board	9	11.1%
Executive Management Committee	9	22.2%
Senior Management Group	102	20.6%
Directors of subsidiaries included in consolidation (see note below)	56	8.9%
All employees of the Group	12,973	23.6%

Note: This disclosure includes dormant companies and multiple directorships and we do not believe it is an accurate indicator of diversity.

Service – We strive continually to anticipate customer needs, exceeding their expectations.

Our customers expect high quality and reliability from every business in BBA Aviation. This includes a focus on sustainability issues. We aim to surpass expectations and have designed our businesses to anticipate customer requirements so that we can continue to lead in this area.

We encourage our employees to continuously improve our offering through programmes such as Signature's Service with a Leading Edge and our Aftermarket Services TICKET leadership programme. Our businesses have been recognised for their approach by customers and industry organisations.

Responsibility – We are committed to managing our impact on, and contributing positively to, society and the environment.

We recognise the benefits that accrue from behaving responsibly, both in the way that we interact with our local communities and in our approach towards the environment, in terms of enhancing our relationships and our long-term ability to operate and mitigate risk.

Community involvement

BBA Aviation's companies and locations are encouraged to focus their fundraising and volunteering efforts on activities and organisations in the fields of aviation, education and engineering and benefiting the communities in which they operate. Local efforts are complemented and enhanced by the BBA Aviation parent company charitable giving programme which was launched in 2010. Donations to date total more than $1 million.

Environment

BBA Aviation's environmental reporting system requires each site to record its use of resources, allowing them to track progress and focus on measures that will drive continuous improvement in performance. Our projects aim to reduce our use of water and electricity and limit our emissions. We also target activities that reduce types of waste and expect our teams to recycle where possible.

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 require quoted companies to report globally on greenhouse gas emissions (GHG reporting). We have reported on all the required emission sources. All of these sources fall within our Consolidated Financial Statements.

Charitable giving

In 2015, $10,000 was donated through BBA Aviation's parent company charitable giving programme to FlyQuest, which provides aviation education and career preparation for young people. FlyQuest provides an introduction to the basics of aviation, together with advice on career options in the areas of piloting, aircraft maintenance, and air traffic control and setting goals for the future.

Responsibility continued

Greenhouse gas emissions/environmental reporting data

	2015	2014 (restated)	
Combustion of fuel and operation of facilities	**61,912**	67,698	tCO_2e
Electricity, heat, steam and cooling purchased for own use	**51,600**	54,615	tCO_2e
Total	**113,512**	122,313	tCO_2e

GHG intensity measurement			
Emissions reported per $m of revenue	**53.30**	53.42	tCO_2e

Note: Review of the 2014 GHG emissions during analysis of the 2015 data identified a significant decrease in the GHG emissions reported for 2014 of -6%. This is due to more accurate data being available after the 2014 Annual Report was published. BBA Aviation has therefore restated the 2014 GHG emissions and used the restated emissions for comparison against 2015.

BBA Aviation has voluntarily reported on environmental metrics for a number of years. The table below shows the disclosures, in a format that is consistent with previous disclosures.

Units	2015	2014	2013	2012	2011
Electricity consumption KiloWattHr/$m revenue	**50,676**	54,884	48,155	51,829	55,188
GHG emissions Tonnes/$m revenue	**53.30**	53.42	49.54	57.25	61.45
Water consumption 1,000 litres/$m revenue	**203**	169	161	182	196
Revenue $m	**2,129.8**	2,289.8	2,218.6	2,178.9	2,136.7

Note: See note in table above.

Both our recorded total GHG emissions and GHG intensity (emissions per $m revenue) have decreased relative to 2014. The decrease in GHG emissions is largely the result of decreased diesel fuel and electricity use in 2015. Further reductions result from the closure of sites in 2015.

Environmental KPIs

The Group's environmental KPIs are normalised for comparison purposes to dollars of revenue. We use the services of an external consultant to review the process for collecting and consolidating this data.

We have used the World Business Council for Sustainable Development/World Resources Institute Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition), and emission factors from the UK 2013 Government's GHG Conversion Factors for Company Reporting.

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Integrity – We earn the trust and respect of our stakeholders with honesty, fairness, openness and by honouring our commitments.

Acting with integrity is critical to maintaining good and continuing relationships – from those we have with customers and other external stakeholders to the way we interact with each other. Operating in accordance with legislation and best practice is vital for our current and future success.

Ethical and legal compliance is a key expectation at BBA Aviation and any breach of our high standards of conduct is taken extremely seriously. We continually look for ways to strengthen our compliance and control programmes to ensure we uphold these standards, which are fundamental to the way we operate.

BBA Aviation has a range of formal policies relating to such areas as Ethics, Gifts and Entertainment and Equal Opportunities. These policies are reviewed regularly and the Managing Director of each Group company is responsible for ensuring that employees are provided with information relating to the policies and compliance with them.

Our Vision, Mission and Values govern the way we do business and are consistent with our human rights obligations. A number of our policies, including the Disclosure of Unethical Conduct Policy, the Bribery and Corruption Policy and the Ethics Implementation Policy, while not specifically mentioning human rights, recognise the importance of how we conduct our business and its impact on a wide range of stakeholders. The requirement for a specific policy will continue to be monitored.

We respect the principles of the Universal Declaration of Human Rights and the International Labour Organization's core conventions. We value diversity of background and experience and believe in an inclusive culture for all of our employees.

The Strategic Report was approved by the Board on 2 March 2016 and signed on its behalf by:

Simon Pryce
Group Chief Executive

Mike Powell
Group Finance Director

Directors' Report

Directors' Corporate Governance Statement

Sir Nigel Rudd
Chairman

I am pleased to introduce the Directors' Corporate Governance Statement for 2015.

The Board is responsible for ensuring the continuing long-term success of BBA Aviation and the delivery of long-term, sustainable value creation for all of BBA Aviation's stakeholders. Governance is an important contributor to the success of the Group and we take pride not only in what we do but also in the way we conduct our business and deliver our strategic objectives. The Board is committed to ensuring that appropriate standards of governance are maintained throughout the Group.

This report sets out the way we comply with good corporate governance principles. It describes how the Board and its Committees work, and also our approach to risk management and internal control.

In November 2015, we announced that Nick Land would not seek re-election at the 2016 AGM. Susan Kilsby will replace Nick as the Senior Independent Director and Wayne Edmunds will replace him as Chairman of the Audit and Risk Committee from that time. We also announced the appointment of two new non-executive directors, Peter Edwards and Peter Ventress who took up their appointments on 1 January 2016 reflecting our ongoing commitment to succession.

The Board considers that its own continuing effectiveness is vital to the Group delivering its strategic objectives. My role as Chairman has been to provide leadership to ensure that it is possible to make high-quality decisions. I am responsible for leading the Board and ensuring ongoing improvement in the Board's effectiveness. I am supported by all the directors but particularly by Nick Land, as the Senior Independent Director and he meets independently with the other directors and is available, if required, to meet with shareholders. As a Board, and as individual directors, we strive to continuously improve the effectiveness of the Board and its Committees in support of the Group's objective of delivering exceptional long-term sustainable value for all our stakeholders.

As you will see from the Report below, the Board spent a significant proportion of its time considering the Landmark Aviation acquisition and we held two additional Board meetings to consider this transformational step in the Company's development.

In 2015, Clare Chalmers of Independent Audit conducted an external Board evaluation. The output of the evaluation is discussed on page 72 of this report.

The Company's remuneration policy seeks to align the interests of executive directors and shareholders and is structured to promote the long-term success of the Company.

We keep all our policies and procedures under regular review, bearing in mind the ever-evolving business and governance environment that we operate in, as well as drawing on the range of experience offered by Board members.

The Corporate Governance Statement that follows provides more details about our governance policies and procedures, about the structure of our Board Committees and the areas our meetings focus on.

Board members appreciate their interactions with shareholders and listen carefully to any comments. I welcome your comments on this Corporate Governance Statement and on the 2015 Annual Report more generally.

Sir Nigel Rudd
Chairman
2 March 2016

Board of Directors and Executive Management

Executive Directors


Simon Pryce,
Group Chief Executive


Mike Powell,
Group Finance Director

Chairman and Non-Executive Directors


Sir Nigel Rudd,
Chairman


Wayne Edmunds


Peter Edwards


Susan Kilsby


Nick Land


Peter Ratcliffe


Peter Ventress

Executive Management


Peg Billson


Kevin Erickson


Gareth Hall


Mark Johnstone


Erik Keller


Tony Lefebvre


Maria Sastre


Iain Simm

Executive Directors

Simon Pryce (54)
Group Chief Executive
Appointed to the Board as Group Chief Executive in June 2007. Simon also chairs the BBA Aviation Executive Management Committee. In addition to his BBA Aviation plc position, Simon is on the board of the General Aviation Manufacturers Association (GAMA), the US general aviation trade body, and is chairman of its International Affairs Committee. Simon is a Fellow of the Royal Aeronautical Society, a member of the Council of the University of Reading, a chartered accountant and a member of the Chartered Institute for Securities and Investment. He was previously with JP Morgan and Lazards in London and New York and GKN plc in a range of international finance and management roles.

Mike Powell (48)
Group Finance Director
Appointed to the Board as Group Finance Director in July 2014. Mike joined from AZ Electronic Materials, a FTSE 250 company with international reach, where he held the role of chief financial officer from 2011. Prior to this Mike was group finance director of Nippon Sheet Glass Co. Limited, having previously spent 15 years at Pilkington plc in a variety of senior finance roles.

Non-Executive Directors

Sir Nigel Rudd (69) ▲ ●
Chairman
Appointed to the Board in December 2013. Sir Nigel Rudd became Chairman in May 2014. Sir Nigel is chairman of Heathrow Airport Holdings Limited, Meggitt PLC and Sappi Limited. In February 2011, he was appointed Chairman of the Business Growth Fund and became a senior adviser to Barclays plc in January 2013. Sir Nigel has a wealth of experience at the top of UK industry, including previous chairmanships of Invensys plc, Alliance Boots plc, Pendragon plc and Pilkington plc; and as founder of Williams plc he oversaw its demerger in 2000, creating Chubb plc and Kidde plc. Sir Nigel is Deputy Lieutenant of Derbyshire and a Freeman of the City of London.

Wayne Edmunds (60) ■ ▲ ●
Non-Executive Director
Appointed to the Board in August 2013. Wayne is a non-executive director of Ashtead Group plc, MSCI, Inc and Dialight PLC. He was chief executive of Invensys plc until January 2014. He has extensive commercial experience, particularly in the US markets. Previously, Wayne was chief financial officer of Invensys plc, having joined the business in 2008 as CFO of Invensys Process Systems. He joined Invensys plc from Reuters America, Inc., having held other senior financial roles in the technology sector, including 17 years at Lucent Technologies, Inc.

Peter Edwards (60) ■ ▲ ●
Non-Executive Director
Appointed to the Board in January 2016. Peter has spent his career primarily in the aerospace sector across a wide spectrum of roles. He began his career with Air Research Aviation, followed by nine years at Gulfstream in a variety of senior sales and marketing roles. In 1995, he joined Bombardier Aerospace Corporation, where in 2001 he was promoted to President of Business Aircraft. Peter was Chief Executive Officer of Jet Aviation, a global business aircraft service provider, between 2007 and 2011. Since leaving Jet Aviation, Peter has been active with his aviation advisory practice, along with various roles in European based ventures in the commercial and business aviation sectors. He is a director of Dunn-Edwards Corporation, a Los Angeles based manufacturer and retailer of architectural and industrial paint products.

Susan Kilsby (57) ■ ▲ ●
Non-Executive Director
Appointed to the Board in April 2012 and became Chairman of the Remuneration Committee in May 2013. Susan brings to the Board her global investment banking experience, having begun her career at the First Boston Corporation and later worked at Bankers Trust and BZW, before the latter was acquired by Credit Suisse. She was chairman of the EMEA Mergers and Acquisitions team at Credit Suisse until 2009 and she was also a non-executive director of L'Occitane and Coca Cola HBC. Her current appointments include being chairman of Shire plc and a non-executive director of Fortune Brands Home & Security, Inc. Her experience advising clients across a range of industries includes significant deals in the aviation and aerospace sectors.

Nick Land (68) ■ ▲ ●
Non-Executive Director
Appointed to the Board in August 2006. Nick was formerly chairman of Ernst & Young LLP and a member of the Global Executive Board of Ernst & Young, positions which he held from 1995 to 2006. In addition to his experience as a chartered accountant, Nick brings to the Board his extensive skills as an adviser to international businesses. His current appointments include being a non-executive director of Vodafone Group Plc and the Ashmore Group plc. He chairs the Board of Trustees of the Vodafone Foundation and is an adviser to Dentons and Silicon Valley Bank and sits on the Financial Reporting Council.

Peter Ratcliffe (67) ■ ▲ ●
Non-Executive Director
Appointed to the Board in January 2009. Peter brings to the Board his experience of working in an industry focused on customer service, as he was the chief executive officer of P&O Princess Cruises PLC until April 2003 and chief executive officer of the P&O Princess Cruises division of Carnival Corporation and Carnival plc from 2003 to 2007. He also brings his significant experience both as an executive and a non-executive director of UK and US public listed companies. He was previously an executive director of The Peninsular and Oriental Steam Navigation Company. He is a chartered accountant and a dual US/UK citizen. He is currently a non-executive director of Mead Johnson Nutrition Company and Casa Pacifica Center for Children and Families.

Peter Ventress (55) ■ ▲ ●
Non-Executive Director
Appointed to the Board in January 2016. Peter is Deputy Chairman and Senior Independent Director of Galliford Try plc and a non-executive director of Premier Farnell plc and Softcat plc. From 2009 he spent six years as Chief Executive Officer of Berendsen plc. Prior to this he held several senior executive roles, including International President, at Staples Inc. and Chief Executive Officer, at Corporate Express NV a Dutch quoted company prior to its acquisition by Staples Inc. Peter has held a number of other senior management positions across different businesses in a variety of industries and has lived and worked in France, Canada and the Netherlands.

Key to Committee members

- ■ Audit and Risk Committee
- ▲ Nomination Committee
- ● Remuneration Committee

Read more online
www.bbaaviation.com/board

Attendance at all Scheduled Board and Board Committee meetings

100%

1. Compliance

The Board is committed to ensuring appropriate standards of corporate governance are maintained at BBA Aviation plc.

The Company applies the principles of corporate governance set out in the UK Corporate Governance Code published in September 2014 (the Code), which sets the standards of good practice in relation to Board leadership and effectiveness, accountability, remuneration and relations with shareholders. The Board monitors the evolution of corporate governance best practice, reviews and updates its procedures as required and adopts, where relevant, recommendations of governance review bodies.

The directors can confirm compliance throughout 2015 with all relevant provisions set out in the Code.

2. The Board's role

The Board recognises its collective responsibility for the long-term success of the Company. Its role includes providing effective leadership and agreeing the Group's strategic aims. It assesses business opportunities and seeks to ensure that appropriate controls are in place to examine and manage risk.

It is responsible for reviewing management's performance and oversees senior level succession planning within the Group. The Board is also responsible for setting the Company's values and standards, ensuring the Company's obligations to its shareholders are met.

There were seven scheduled Board meetings in 2015. Details of attendance at scheduled Board and Board Committee meetings are shown in the table in section 3. Board meetings focus on strategy and financial and business performance. Additional meetings are called as required to deal with specific matters. The Board agenda is set by the Chairman in consultation with the Group Chief Executive, the Group Finance Director, other Board members and the Group Secretary.

A number of the key matters considered by the Board during 2015 are shown in the table below:

Meeting	Main issues considered
February	Annual Results and Report content, AGM and Dividend
May	Board Evaluation Strategic business review: ASIG Landmark Aviation Acquisition
June	Strategic Business Review: DAI (including visit) Employee Survey Action Plans Landmark Aviation Acquisition
August	Half year results and interim dividend Progress against Board Objectives Landmark Aviation Acquisition
October	Update on Board Evaluation
November	Strategic Business Review: Ontic (including visit) Landmark Aviation Integration Plans IT Strategy
December	2016 Budget and Goals Board Objectives – progress and targets Landmark Aviation Acquisition – regulatory update Ethics policies

In addition to the issues in the table, the Board considers a report from the CEO and the Finance Director at each meeting. The Board also considers mergers and acquisitions activity, Health and Safety matters and a report on litigation at each meeting.

Additional meetings were convened in July and September 2015 and considered matters relating to the acquisition of Landmark Aviation.

The Board has a formal schedule of matters reserved to it for decision, including approval of matters such as:

— strategy and objectives;
— Group policies;
— annual budgets;
— dividends;
— acquisitions and disposals of businesses (over a certain size);
— expenditure over a certain limit;
— financial results; and
— appointment and removal of directors and Company Secretary.

This schedule of matters is reviewed by the Board each year. Matters outside the scope of this formal schedule are decided by management in accordance with delegated authorities approved by the Board and by the Audit and Risk Committee.

3. 2015 Board and Board Committee meeting attendance

The following table shows the attendance of Board and Board Committee members at scheduled meetings. It does not show attendance by non-Committee members at meetings to which they were invited.

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Number of scheduled meetings	**7**	**5**	**4**	**1**
Sir Nigel Rudd	7/7	–	4/4	1/1
Simon Pryce	7/7	–	–	–
Mike Powell	7/7	–	–	–
Nick Land	7/7	5/5	4/4	1/1
Susan Kilsby	7/7	5/5	4/4	1/1
Peter Ratcliffe	7/7	5/5	4/4	1/1
Wayne Edmunds	7/7	5/5	4/4	1/1

In 2015, there were two additional Board meetings, three additional Remuneration Committee meetings and three additional Nomination Committee meetings. All Board and Committee members attended the additional meetings. The Chairman and each of the non-executive directors have provided assurances to the Board that they remain fully committed to their respective roles and can dedicate the necessary amount of time to attend to the Company's affairs.

If any director was unable to attend a meeting, they would discuss, in advance, with the relevant chairman their views on the business of that meeting so that their position can be represented.

4. The Board and independence

At the date of this report, the Board comprises the Chairman, six independent non-executive directors and two executive directors, who contribute a wide range of complementary skills and experience.

The Board has concluded that Wayne Edmunds, Peter Edwards, Susan Kilsby, Nick Land, Peter Ratcliffe and Peter Ventress are independent in character and judgement. The Company has formal procedures in place to ensure that the Board's powers to authorise conflicts are operated effectively and such procedures have been followed throughout 2015.

The Board has decided that all Board members wishing to continue serving on the Board will retire and stand for re-election at the 2016 AGM. The Board believes that each of such directors should be re-elected by shareholders, because each continues to be effective and demonstrates commitment to their role.

As set out in the covering letter, Nick Land will not seek re-election at the 2016 AGM having served over nine years as a non-executive director. Susan Kilsby will become the Senior Independent Director and Wayne Edmunds will chair the Audit and Risk Committee following the 2016 AGM.

During the year, the Chairman met the other non-executive directors without the attendance of the executive directors on a number of occasions. Following the Board effectiveness review, Nick Land collated the feedback on the Chairman, discussed this with the other non-executive directors and, taking the views of the executive directors, conducted a review of the performance. There were several occasions during the year when discussions between various directors took place on an informal basis.

Executive directors must obtain the prior consent of the Board before accepting a non-executive directorship in any other company. Executive directors may retain the fees from any such directorship. No executive directors held non-executive directorships during 2015, although Simon Pryce is a member of the Council of the University of Reading and is on the Board of the General Aviation Manufacturers Association (GAMA).

5. Chairman and Group Chief Executive

Throughout 2015, there has continued to be a clear division of responsibilities between the Chairman and the Group Chief Executive. Sir Nigel Rudd, as the Chairman, is primarily responsible for leading the Board and ensuring its effectiveness. Simon Pryce, as the Group Chief Executive, is primarily responsible for the development and (after discussion and agreement with the Board) implementation of Board strategy and policy and the running of the Group's business. The written statement of the division of responsibilities between the two positions was last reviewed by the Board in December 2015.

Sir Nigel Rudd as Chairman is primarily responsible for:

- leading the Board and ensuring its effectiveness;
- setting the Board agenda and ensuring the directors receive information in an accurate, clear and timely manner;
- promoting effective decision-making;
- ensuring the performance of the Board, its Committees and individual directors are evaluated on an annual basis; and
- ensuring that appropriate Board training and development occur.

Simon Pryce as Group Chief Executive is primarily responsible for:

- the development and (after discussion and agreement with the Board) implementation of Board strategy and policy;
- the running of the Group's business;
- ensuring that the business strategy and activities are effectively communicated and promoted within and outside the business; and
- building positive relationships with the Company's stakeholders.

6. Board appointments

The Board acknowledges its responsibility for planned and progressive refreshing of the Board. There is a formal and transparent procedure for the appointment of new directors to the Board, the prime responsibility for which is delegated to the Nomination Committee. Further details about this Committee are set out in section 9b below.

The Nomination Committee had one scheduled meeting and three additional meetings in 2015 relating in part to the recruitment of the two new non-executive directors, Peter Edwards and Peter Ventress. During the year, the Committee continued to discuss matters relating to talent and succession planning for leadership development across the Group. Diversity is considered as one aspect of the succession planning discussions, together with developing and strengthening the pipeline of talent within the Group and increasing the interaction between Board members and senior members of executive management and talented future executives, for example.

The topic of diversity covers a variety of different elements, including professional and industry experience and an understanding of different geographical regions, ethnic backgrounds and genders. The Board does not believe that gender quotas (or any other quotas) effectively promote the development of appropriate and broad diversity. The Board does believe that an appreciation of the value that a diverse range of backgrounds brings is an important part of succession planning at all levels of the Group. The Board does continue to have an aspiration to increase female representation on the Board and, when engaging external search consultants to identify future candidates for Board roles, such consultants would be requested to take full account of all aspects of diversity in preparing their candidate lists.

There is a written framework for the induction of new directors which includes site visits, meetings with senior management and advisers, and the provision of corporate documentation. The focus of any induction programme is tailored to the background of the new director concerned. The induction of a new executive director would be mostly focused on the obligations and requirements of being the director of a listed company. An induction for a non-executive director who already holds other listed company directorships would be more focused on introducing the director to the businesses within BBA Aviation. The induction programmes for Peter Edwards and Peter Ventress started shortly after appointment. New non-executive directors are also available to meet major shareholders on request.

Appointments of non-executive directors are made by the Board for an initial term of three years. This term is subject to the usual regulatory provisions and continued satisfactory

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performance of duties following the Board's annual performance evaluation. Reappointment for a further term is not automatic but may be made by mutual agreement. All directors of the Company will retire and stand for election/re-election at the 2016 AGM.

The fees of the non-executive directors are determined by the Board as a whole on the recommendation of the Group Chief Executive. No director is involved in deciding his or her own remuneration or fees. Letters of appointment for the non-executive directors are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office.

7. Information and professional development

The Chairman takes responsibility for ensuring the directors receive accurate, timely and clear information, with Board and Committee papers being circulated sufficiently in advance of meetings. The Board and its Committees are kept informed of Corporate Governance and relevant regulatory developments as they arise and receive topical business briefings. The Board also keeps itself informed about the Company's activities through a structured programme of presentations from each of the businesses within the Group and from a number of Group functional leaders.

In 2015, senior executives also gave presentations to the Board on projects in development and there were presentations from a number of the Company's corporate advisers.

The Audit and Risk Committee is routinely briefed on accounting and technical matters by senior management and by the external auditor. In 2015, briefings included considering the progress of the exposure draft on revenue recognition and of proposed revisions to the exposure draft on accounting for leases.

The Remuneration Committee receives updates on remuneration trends and market practices as part of its regularly scheduled business and in 2015 PricewaterhouseCoopers LLP (PwC) provided input and advice on these areas.

In addition to formal Board meetings, the Chairman maintains regular contact during the year with the other directors to discuss specific issues. Opportunities also exist throughout the year for informal contact between Board members and with members of the senior management team.

Site visits are an important part of the Board's programme, enabling Board members to meet employees in individual operations. In 2015, the Board held two of its scheduled seven meetings in the USA. The June meeting was held in Dallas which allowed the Board to visit the Dallas Airmotive engine repair and overhaul facilities. The November meeting was held in California and the Board visited the Ontic business based in Chatsworth. These visits enabled the Board to meet both formally and informally with a number of employees.

A register of the training that individual directors have undertaken is maintained by the Company and this register is periodically reviewed by the Chairman with the director concerned, as part of the Chairman's regular review of their training and development needs. If particular training needs are identified, then plans are put in place and the Company provides appropriate resources for developing and updating the directors' knowledge and skills. The Board believes that the identification of individual training and development needs is primarily the responsibility of each individual director, bearing in mind the range of experiences and skills that are developed by their differing portfolios.

All directors have access to the advice and services of the Group Secretary, and the Board has established a procedure whereby directors wishing to do so in furtherance of their duties may take independent professional advice at the Company's expense. The Company arranges appropriate insurance cover in respect of legal actions against its directors. The Company has also entered into indemnities with its directors, as described on page 106.

8. Board effectiveness review

The Board appointed Clare Chalmers of Independent Audit to conduct a Board effectiveness review in the second half of the year. The effectiveness review included interviews with all the directors, the Company Secretary and General Counsel, a number of attendees at Board meetings and the external audit partner, together with a desktop review of Board materials and corporate governance documentation.

Clare Chalmers prepared a report summarising the findings of the evaluation and this report was discussed by the Board as a whole.

Overall, the conclusion from the Board evaluation and appraisal process was positive, with each individual director contributing actively to the effective performance of the Board and the Committees of which he or she is a member. The review identified a number of strengths and areas of focus, for further continuous improvement. The strengths were:

- Board composition, which is further strengthened by the appointment of Peter Ventress and Peter Edwards;
- Strong collegiate relationships with open and robust challenge;
- Comprehensive and focused review of strategy; and
- Effective support to the Board from the Company Secretariat.

The areas for focus and continuous improvement are:

- Succession Planning - including increasing the Board's exposure to senior management below Executive Management Committee level;
- Board Papers – reduction in volume and improved use of executive summaries to aid readability of the papers; and
- Timing of meetings – monitor the timing of Board and Board Committee meetings to make sure that there remains sufficient time to address all the relevant issues with the enlarged Group.

The Board is committed to making improvements in these areas highlighted in the Board evaluation.

The performance of the Chairman was also reviewed through the Board Evaluation process.

The Board has reviewed the objectives it set itself for 2015, which included succession planning, senior leadership development and enhancing the Board's exposure to regulatory issues. The Board considers it has made good progress against its objectives although, as noted above, recognises that succession planning remains an area of focus.

9. Board Committees

The Board operates a Remuneration Committee, a Nomination Committee and an Audit and Risk Committee. Written terms of reference for each Committee are reviewed each year and are available on the Group's website www.bbaaviation.com or on request from the Group Secretary.

a. Remuneration Committee – Composition

The composition of the Remuneration Committee during 2015 is set out in the table below. During the year four members were independent non-executive directors with the Chairman being the fifth member.

	01/01/15	During year Resigned	During year Appointed	31/12/15	02/03/16
Wayne Edmunds	✓	–	–	✓	✓
Peter Edwards	–	–	–	–	✓
Susan Kilsby (Committee Chairman)	✓	–	–	✓	✓
Nick Land	✓	–	–	✓	✓
Peter Ratcliffe	✓	–	–	✓	✓
Sir Nigel Rudd	✓	–	–	✓	✓
Peter Ventress	–	–	–	–	✓

During 2015, the Remuneration Committee had four scheduled meetings and three additional meetings. These meetings were minuted by the Group Secretary. Executive directors and the Group HR Director attend Remuneration Committee meetings by invitation.

Role

The Remuneration Committee has two principal functions:

— making recommendations to the Board on the framework and Board policy for the remuneration of the Chairman, executive directors and other designated senior executives; and

— determining on behalf of the Board, the specific remuneration package for each of the executive directors, including pension rights and any compensation payments.

Work of the Committee

Further details of the Remuneration Committee's work appear in the Directors' Remuneration Report.

b. Nomination Committee – Composition

The composition of the Nomination Committee is set out in the table below. During 2015, the Nomination Committee comprised of the Chairman and four independent non-executive directors.

	01/01/15	During year Resigned	During year Appointed	31/12/15	02/03/16
Wayne Edmunds	✓	–	–	✓	✓
Peter Edwards	–	–	–	–	✓
Susan Kilsby	✓	–	–	✓	✓
Nick Land	✓	–	–	✓	✓
Peter Ratcliffe	✓	–	–	✓	✓
Sir Nigel Rudd (Committee Chairman)	✓	–	–	✓	✓
Peter Ventress	–	–	–	–	✓

Other directors attend Nomination Committee meetings by invitation. The Nomination Committee meets as required. During 2015, the Committee had one scheduled meeting and three additional meetings. This was supplemented by informal meetings, individual briefings and meetings between Committee members.

Role

The primary responsibilities of the Nomination Committee are to:

— make appropriate recommendations to the Board for the appointment or replacement of additional directors;

— devise and consider succession planning arrangements for directors and senior executives; and

— regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes.

Work of the Committee

The Nomination Committee evaluates the existing balance of experience, skills, knowledge, independence and diversity of backgrounds on the Board when considering Board succession planning. The Committee recognises that promoting an inclusive environment and diverse participation on the Board requires that the external search consultants appointed to identify future candidates for a Board role, be requested to approach their search with these goals in mind. Other factors that also need to be taken into account are the current and future requirements of the Company and, in the case of a non-executive appointment, the time commitment expected.

The appointment process is initiated by identifying suitable external search consultants for the vacancy and preparing details of the role and capabilities required for the appointment. Such consultants will be a signatory to the voluntary code of conduct for executive search firms on gender diversity. The process differs in its detail depending on whether the appointment is for an executive or non-executive position, but the essentials remain the same. The appointment process for Peter Edwards and Peter Ventress is described below.

The Zygos Partnership (Zygos) was appointed to assist with the selection processes that resulted in the appointment of Peter Edwards and Peter Ventress on 1 January 2016. Zygos' only current relationship with BBA Aviation plc is in respect of search and selection/recruitment.

Zygos presented to the Board a list of potential candidates and a shortlist was created through consultation amongst Nomination Committee members. The Board as a whole was updated regularly on the status of the appointment process. The selected candidates met with the Committee members as appropriate and the Committee made sure that each Board member was given the opportunity to meet any short listed candidates.

The Nomination Committee then met to finalise a recommendation to the Board regarding the appointment. The final decision rested with the Board.

Further details about Board appointments and the work of the Nomination Committee are set out in section 6 above.

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c. Audit and Risk Committee

Nick Land
Chairman of the Audit and Risk Committee

The Audit and Risk Committee, as can be seen from the description of its role, discharges a number of key responsibilities on behalf of the Board and the Company. These include monitoring BBA Aviation's financial reporting processes, overseeing the work of the Internal Audit team and reporting on the independence and objectivity of the external auditor.

Whilst risk strategy and risk appetite are matters for the whole Board, the oversight of the processes that underpin risk assessment and internal control are matters that the Board delegates to this Committee. For the production of the 2015 Report and Accounts, the Audit and Risk Committee was asked by the Board to advise whether the Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The Audit and Risk Committee also reviewed the viability statement and the supporting process on behalf of the Board.

The report of the Audit and Risk Committee is set out below, particularly in sections 10 and 11.

Nick Land
Chairman of the Audit and Risk Committee

Composition

The composition of the Audit and Risk Committee during 2015 is set out in the table below. All members of the Audit and Risk Committee are independent non-executive directors. Nick Land, the Committee's Chairman, has recent and relevant financial experience and a professional accountancy qualification as considered desirable by the Financial Reporting Council's Guidance on Audit Committees issued in September 2012. In addition, the other Committee members all have experience of corporate financial matters and Peter Ratcliffe has a professional accountancy qualification. Wayne Edmunds has held a number of senior international finance roles.

		During year			
	01/01/15	Resigned	Appointed	31/12/15	02/03/16
Wayne Edmunds	✓	–	–	✓	✓
Peter Edwards	–	–	–	–	✓
Nick Land (Committee Chairman)	✓	–	–	✓	✓
Susan Kilsby	✓	–	–	✓	✓
Peter Ratcliffe	✓	–	–	✓	✓
Peter Ventress	–	–	–	–	✓

During 2015, the Audit and Risk Committee had five scheduled meetings, generally coinciding with key dates in the financial reporting and audit cycle. These meetings are minuted by the Group Secretary or his designate. The Chairman, Group Chief Executive, Group Finance Director, Group Financial Controller, Chief Risk Officer as well as the external auditor and Head of Group Internal Audit, also generally attend the Audit and Risk Committee meetings by invitation. In 2015, the Audit and Risk Committee held three confidential sessions with the Head of Group Internal Audit, the Chief Risk Officer and with the external auditor, but otherwise without management present. In addition, the Chairman of the Committee met with the auditor, the Chief Risk Officer and Internal Audit on a number of occasions during the year and through to February 2016. The Committee Chairman may call a meeting at the request of any director or the Company's external auditor.

Role

The Audit and Risk Committee may consider any matter that might have a financial impact on the Group. However, its primary roles are to:

- monitor and review the effectiveness of the Company's internal control and risk assessment;
- monitor the effectiveness of the Company's Internal Audit function;
- review and assess the Company's external audit function, including the annual audit plan and results of the external audit and the independence of the external auditor;
- monitor the integrity and audit of the Company's financial statements and any formal announcements relating to the Company's financial performance, including a review of the significant financial reporting judgements contained within them;
- review the contents of the Annual Report and Accounts and advise the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
- review the going concern statement and the viability statement on behalf of the Board; and
- establish and oversee the Company's arrangements for employee disclosure and fraud prevention within the Company.

Work of the Committee

The Audit and Risk Committee reviews twice-yearly reports on the Group's key business risks and the Committee members (all of whom are also members of the Remuneration Committee) are aware of the importance of keeping the appropriateness of incentive structures under review. The Committee also assesses compliance with the Directors' Responsibility Statements.

There is a twice-yearly formal report to the Committee on business ethics and compliance, which includes such matters as the review of the Group's Disclosure of Unethical Conduct Policy, under which staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. In addition, at each meeting, the Committee reviews reports on any items arising under that policy.

The Committee is responsible for making recommendations to the Board on matters within its remit, including the remuneration and appointment of the external auditor. While the appointment of the external auditor is considered each year, it is the policy of the Committee to review the appointment in greater detail at least every five years (with the last review taking place in 2014), taking into account a number of factors, including audit effectiveness at both operating Company and Group-level; quality, continuity and depth of resources; and expertise and competitiveness of fees. The appointment of the Senior Statutory Auditor is also rotated every five years.

The Audit and Risk Committee discharges its responsibilities through the review of written reports circulated in advance of meetings and by discussing these reports and any other matters with the relevant auditors and management.

Topics covered by the Committee during 2015 and to date in 2016 included:

- review of any significant financial reporting issues and judgements in respect of the half-year results and year-end report and accounts (described in more detail in section 10 below) including the disclosures relating to tax;
- review of any significant matters raised by the internal auditors;
- consideration of the audit fee and the balance between audit and non-audit fees;
- annual review of the terms of reference of the Committee, of the schedule of the Committee's agenda items for the forthcoming year, of the non-audit services policy and of BBA Aviation's matrix of authority levels;
- review of the effectiveness of Internal Audit and discussion of further developments in Group Internal Audit's overall strategy;
- auditor independence and audit effectiveness (described in more detail in section 11 below); and
- systems of internal control (described in more detail in section 11 below).

The Committee's terms of reference were updated during the year to reflect the changes in the UK Corporate Governance Code 2014 that applied to the Company for the first time in 2015. The Committee's terms of reference also reflected the changes in the Statutory Audit Services for Large Companies Market Investigation Order 2014 and the Company was compliant with that order throughout the year.

10. Significant financial reporting issues considered by the Audit and Risk Committee

To aid its review, the Committee considers reports from the Group Finance Director and Group Financial Controller and also reports from the outcome of the half-year review and annual audit. The Committee supports Deloitte LLP in displaying the necessary professional scepticism its role requires. The primary areas of judgement considered by the Committee in relation to the 2015 financial statements and how these were addressed were consistent with prior periods and included:

- recording of exceptional items within operating profit;
- accrual for current taxation liabilities;
- provision for slow moving and obsolete inventory;
- recognition of revenue in respect of engine sale and leaseback transactions; and
- impairment.

These issues were discussed with management and the external auditor in the October meeting when signing off on the auditor's plan for the year-end, and no new areas were identified subsequently.

a. Recording of exceptional and other items within operating profit

The Group's policy is to include certain items within operating profit within a middle column within the Income Statement. These items relate to restructuring activities, transaction costs associated with acquisitions and the amortisation of acquired intangibles.

The Committee, through detailed discussion with both the Group Finance Director and external auditors, was satisfied that the policy had been applied consistently and these items had been properly defined in the financial statements, such that the user of the accounts can understand the impact on our reported performance.

b. Accrual for current taxation liabilities

As part of the process of concluding the Group's financial statements, management is required to calculate tax liabilities. As detailed in "Critical accounting judgements and key sources of estimation uncertainty" in the Accounting Policies of the Group, starting on page 119, this process involves estimates of the current tax exposures. While the Group aims to ensure that these accruals are accurate, the process for agreeing tax liabilities with the tax authorities can take several years. Judgement is therefore required in determining the provision for tax.

The Committee addressed these issues through a range of reporting from senior management during the year and a process of challenging the appropriateness of management's views. This included assessing the degree to which judgements were supported by external professional advice as well as reporting from Deloitte LLP.

c. Provision for slow moving and obsolete inventory

The Group holds significant inventory across its operations, with $221.3 million of net inventory at 31 December 2015. This inventory is held at cost net of a provision for slow moving or obsolete inventory. As detailed in "Critical accounting judgements and key sources of estimation uncertainty" in the Accounting Policies of the Group, starting on page 119, key to the estimation of this provision is an assessment of the remaining lives of the engine platforms, the estimated frequency of overhauls and the expected future usage of inventory based upon past experience and the level of write-offs in previous years.

During 2013, management undertook a review of the consistency in the estimations of the excess and obsolete inventory of engine and aircraft components across the Aftermarket Services division. An amendment was made to the policy which is designed to achieve a greater level of consistency across the division as well as more precisely defining the basis for provisioning. This policy has been consistently applied by management during 2014 and 2015 and forms an important part of the audit of Deloitte LLP. The Committee has confirmed through its enquiries of management and Deloitte that the policy remains appropriate and has been consistently applied.

d. Recognition of revenue in respect of engine sale and leaseback transactions

During the year, the ERO business sold and subsequently leased back a number of engines in the normal course of its business; these leases have been treated as operating leases.

In determining this treatment, management has considered the terms of the leases and has sought third party valuation to assess the balance of transfer of risks and rewards with the lessor. The Committee addressed this matter through receiving reports from management, as well as detailed reports from Deloitte LLP.

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e. Impairment

On an annual basis, management test for impairment of goodwill as is set out in note 8 to the Consolidated Financial Statements. Based on management's budgets and plans, there is headroom across all cash generating units (CGUs) but the headroom is significantly reduced for Dallas Airmotive and ASIG CGUs. Therefore, it is the Committee's conclusion that a reasonably foreseeable change in the key assumptions underpinning the impairment tests could result in a significant impairment being recorded in the financial statements.

In arriving at this conclusion the Committee reviewed analysis provided by management and the report of Deloitte LLP, and particularly considered the sensitivities in respect of the Dallas Airmotive International and ASIG's CGUs. The Committee was also satisfied that the disclosure in respect of these two CGUs was appropriate and sufficient.

11. Audit and accountability

a. Auditor independence and audit effectiveness

Central to the Audit and Risk Committee's work is the review and monitoring of the external auditor's independence and objectivity, and the effectiveness of the audit process.

The Committee carried out a formal effectiveness assessment in respect of work carried out during the year by the external auditor, including:

- the continuity and objectivity of the audit partners and audit team;
- the effectiveness of audit planning and execution;
- the role of management in ensuring an effective audit;
- communication with and support of the Audit and Risk Committee; and
- the formal reporting of the auditor.

The assessment was completed with input in the form of a survey of the key financial management team, including the divisional Chief Financial Officers (CFOs), the Group Financial Controller and the Tax Director, together with the Chairman of the Audit and Risk Committee.

Other members of the Audit and Risk Committee also input their views and it was concluded that the external audit for 2015 had provided appropriate focus and challenge on the primary areas of audit risk. Overall, the quality of the audit was assessed as "good". The Audit and Risk Committee also carried out a self-assessment and believes that it has satisfied the requirements of the Code and the Guidance on Audit Committees published by the Financial Reporting Council in September 2012. The Committee has confirmed that during the year it had formal and transparent arrangements for considering corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditor.

One of the safeguards to ensure auditor objectivity and independence is the Group's policy on the provision of non-audit services by its external auditor. The policy is reviewed each year and, since December 2012, the policy prohibits the Group's external auditors from carrying out remuneration consultancy and tax planning work for the Group. The external auditor is also prohibited from carrying out a number of other services for the Group such as book-keeping, Internal Audit, valuations, actuarial services and financial systems design and implementation. Services which the external auditor may be permitted to carry out include assurance services such as reporting accountant work and tax compliance services. The Company's policy is not to use the external auditor for acquisition and due diligence work. However, where the Group considers it appropriate or where conflicts arise, suppliers other than the preferred supplier may be asked to tender. This would only include the external auditor in unusual and exceptional circumstances.

Non-audit fees paid or due to the external auditor are regularly reviewed by the Committee and those paid in 2015 are set out in note 2 to the Consolidated Financial Statements.

If fees for non-audit projects within the scope of permitted tax services are expected to exceed £250,000 in a particular year, then the Audit and Risk Committee Chairman is required to pre-approve each project. In any event, specific project approval is required by the Committee Chairman for any such project where estimated fees exceed £100,000. Pre-approval is required for non-tax projects where fees are estimated to exceed £25,000. These limits are also reviewed annually.

Deloitte LLP has confirmed that all non-audit services they performed during the year were permitted by APB Ethical Standards and do not impair their independence or objectivity. On the basis of their own review of the services performed, the requirement of pre-approval and the auditor's confirmation, the Committee is satisfied that the non-audit services currently provided by Deloitte LLP do not impair their independence and objectivity.

b. Systems of internal control

Overall responsibility for the Group's system of internal control and for reviewing its effectiveness rests with the Board. Management is accountable to the directors for monitoring this system and for providing assurance to the directors that it has done so. The system of internal control is essentially an ongoing process embedded in the Group's businesses for identifying, evaluating and managing the significant risks faced by the Group, including social, environmental and ethical risks. The Group considers that it has adequate information to identify and assess significant risks and opportunities affecting its long and short-term value.

This ongoing process has been in place for the year ended 31 December 2015 and up to 2 March 2016 and the directors can therefore confirm that they have reviewed the effectiveness in accordance with the internal control requirements of the Code throughout that period.

The Group's internal system of control is reviewed annually by the directors and accords with the guidance issued by the Financial Reporting Council in October 2005: *Internal Control: Revised Guidance for Directors on the Code* (known as the Turnbull guidance). The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide reasonable but not absolute assurance against material misstatement or loss, to the extent that is appropriate, taking account of costs and benefits.

The principal risks and uncertainties which the Group faces are summarised on pages 18 to 22, together with a description of their potential impact and mitigations in place. The main features of the Group's internal control and risk management systems are listed below.

1. Risks are identified through a detailed written self-assessment process carried out by Division and by function. The process analyses risk into eight types covering strategic, operational, financial, people, compliance, governance, hazard and an 'other' category, including unpredictable, although with hindsight, often inevitable events. They are recorded on Risk Registers together with the mitigations in place.

   On a bi-annual basis, Risk Registers are refreshed, and the key risks at Division and Group level are plotted on Risk Maps, which are discussed with senior business management, Divisional management and BBA Aviation's Executive Management Committee in order to validate the risk profile. The validated Risk Maps are then discussed with the Audit and Risk Committee, together with key mitigation activities, and further mitigation, if any, is agreed.

   Group Internal Audit reviews the Risk Maps and Risk Registers and builds its annual audit plan from the risk profile. A transparent mapping is produced to link the Key Risks to the Internal Audit profile, setting out the rational for the focus of Internal Audit activity. This is agreed annually with the Audit and Risk Committee.

   Based on this information the Board reviews the risks and, if satisfied, confirms it is satisfied that the risks are appropriately mitigated. If this is not the case the Board requests that management take further action.

2. An organisational structure is in place at both head office and divisional level which clearly defines responsibilities for operational, accounting, taxation, treasury, legal, company secretarial and insurance functions.

3. An Internal Audit function undertakes a programme of risk-based reviews of controls and business processes. The role of Internal Audit is defined in a Group Internal Audit Charter and this includes its terms of reference, the standards which it adheres to, the scope and coverage of its work and its reporting processes. The Audit and Risk Committee receives a report from Internal Audit at each meeting which includes opinions on the adequacy and effectiveness of controls by site, together with a summary of key issues, work schedules and details of any action required. In accordance with the UK Corporate Governance Code, the Audit and Risk Committee monitors and reviews the effectiveness of Internal Audit using outside specialists as well as self-assessment techniques.

   A co-sourcing arrangement exists with PwC, headed by a specialist PwC Internal Audit Partner who manages both BBA Aviation and PwC staff in the delivery of the Internal Audit service. This arrangement provides access to a broad range of skills and experience to support its effective delivery.

4. A Group Finance Manual details accounting policies and financial controls applicable to all reporting units. The Group accounting policies are aligned with International Financial Reporting Standards and compliance with these policies is reviewed as part of the Internal Audit process.

5. An annual budgeting exercise is carried out to set targets for each of the Group's reporting units.

6. Detailed management accounts are submitted monthly to management which measure actual performance against budget and forecasts. The monthly forecasts of sales, profits and operating cash are updated on a quarterly basis. A monthly report is provided to the Board, based on these management accounts, highlighting key issues and summarising the detailed financial information provided by the operating units. The integrity of management accounts with the underlying financial records is subject to review as part of the Internal Audit process.

7. Capital expenditure is controlled by means of budgets, authorisation levels requiring the approval of major projects by the Board, and post-investment appraisals. The lessons learned from the post-investment appraisals are also shared with members of senior management.

8. Defined procedures are laid down for investments, currency hedging, granting of guarantees and use of treasury products.

9. A matrix defines the levels of authority for the Group's senior executives and their direct reports in relation to acquisitions, capital expenditure, commercial and employee contracts and treasury matters. This is authorised by the Audit and Risk Committee on behalf of the Board and is reviewed on an annual basis. Compliance is reviewed as part of the Internal Audit process.

10. All significant acquisitions and disposals of companies or businesses are approved by the Board.

11. A Group policies manual sets out policies and procedures concerning: business ethics, bribery and corruption, gifts and entertainment, equal opportunities and anti-harassment, competition law, legal policy, data privacy, corporate social responsibility (CSR), market disclosure and communications and share dealing. A review of compliance with such policies by Group companies is carried out twice a year and senior executives are also required to confirm compliance with certain policies twice a year. Group policies are complemented by divisional and Company-led initiatives and are supplemented by the Group's Disclosure of Unethical Conduct Policy, which includes a 24-hour "hotline" available to all employees. This is supported by a formal investigation protocol and regular reporting to the Audit and Risk Committee as part of the twice-yearly report on Business Ethics and Compliance. The Ethics Implementation Policy seeks to codify the overarching principles and processes that underlie the various elements set out in more detail in the Code of Business Ethics and the policies on bribery and corruption and gifts and entertainment. Compliance with all these policies and with the Group's procedures concerning the appointment and remuneration of foreign agents is subject to review as considered necessary as part of the ongoing BBA Aviation risk-based Internal Audit programme. The effectiveness of these policies is assessed alongside the risk review process described in item 1 above.

12. A Group Safety Management System outlines policies, standards and procedures in conjunction with the business line procedure manuals of the operating companies which are applicable throughout the Group. Annual self-assessment and/or audits are carried out at Company level against the Group standards and business line procedures. Group level HSE audits are performed to validate Company level compliance. An executive summary Health, Safety and Environmental (HSE) report is tabled at each meeting of the Executive Management Committee. The Board also receives a summary HSE report in addition to updates on HSE activities. These reports cover all Group companies and are prepared by the internal Group HSE function. Key HSE performance metrics are reviewed and verified annually by an independent third party organisation. Senior managers' performance and related financial incentives are tied in part to their success against selected annual HSE improvement objectives. Further details about HSE matters are set out in the Values Report 2015 on the BBA Aviation website. BBA Aviation's Group Internal Audit team includes a number of questions on CSR matters in the annual Control Risk Assessment questionnaire which is completed by each of the operating businesses.

12. Shareholder relations

The Board as a whole is routinely kept up to date on the views of BBA Aviation's major shareholders. The executive directors undertake an annual programme of meetings with banks, institutional shareholders, fund managers and analysts to maintain a continuing dialogue with the Company's providers of finance. The Board receives formal written reports from its brokers (as well as reports from the executive directors) regarding the views of shareholders following its preliminary and half-year results announcements and at other times as appropriate.

All non-executive directors, including the Senior Independent Director, are available to meet with major shareholders. The Chairman wrote to major shareholders ahead of the 2015 AGM offering them the opportunity to raise any issues or questions. The Chairman and the Chairman of the Remuneration Committee also maintain contact, as required, with major shareholders about directors' remuneration matters. In 2015, there was a comprehensive engagement programme with the top 10–12 shareholders. The Board considers that its non-executive directors, including its current and successor Senior Independent Director, have a good level of understanding of the issues and concerns of major shareholders, as required by the Code.

The Company's AGM is used as an opportunity to communicate with private investors. It is intended that the notice of the AGM and related papers are sent to shareholders at least 20 working days before the meeting. Sir Nigel Rudd as Chairman of the Board and the Nomination Committee, Nick Land as Chairman of the Audit and Risk Committee and Senior Independent Director, and Susan Kilsby as Chairman of the Remuneration Committee will each be available to answer questions, as appropriate, at the AGM in 2016. Shareholders are given the opportunity of voting separately on each proposal. The Company counts all proxy votes cast in respect of the AGM and makes available the proxy voting figures (for, against and "vote withheld") on each resolution. The voting results of the AGM, together with the details of proxy votes cast prior to the meeting, are made available on request and on the Company's website. The results of the AGM are announced to the market via a Regulatory News Service.

The Directors' Corporate Governance Statement was approved by the Board on 2 March 2016 and signed on its behalf by:

Sir Nigel Rudd
Chairman
2 March 2016

Susan Kilsby
Chairman of the Remuneration Committee

Annual Statement

1. Introduction

I am pleased to introduce our Directors' Remuneration Report for 2015 which has been prepared by the Remuneration Committee on behalf of the Board.

AGM Voting

I was delighted with the level of support from shareholders at the AGM in May for the new Directors' Remuneration Policy (96.77% voted "for"). It was, however, disappointing that the Directors' Report on Remuneration for 2014 received support from only 60.37% of shareholders. Following this result at the AGM I wrote to the ten largest shareholders who had voted against the Remuneration Report for 2014 and offered a personal meeting so that I could gain a better understanding of the reasons for their vote against the resolution and, where appropriate, explain our decisions. The meetings and comments from shareholders were very helpful to me and I briefed the Remuneration Committee on shareholders' views, which related principally to the level of disclosure to support the discretion exercised by the Remuneration Committee rather than concerns around the decision or indeed remuneration itself. The Remuneration Committee has taken this on board and intends to make sure that our reporting provides detailed explanations of the decisions taken or any discretion exercised by the Remuneration Committee in the future. Further details on the AGM voting in 2015 are on page 92.

New Directors' Remuneration Policy

With shareholders' approval for the new Directors' Remuneration Policy at the 2015 AGM, we extended the withholding and recovery provisions (often known as Malus and Clawback) to all elements of variable remuneration for directors and all employees who receive awards under the discretionary share plans. The target shareholding for executive directors increased from 100% to 200% of salary.

The new Directors' Remuneration Policy introduced the Extended Long-Term Incentive Plan (ELTIP) award with stretching performance conditions and we granted awards to 12 members of staff, including the two executive directors, following the AGM.

The new policy also introduced the Deferred Stock Plan (DSP) to replace the Deferred Bonus Plan (DBP). The first awards under the Deferred Stock Plan will be made in March 2016. These awards are disclosed in the 2015 single figure table and under normal circumstances will not be released until 2019.

2. Key issues considered by the Remuneration Committee in 2015

The Remuneration Committee has considered a number of important issues during 2015. The key issues and the context in which they have been addressed are set out below:

Flight Support and relocation

When Michael Scheeringa resigned, the Board asked Simon Pryce to take on the role of President of Flight Support in addition to his role as Group Chief Executive. In order to fulfil these duties Simon Pryce was asked to spend significantly more of his time in the USA. The Remuneration Committee agreed, in accordance with the Group Remuneration Policy, to provide accommodation for Simon Pryce whilst he is in the USA and an allowance to support his incidental living expenses. These additional benefits are included in the single figure table and explained on page 88.

Landmark Aviation

The transformational acquisition of Landmark Aviation and associated fundraising had a number of consequences that the Remuneration Committee considered post signing of the transaction:

a) Impact of the Rights Issue

The Remuneration Committee considered the impact of the Rights Issue on existing and outstanding equity based DBP, DSP, Long-Term Incentive Plan (LTIP), ELTIP and Save as you earn (SAYE) awards. It determined that it was appropriate to make standard adjustments to the number of awards in respect of the nil paid element of the Rights Issue as set out in the respective rules of the plans. Full details of the adjustment are set out on page 94.

b) Base Salary

The transformational nature of the acquisition of Landmark Aviation required the Committee to consider the increased scope and responsibility of the executive directors and other senior executives in integrating the acquisition and managing the enlarged Group.

Following a detailed review of the changes to the scope and complexity of the executive directors' roles as a result of the acquisition, individual performance and market comparisons against organisations of similar size and complexity and wider employee salary increases; the Remuneration Committee approved increases of 9.4% to Simon Pryce's salary and 9.3% for Mike Powell. The reasons behind these increases are set out on page 90.

c) Share based incentives granted in 2013, 2014 and 2015

The transaction, due to its scale, the rationale behind it and the equity issue to finance it has resulted in the Committee deciding to undertake a review of its impact on the "in-flight" share based awards. As part of this review, I am discussing our proposals with shareholders. We have already determined that no adjustment should be made to the 2013 award due to the short amount of the performance period left to be completed at the point the acquisition occurred.

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Committee Advisers

At the end of the summer, the Committee appointed PwC as adviser. Since their appointment, PwC have provided advice on various matters and more details are set out on page 92.

3. Performance in 2015 and remuneration outcomes

The Committee recognises that the Group has made further progress in 2015 and the financial performance and KPIs for 2015 are on pages 4, 16 and 17.

The strategic highlight of the year was the acquisition of Landmark Aviation and the significant opportunity this provides for BBA Aviation to develop the Signature business. The value of the Landmark Aviation transaction is, of course, not immediately reflected in the Group's 2015 results. The Board believes that acquiring Landmark Aviation is transformational with the following benefits:

- It is strategically compelling;
- A major expansion of Signature, already the world's largest FBO network;
- Brings Signature's operational excellence to Landmark Aviation's portfolio and enhances its industry-leading customer proposition;
- Substantial cost synergies and tax benefits;
- Strong cash generation and rapid deleveraging profile;
- Expected to be EPS enhancing in 2017 and materially enhancing on a cash tax basis; and
- Return on invested capital expected to exceed weighted average cost of capital in 2018.

These benefits are expected to flow through to the results in future years.

Long-Term Awards (granted in 2013)

Notwithstanding a successful year overall, the performance issues in ASIG and ERO mean that the long-term incentive plan awards and the matching element of the deferred bonus plan granted in 2013 will not vest as the minimum level of EPS growth and average ROIC to result in a vesting has not been achieved at the end of the three-year performance period. Additional detail on these long-term awards is on page 87.

Bonus

The executive directors will both receive 53% of their maximum bonus potential – equivalent to 33% of salary for both Simon Pryce and Mike Powell based on the financial measures of underlying profit, cash flow and their personal objectives. The Board has concluded that the prior year's targets are no longer commercially sensitive and you can read more about the bonuses for 2015, including the targets, on pages 85 and 86.

The 2014 bonus targets are also disclosed in full on page 95. In a change of approach, the Committee has decided to disclose full retrospective details of bonus targets and actual performance in the year to which the bonus relates, rather than wait a further year before disclosing. The first year of this new approach is 2015.

Summary

The Committee will continue to consider all relevant factors when setting the performance criteria for all of the incentive plans to ensure that they are set at an appropriate level to challenge and incentivise the senior leadership team to drive shareholder value and support the delivery of the Group's long-term strategy.

Remuneration Reporting

We have updated our reporting on remuneration with the intention of making it more transparent and easier for shareholders to read.

- Part 1, on pages 81-83, we present an 'At a glance' section. In this section you will find a summary of Directors' Remuneration Policy presented in a visual format; a summary of the executive director's remuneration outcomes for 2015 against policy, the relative importance of pay, the graph showing the Company's TSR performance and CEO remuneration over the last seven years.
- In Part 2, on pages 84-96, we present our Annual Report on Remuneration for 2015. The Annual Report on Remuneration together with this Annual Statement and the 'At a glance' section is subject to an advisory shareholder vote at the AGM in May 2016. The sections of this report that have been subject to audit are set out on page 96.
- In Part 3, on pages 97-104, we have included a summary of the policy rather than including the full version. The full version is available on the BBA Aviation plc website www.bbaaviation.com.

4. Conclusion

I would like to thank the shareholders who met me during the year to discuss our remuneration strategy and I'd also like to thank my colleagues on the Remuneration Committee for their commitment and support throughout the year.

We remain committed to hearing, and take an active interest in, your views as shareholders. If you would like to discuss any further aspect of our remuneration strategy I would welcome your views.

Susan Kilsby
Chairman of the Remuneration Committee
2 March 2016

Part 1: At at a glance

Executive Directors' Remuneration

The various elements of the executive directors' remuneration under the policy and how it was implemented in 2015 and the expected changes in 2016 are shown below.

Element of pay and time period (years) 1 2 3 4 5	Implementation of policy for 2015	Implementation of policy for 2016
Short Term		
Base Salary	Salary increases on 1 January 2015 were: — Simon Pryce: 2.5% to £604,109 — Mike Powell: 2.5% to £384,375	Salary increases on 1 January 2016 were: — Simon Pryce: 9.4% to £660,750 — Mike Powell: 9.3% £420,000 These increases represent a change in scope of the roles. Further details on the salary increases for 2016 can be found on page 90.
Benefits Including car allowance, private medical insurance etc.	Simon Pryce and Mike Powell received a market competitive level of benefits.	No change.
Annual Bonus Maximum of 62.5% of salary	The overall bonus was halved for 2015, compared to 2014, but the requirement to defer half was also removed and replaced with the DSP (see below). Performance targets for 2015 include Group operating profit, Group free cash flow and personal objectives.	No change.
Pension Maximum under the policy is 25% of Salary	Executive directors received a contribution of 20% of salary in lieu of a pension contribution.	No change.
Other	Simon Pryce received £77,000 for relocation.	Simon Pryce will receive a housing allowance in 2016.
Long Term		
Long-Term Incentive Plan ('LTIP') Maximum of 190% of salary	Simon Pryce received an award of 190% of Salary; Mike Powell received an award of 140% of salary. Awards will vest subject to the achievement of stretching EPS and ROIC targets at the end of a three year performance period.	No change. It is anticipated that these awards will be granted in March 2016.
Deferred Bonus Plan ('DBP')	50% of the bonuses earned for 2014 were deferred in shares under the DBP.	N/A – replaced by the DSP.
Deferred Stock Plan ('DSP') Maximum under the policy is 72.5% of Salary	N/A	Replaces DBP – it is anticipated that these awards will be granted in March 2016. DSP awards vest 1/3, 1/3, 1/3 annually but are not released until the third anniversary of grant. See page 90 for further details.
Extended LTIP Maximum of 110% of Salary	Simon Pryce and Mike Powell received an award of 110% of salary. Awards will vest subject to the achievement of stretching EPS targets (with a ROIC underpin) measured over a three-year period and awards vesting in years four and five normally being released at the end of the fifth year.	The award can only be granted once every three years. No awards will be made to current directors in 2016 or 2017.

Further detail on the 2015 remuneration can be found in the single figure table page 84

The implementation of the policy in 2016 is described on page 90

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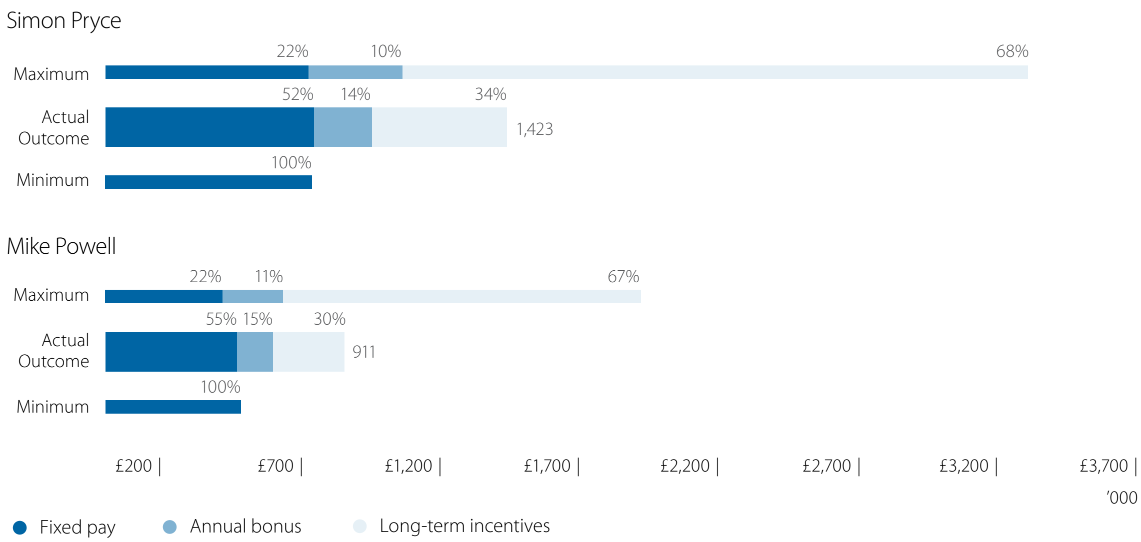
2015 Remuneration outcome against policy

The graph below illustrates the actual outcome against the theoretical maximum and minimum range of payments for 2015. This graph shows both executive directors received below the mid-point of the possible remuneration in respect of 2015.

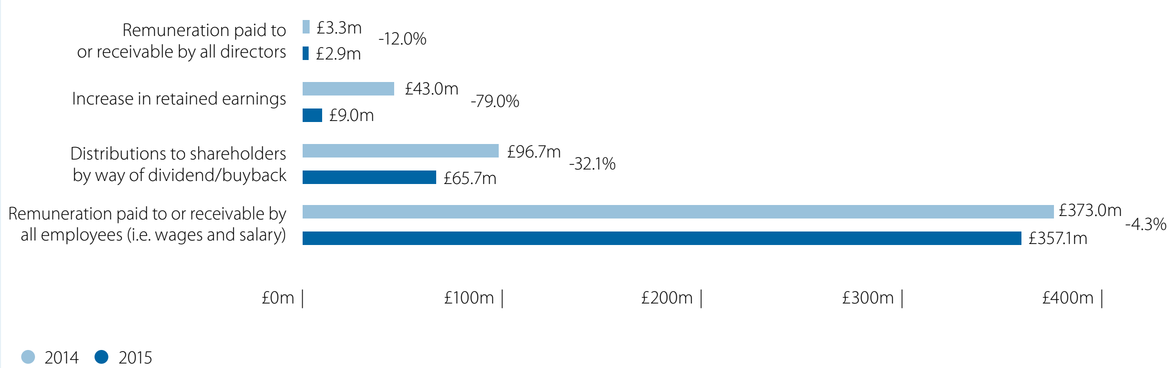


The relocation and living allowance paid to Simon Pryce in 2015 is not included in this graph. The maximum line includes awards granted and disclosed in respect of 2015. The Actual Outcome is based on the single figure disclosure in respect of 2015.

Relative importance of spend on pay

The Board recognises that the level of spend on pay is driven partly by being within the service sector and the high number of employees relative to our size. The remuneration receivable by employees reflects this. The comparators below have been selected as they illustrate allocation of "profits" between amounts payable to directors, amounts returned to shareholders by way of dividends and amounts available for reinvestment.

Relative importance of spend on pay

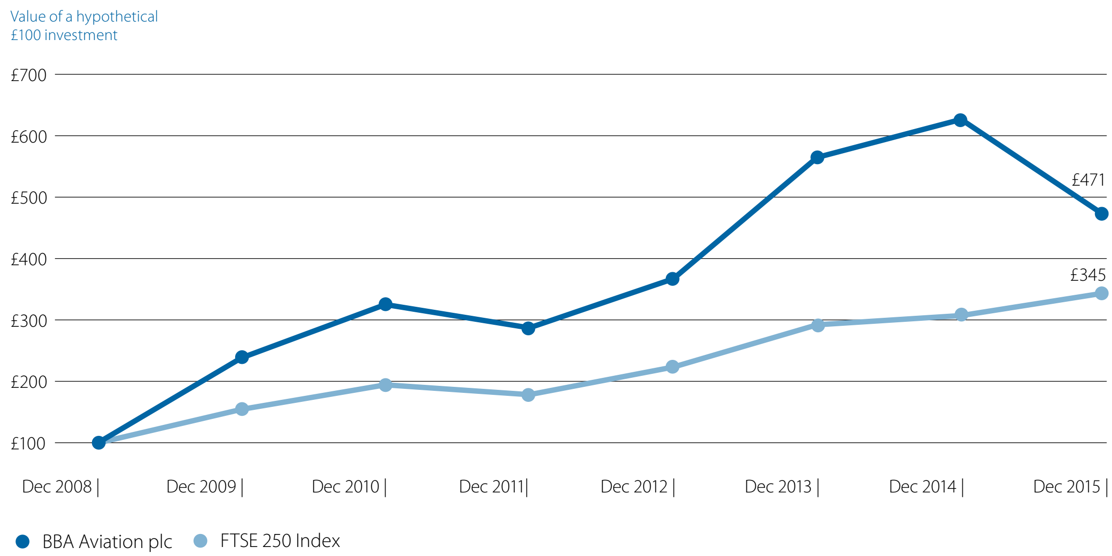


Long-term performance over the past seven years

The Remuneration Committee believes it is important to consider the longer-term performance of the Company when assessing how performance is reflected in reward. The graph below shows the historical cumulative total shareholder return since 2008. The Company believes that the FTSE 250 Index is a suitable broad-based equity index of which the Company is a constituent member, having changed in 2013 from the FTSE 350 Industrial Transportation Index.

The table below the graph shows elements of the CEO's remuneration over this period.

The Company's Total Shareholder Return (TSR) performance since the end of 2008 has significantly outperformed the FTSE 250 as shown below by the value of a hypothetical holding over seven years:



The data used for the above graphs FTSE 250 comparison is based on 30 trading day average values.

£100 invested in December 2008 would be worth

£471

in December 2015

CEO's pay with various figures from the single figure table

Total remuneration and variable pay payout as % of maximum	2009	2010	2011	2012	2013	2014	2015
Total single figure £'000	1,232	1,800	2,689	1,855	1,748	1,748	1,500
Bonus total and as percentage of maximum	453 88.0%	460 70.1%	566 83.5%	328 47.0%	458 63.7%	455 61.8%	199 53%
Long-term total and percentage vesting against maximum	69 12.5%	580 56.8%	1,453 55.5%	824 68.6%	580 42.4%	499 27.1%	479 32%

The long-term element, included in the total single figure, for 2014 has been restated. A full explanation is provided in note 2 to the single figure table. The percentage vesting against the maximum is not restated as this is based on the number of shares rather than the value of shares on vesting. The 2015 long-term element includes the DSP shares to be granted in 2016 as a result of multi-year performance conditions.

Part 2: Annual Report on Remuneration for 2015

Background

The Remuneration Committee recognises that BBA Aviation has made further progress in 2015 and continues to effectively execute its strategy, particularly through the acquisition of Landmark Aviation.

The single figure total for the directors is set out in the table below and the separate elements of remuneration are explained in the subsequent paragraphs.

Directors – single figure total (£'000)

Director	Year	Salary and fees	Benefits	Bonus	Value LTIP/ DBP vesting amount and DSP Grant	Pension	Other	Overall single figure total
Simon Pryce	2015	604	20	199	479	121	77	1,500
	2014	589	20	455	499	118	67	1,748
Mike Powell	2015	384	18	127	305	77	–	911
	2014	188	9	312	–	38	–	547
Sir Nigel Rudd	2015	250	–	–	–	–	–	250
	2014	182	–	–	–	–	–	182
Nick Land	2015	73	–	–	–	–	–	73
	2014	73	–	–	–	–	–	73
Susan Kilsby	2015	66	–	–	–	–	–	66
	2014	66	–	–	–	–	–	66
Peter Ratcliffe	2015	55	–	–	–	–	–	55
	2014	55	–	–	–	–	–	55
Wayne Edmunds	2015	55	–	–	–	–	–	55
	2014	55	–	–	–	–	–	55

Notes

1 Taxable benefits for Simon Pryce and Mike Powell include a cash allowance in lieu of a company car and private medical insurance.

2 The LTIP and DBP awards shown in the 2014 figures above have been restated. These awards were included in 2014 figures because the three-year performance period for the awards made in 2012 ended on 31 December 2014. The original disclosure was based on the share price of 350.0 p which was the closing share price on 24 February 2015. When the awards vested on 18 March 2015 the share price was 339.25 p and an adjustment of 10.75 p per share has been made to the figures above. The number of shares vesting under the LTIP and DBP are shown in the Table on page 93.

3 The LTIP and Matching DBP awards granted in 2013 will lapse. If these awards had vested they would have been included in the 2015 row of the table as the performance conditions would have been satisfied for performance over a three year period to 31 December 2015.

4 The Deferred Stock Plan awards that are expected to be granted in March 2016 are disclosed in the table above because the operating profit used to calculate the pool was over the three financial years ending 31 December 2013, 31 December 2014 and 31 December 2015 and the strategic objectives were measured at the end of 2015. The details of these DSP awards are shown on page 87.

5 The Company's pension contribution for Simon Pryce and Mike Powell is 20% of basic salary. During the year Simon Pryce and Mike Powell received a cash payment in lieu of a contribution to a pension scheme.

6 The disclosure in the "Other" column for 2015 represents relocation payments made to Simon Pryce associated with his role as President of Flight Support and the need to spend significantly more time in the USA. For 2014, it represents the gain on SAYE share options vesting and exercised during 2014.

Base salary for executive directors

In December 2014, the Remuneration Committee reviewed the base salaries for the executive directors and their salaries increased in-line with the BBA Aviation comparator group for similar levels of performance. The base salary effective from 1 January 2015 for Simon Pryce was £604,109 and for Mike Powell was £384,375. This was a rise of 2.5% (general employee rise was 2.5%).

Fees for the Chairman and non-executive directors

The fees for the Chairman and the non-executive directors are in the single figure table. No change to the fee rates for the Chairman or non-executive directors were made for 2015.

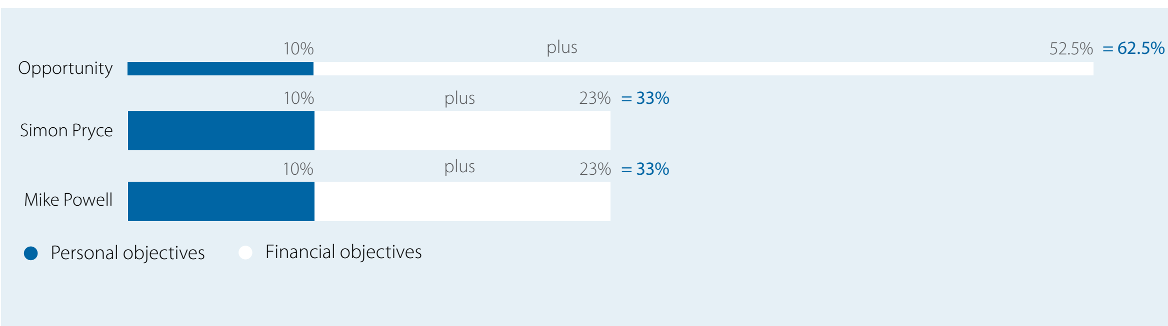
Benefits

Other benefits for the year for each executive director included a company car allowance, private medical insurance, death in service benefit, annual holiday, sick pay, an annual health check and gym membership. The taxable benefits for the executive directors were unchanged compared to 2014.

Bonus

Following shareholder approval at the 2015 AGM the maximum bonus opportunity has been reduced from 125% of salary to 62.5% of salary for the executive directors split 52.5% of salary for financial performance (35% for operating profit and 17.5% for free cash flow) and 10% of salary for personal objectives. The whole bonus is paid in cash and there are no deferral obligations. The choice of performance conditions and their respective weightings reflected the Committee's belief that they would drive action to deliver exceptional sustainable value for our shareholders and other stakeholders. In determining the bonus payment for 2015, no discretion was exercised by the Remuneration Committee.

Following an assessment against the performance targets, the Committee concluded that the executive directors would receive 53% of their maximum bonus potential for 2015 (£198,973 for Simon Pryce and £126,536 for Mike Powell). This equates to 23% of salary for the achievement against the financial objectives and 10% of salary for the achievement of the personal strategic objectives for both executives. For the 23% of salary for financial objectives this is split 14% for free cash flow and 9% for operating profit. This is illustrated below:



The Board has reviewed its practice and has decided to disclose the Bonus targets for 2015. This is a change from previous years when the targets were disclosed in the subsequent year. The performance targets, achievements in comparison to targets and the weightings are set out in the following paragraphs.

Financial measures account for 84% of the maximum opportunity. The operating profit represents 56% of the maximum opportunity and free cash flow represents 28% of the maximum opportunity, of this free cash flow element half was for the half-year position and the remaining half for the full-year position. Personal objectives represent 16% of the maximum opportunity.

Personal objectives

In February 2016, the Remuneration Committee assessed each executive director's performance against the objectives that were set early in 2015 and concluded that both Simon Pryce and Mike Powell had fully achieved their personal objectives for 2015. The objectives and the performance are summarised below:

Simon Pryce's personal objectives included strategic initiatives including a strategic acquisition, addressing cost reductions across the Group, building on the effective working relationship with the Chairman and the Board as a whole, completing the induction programme for the HR Director and continuing the development of senior executives as part of the succession planning programme. The Committee concluded that these objectives had been achieved.

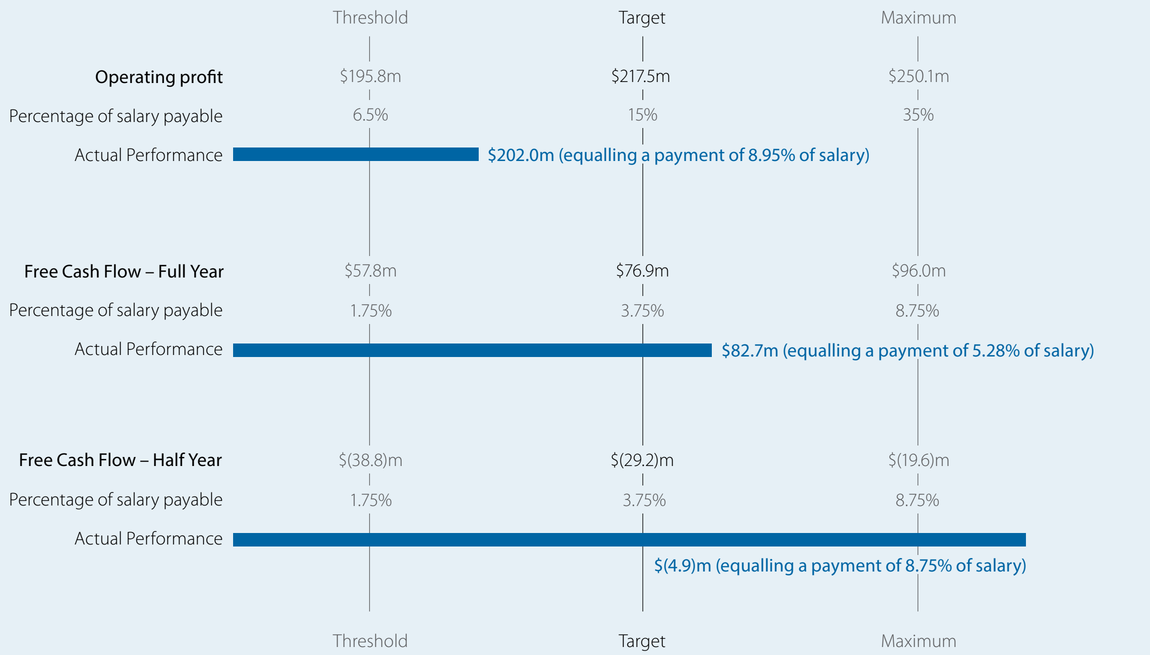
Mike Powell's personal objectives included leadership in respect of M&A activities and proposals, embedding the new risk and internal audit function with an appropriate control environment, defining and implementing the vision for the Finance team, delivering a number of specific internal projects and reviewing, and if appropriate, refinancing the maturing bank debt. The Committee concluded that these objectives had been achieved.

The 2014 bonus information is disclosed on page 95.

Financial objectives

The graph below shows the financial objectives performance:

Performance targets and achievement for 2015



Notes

The purpose of the half-year cash flow target is to focus attention on cash throughout the year rather than at a single point in time. There is a trade creditor cap applied to the actual figures above, which ensures payments to creditors are not inappropriately delayed to deliver bonus targets.
The measures are assessed on a straight-line basis between threshold and target and also from target to maximum.
The negatives targets for half-year represents expected known cash outflows.

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Long-term incentive awards

Performance conditions

The performance conditions for the LTIP and the matching element of the deferred bonus awards granted in 2013 are set out in the table below. Performance was measured over three financial years ending 31 December 2015:

EPS growth per annum (50% of each award)	Percentage of shares vesting	Average annual ROIC (50% of each award)
Less than 6%	Nil	Below 10.5%
At 6%	25%	At 10.5%
Between 6% and 12%	25% to 100% straight line pro-rata	Between 10.5% and 12.0%
At or above 12%	100%	At or above 12.0%

For the three years ended 31 December 2015:
EPS growth per annum was 3.6%.
Average Annual ROIC was 9.53%.

Deferred Bonus Plan

Half of the bonus in respect of 2012, paid in early 2013, was deferred for a period of three years. The deferred bonus was converted into shares and will be released shortly after the third anniversary of the award. As permitted by the rules of the scheme, the Remuneration Committee agreed that dividends will be awarded on the deferred element for the period of time after the risk of forfeiture had lifted.

The deferred bonus in respect of 2012 was converted into conditional shares in 2013 and was subject to a one-to-one match. The EPS growth and average ROIC threshold targets were not achieved in respect of the DBP Matching awards granted in 2013 and the DBP Matching award from 2013 will lapse.

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Long-Term Incentive Plan

The EPS growth and average ROIC threshold targets were not achieved in respect of the LTIP awards granted in 2013 and the 2013 LTIP awards will also lapse.

Deferred Stock Plan

In 2015, the Deferred Stock Plan was introduced for the executive directors and senior executives of the company. Under the DSP, a pool of shares is determined based on 3.5% of BBA Aviation's average Operating Profit performance over the prior three years and achievement against certain strategic objectives. Participants are granted conditional shares which vest annually over a three year period but are not released until after the third anniversary of the grant.

The Group operating profit for 2013 was US$200.1 million; for 2014 was US$201.2m and for 2015 was US$202.0 million giving an average of US$201.1 million and 3.5% of this is US$7,038,500. The Remuneration Committee concluded that 100% of the strategic objectives had been delivered and agreed the overall pool is 3.5% of the average 3 year profits. The strategic objectives are summarised in the table below. The Committee also agreed an additional sum specifically for the Landmark Aviation employees joining the Group.

Objective	Achievement
Develop and deliver an Integrated Customer Relationship Management system across Signature/ERO	Achieved
All businesses and functions to conduct independent customer surveys	Achieved
Deliver a Safety Management System and business plan by site, and implement first stage delivery	Achieved
Complete employee survey, analyse results and develop and implement actions to address issues	Achieved
All senior staff to undertake an innovation and change training programme	Achieved

The face value of the award that will be granted to Simon Pryce is equivalent to 72.5% of salary (£479,043) and the face value of the award for Mike Powell is 72.5% of salary (£304,500). These awards equate to 100% of the maximum for both Simon Pryce and Mike Powell. The Remuneration Committee anticipates it will grant awards in March 2016 and the awards made to executive directors will be announced via the Regulatory News Service (RNS) as soon as they are made, as well as in the 2016 Annual Report.

Pension

The Company made a cash payment equal to 20% of base salary in lieu of a contribution to a pension scheme for Simon Pryce and Mike Powell.

Other

When Michael Scheeringa resigned, the Board asked Simon Pryce to take on the role of President of Flight Support in addition to his role as Group Chief Executive. In order to fulfil these duties Simon Pryce was asked to spend significantly more of his time in the United States. The Remuneration Committee agreed, in accordance with the Group Remuneration Policy, to provide accommodation for Simon Pryce whilst he is in America and an allowance to support his incidental living expenses.

The Committee agreed that the approach should be that Simon should be neither better off nor worse off as a result of the assignment and this meant certain elements have been grossed up for tax purposes. There was no change in applicable bonus or long-term incentive structures, contract or underlying terms and conditions as a result of this.

In accordance with the approach described above and the policy Simon Pryce received the following payments:

Element	Amount (£'000)
Relocation and living expenses	77
Total	**77**

A housing allowance will be payable to Simon Pryce in 2016.

Payments to past directors

No payments have been made in 2015 to past directors in respect of their services as a director of the Company. DBP shares were released to Mark Hoad, the former Group Finance Director, representing half of his bonus that was deferred in early 2013 in respect of 2012.

Loss of office payments

No directors received any payments for loss of office during the year.

Scheme interests awarded during the financial year

The details of the scheme interests awarded during the financial year to the executive directors are set out below.

		Face value of award			
Director	Description	Shares	£	Percentage if minimum performance targets met	End of performance period
Simon Pryce	LTIP – Conditional Award	344,700	1,147,807	25%	31/12/2017
	DBP – Conditional Shares	68,439	227,628	100%	Awards released in 2018
	ELTIP – Conditional Award	195,658	664,519	25%	31/12/2017
Mike Powell	LTIP – Conditional Award	161,600	538,125	25%	31/12/2017
	DBP – Conditional Shares	46,927	156,082	100%	Awards released in 2018
	ELTIP – Conditional Award	124,490	422,812	25%	31/12/2017

Notes

1 The LTIP Awards were made on 12 March 2015. The grant price was £3.3307 which was the average middle market closing price on the three trading days prior to the grant.
2 The DBP conditional award is calculated by reference to the amount of the bonus deferred in respect of performance in 2014 and is included in the single figure Table. The DBP conditional awards were made on 13 March 2015. The grant price was £3.3260 which was the average middle market closing price on the three trading days prior to the grant.
3 The ELTIP awards were made on 11 May 2015. The grant price was £3.3963 which was the average middle market closing price on the three trading days prior to the grant.

These awards were subsequently adjusted for the impact of the rights issue and the adjustment is explained on page 94.

Deferred bonus plan

Half of the bonus paid in 2015 in respect of performance in 2014 was subject to compulsory deferral and paid in the form of a conditional share award. The conditional award is subject to the individual being employed by the Group on the third anniversary of the award.

Long-term incentive plan

Simon Pryce was awarded an LTIP of 190% of his salary and Mike Powell received an LTIP award of 140% of his salary.

Extended Long-term incentive plan

Following approval of the Directors' Remuneration Policy at the 2015 AGM, ELTIP awards were made in May. Both Simon Pryce and Mike Powell were awarded an ELTIP of 110% of salary. ELTIP awards can only be made once every three years.

SAYE

The Company did not issue any invitations under the Savings Related Share Option Plan in 2015.

Performance conditions for LTIP awards made in 2015

A ROIC performance condition is applied to half of the LTIP award and the EPS performance condition is applied independently to the other half of those awards. The Extended LTIP awards are subject to a ROIC hurdle and an EPS performance condition. There are no performance conditions attached to the DBP or SAYE scheme.

The performance conditions for the LTIP and ELTIP awards are set out on page 96.

Change in remuneration of Chief Executive Officer and a comparator group

The table below shows the movement in total remuneration for the CEO between the current and previous financial years compared with that of the total remuneration costs of relevant comparator employees as a whole. Relevant employees are employees of BBA Aviation plc and its subsidiaries who are in banded grades 1–4 (about 100 of the Group's senior leaders) as the Board believes this is a suitable comparator group. The CEO's reward is made up of a larger proportion of variable pay than employees within this comparator group.

Percentage change in remuneration of CEO and a relative comparator group of employees (£'000)

	Year ended 31 December 2015	Year ended 31 December 2014	Percentage Change
CEO base salary	604	589	2.5%
Relevant average comparator employees' base salary	127.2	122.3	4.0%
CEO taxable benefits	20	20	0.0%
Relevant average comparator employees' taxable benefits	7.7	10.3	(25.2)%
CEO annual bonus	199	455	(56.3)%
Relevant average comparator employees' annual bonus	37.8	56.6	(33.2)%

Notes

The increase in base salaries among the comparator group includes promotions, reflecting our objective to develop and promote leaders from within the organisation. The fall in the CEO bonus partly reflects the reduction in overall opportunity in 2015.

Implementation of policy in 2016

Base salary for executive directors

Following the Landmark Aviation acquisition the salaries of the executive directors were reviewed by the Remuneration Committee. It was agreed that the base salary for Simon Pryce from 1 January 2016 would increase by 9.4% to £660,750. Mike Powell's base salary from 1 January 2016 would increase by 9.3% to £420,000. These increases are in accordance with the policy. The factors considered in the Remuneration Committee's decision to increase these salaries were the increased scope, complexity and responsibilities of managing the enlarged Group; the challenges of effectively integrating the acquisition; and individual performance. The Committee also reviewed benchmark salary data for similar roles to ensure the resulting salaries were in line with common pay practices.

The standard pay rise from 1 January 2016 for employees of good standing across the Group was 2.5%. However, increases above this level were granted to those who had performed exceptionally well or whose roles changed in scope and responsibility, in which case such increases were commensurate with the role changes.

Fees for Chairman and non-executive directors

The fees for the Chairman and non-executive directors again remain unchanged; they were last reviewed in December 2013, and will be reviewed in December 2016.

Pension and benefits

The Committee does not expect to change the pension or benefit arrangements for the executive directors in 2016.

Annual cash bonus

For 2016, the Committee has determined that the annual bonus opportunity for executive directors is 62.5% of salary and will again be contingent on meeting both financial targets and personal objectives. The Committee has reviewed targets for the year to ensure they remain appropriately stretching and relevant to the Company's business strategy. In 2016, financial performance objectives will again represent 84% of the bonus opportunity and personal objectives will represent 16% of the bonus opportunity.

The Board has decided that Bonus targets for 2016 are commercially sensitive as they could provide the market and competitors with confidential information on the Group's strategy and expectations. The Board will disclose the targets once they are no longer commercially sensitive and anticipates they will be disclosed in the 2016 Annual Report as has been done in respect of 2015. This practice will be kept under review.

Deferred Stock Plan

Simon Pryce and Mike Powell are eligible to receive awards under the plan equal to a maximum of 72.5% of salary in 2017 following an assessment of Group Operating Profit performance at the end of the 2016 Financial Year and performance against the strategic Group objectives. This will be disclosed in the 2016 single figures total as the performance conditions will be satisfied by 31 December 2016.

LTIP

The LTIP awards, due to be granted in March 2016 for Simon Pryce and Mike Powell will be 190% and 140% of salary respectively. The targets for the 2016 LTIP awards will be disclosed to shareholders in the 2016 Directors' Remuneration Report.

Service contracts

The executive directors have rolling contracts of employment with no fixed term which entitle them to 12 months' notice from the Company in the event of termination other than for cause. Executive directors' contracts allow for termination with contractual notice from the Company or termination with a payment in lieu of notice, or an enforced period of paid garden leave at the Company's discretion. The Group Chief Executive is required to give the Company 12 months' notice and the Group Finance Director, six months.

The Chairman and the non-executive directors each have a letter of appointment. The Chairman's appointment letter entitles him to six months' notice from the Company and he is required to give the Company six months' notice. The Company may terminate the Chairman's contract immediately and pay him an amount in lieu of his fees for six months less statutory deductions.

Letters of appointment and service contracts are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office.

There are no contractual commitments over and above those disclosed above.

Unexpired terms on service contracts and letters of appointment

	Date of appointment/reappointment	Unexpired term as at 2 March 2016
Simon Pryce	11 June 2007	n/a
Mike Powell	1 July 2014	n/a
Sir Nigel Rudd	1 December 2013	9 months
Nick Land	1 August 2015	28 months
Susan Kilsby	10 April 2015	25 months
Wayne Edmunds	7 August 2013	5 months
Peter Ratcliffe	9 January 2015	22 months
Peter Edwards	1 January 2016	34 months
Peter Ventress	1 January 2016	34 months

The Remuneration Committee and its work

The Board is responsible for remuneration policy and has delegated prime responsibility for the implementation of that policy to the Remuneration Committee. The Remuneration Committee is a Board Committee consisting of independent non-executive directors and the Chairman and its meetings are minuted by the Group Secretary or his designate. No individual is directly involved in the determination of, or votes on, any matter relating to their own remuneration.

During 2015, the Remuneration Committee was chaired by Susan Kilsby. The Committee members throughout the year were Wayne Edmunds, Nick Land, Peter Ratcliffe, and Sir Nigel Rudd.

The Committee is responsible for, among other things:

- determining remuneration strategy;
- determining the executive directors' remuneration;
- determining the Chairman's remuneration;
- selecting performance measures and setting targets for the short-term and long-term incentive plans and performance-related share plans;
- reviewing proposals in respect of other senior executives; and
- overseeing any major changes in employee incentive structures throughout the Group.

The main issues considered by the Remuneration Committee during 2015 are set out below:

Meeting	Main issues considered
February	Vesting levels for the long-term awards granted in 2012 Payments of bonuses in respect of 2014 Targets for short and long-term awards granted in 2015 Remuneration Report on 2014 Share Scheme Targets
May	Shareholder views on proposed policy ahead of the AGM Simon Pryce's relocation to the USA
August	Feedback from shareholder meetings Advisers to the Remuneration Committee Progress against targets for annual and long-term awards
October	Impact of the rights issue on outstanding awards Impact of Landmark Aviation acquisition on remuneration
November	Impact of Landmark Aviation acquisition on remuneration
December	Impact of Landmark Aviation acquisition on remuneration Investment Association – Principles of Remuneration Remuneration Report on 2015 Salary review and proposals Initial consideration of bonuses and long-term awards for year ending 31 December 2015

In the course of these meetings, the Remuneration Committee also consulted the Chairman of the Board, the Group Chief Executive, the Group Finance Director, the Group HR Director and the Group Secretary in connection with the Committee's work within their particular areas of knowledge and expertise. It is expected that the Committee will wish to continue to consult with these people in 2016 and that they will continue to be invited to attend Committee meetings when appropriate.

Further information on the work of the Remuneration Committee is set out in the Directors' Corporate Governance Statement on page 73.

In 2015, the Committee changed their advisers from Towers Watson to PwC.

Towers Watson provided advice and market analysis relating to the executive directors and other senior executives. In addition, Towers Watson provided general advice in relation to:
— remuneration strategy including advice on the strategic review of remuneration; and
— background information about remuneration trends.

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Towers Watson has also provided advice to the Company during the year in respect of US retirement and pension services and administration, as well as remuneration practice and market data. The fees paid by the Company to Towers Watson from January to August 2015 for advice to the Remuneration Committee totalled £34,890.

PwC were appointed at the end of August and have provided advice on market levels of remuneration, transaction related remuneration issues, performance conditions for the LTIP and consulting on the preparation of the remuneration report. The total fees paid by the Company to PwC totalled £55,350.

Towers Watson and PwC are members of the Remuneration Consultants Group and are committed to that group's voluntary code of practice for remuneration consultants in the UK. This includes processes for ensuring integrity and objectivity of advice to the Remuneration Committee and ensuring that any potential conflicts are effectively managed. The Remuneration Committee also confirmed it was satisfied that had received independent advice from both Towers Watson and PwC.

AGM Voting in 2015

The Remuneration Committee takes the views of shareholders seriously. Whilst the resolution to approve the Directors' Remuneration Report for the year ended 31 December 2014 was passed by a majority of shareholders, the Board was disappointed that there was not more comprehensive support. The Resolution to approve the new Directors' Remuneration Policy received comprehensive support. The votes cast in respect of these resolutions were:

	Proxy votes for	% for	Proxy votes against	% against	Votes cast	Proxy votes withheld
Approval of the 2014 Directors' Remuneration Report	203,602,175	60.37	133,671,250	39.63	337,273,425	56,757,581
Approval of the Directors' Remuneration Policy	380,802,264	96.77	12,715,398	3.23	393,517,662	513,344

Notes

A vote withheld is not a vote in law and accordingly these are not included in the percentages shown above.

The resolutions approving the three new share schemes to enable the Company to deliver the Directors' Remuneration Policy were each supported by over 96% of shareholders.

Susan Kilsby wrote to our largest shareholders who had either voted against the resolution or withheld their vote and arranged a number of meetings with shareholders to understand and discuss the reasons behind their voting decisions. The meetings were beneficial and Susan Kilsby reported back to the Remuneration Committee on these meetings. The reasons for the vote against the resolution were that Mike Powell's bonus for 2014 was not pro-rated and the explanations around the LTIP adjustments were unclear.

The reasons the Remuneration Committee made its decisions on these two areas in 2014 are set out below:

Mike Powell's bonus

Mike Powell's bonus was not pro-rated for 2014. This was agreed with him as part of the negotiation of his overall package when he joined BBA Aviation and, taking the reward package as a whole, the Remuneration Committee felt it was commensurate with the role and responsibilities and also meant we were able to attract an individual of Mike's calibre into the role.

It is also worth noting that no bonus was paid in respect of 2014 to Mark Hoad, who was the Group Finance Director for the first six months of the year.

LTIP Vesting

The three factors set out in the Remuneration Report (disposal of APPH, the Department of Justice fine and the Internal Revenue Service tax rebate) were included in the LTIP calculation. The APPH adjustment was to recognise that the proceeds from the sale were being returned to shareholders through a share buy-back programme over a period of time rather than being redeployed in the business. The inclusion of the DoJ fine was to reflect that this was a liability that (albeit regrettably) attached to the Group. The IRS tax rebate reversed costs charged in previous periods (reducing the pay-out of previous long-term incentives) and again the Committee felt that it was appropriate to include the impact of this. It was a straight mathematical calculation without any other adjustments.

Interests in shares, options and conditional awards

The table below shows the outstanding share scheme interests (including those granted during the year) at 31 December 2015 and the changes during the year.

Share Scheme Interests

Director	Description	Performance measures	1 January 2015	Awarded (vested) during the year	(Lapsed) during the year	Rights Issue Adjustment	31 December 2015
Simon Pryce	2012 Conditional LTIP	Yes	414,400	(142,968)	(271,432)	n/a	–
	2012 Conditional DBP	No	133,473	(133,473)	–	n/a	–
	2012 Conditional Match DBP	Yes	133,473	–	(133,473)	n/a	–
	2013 Conditional LTIP	Yes	290,436	–	–	115,430	405,866
	2013 Linked Award LTIP	Yes	10,464	–	–	4,158	14,622
	2013 Conditional DBP	No	57,160	–	–	22,717	79,877
	2013 Conditional Match DBP	Yes	57,160	–	–	22,717	79,877
	2014 Conditional LTIP	Yes	339,300	–	–	134,851	474,151
	2014 Conditional DBP	No	69,321	–	–	27,550	96,871
	2015 Conditional LTIP	Yes	–	344,700	–	136,997	481,697
	2015 Conditional DBP	No	–	68,439	–	27,200	95,639
	2015 Conditional ELTIP	Yes	–	195,658	–	77,762	273,420
Mike Powell	2014 Conditional LTIP	Yes	152,179	–	–	60,482	212,661
	2014 Linked Award LTIP	Yes	9,221	–	–	3,664	12,885
	2015 Conditional LTIP	Yes	–	161,600	–	64,226	225,826
	2015 Conditional DBP	No	–	46,927	–	18,650	65,577
	2015 Conditional ELTIP	Yes	–	124,490	–	49,477	173,967

Share options

	Description	Performance measures	1 January 2015	Awarded/ Vested/ Lapsed during the year	Rights Issue adjustment	31 December 2015	Exercise price in pence per share	Exerciseable from	Expiry date
Simon Pryce	2006 Executive Share Option Plan	Yes	10,464	n/a	4,158	14,622	205.1	2016	2016
	2014 SAYE	No	12,096	n/a	4,807	16,903	~177.5	1/8/2019	31/1/2020
Mike Powell	2006 Executive Share Option Plan	Yes	9,221	n/a	3,664	12,885	232.8	2017	2017

Notes

The original exercise prices for the share options were adjusted to take account of the rights issue as explained below. The original option prices were: Simon Pryce's 2006 Executive Share Option: 286.67 pence; Simon Pryce's 2014 SAYE: 248 pence; Mike Powell's 2006 Executive Share option: 325.33 pence.

Rights Issue adjustment

As is normal market practice all outstanding share awards were adjusted following the rights issue to put the directors and other participants in the same position that they would have been in had the rights issue not taken place.

The adjustment factor for the outstanding awards was 1.39744 and all outstanding awards were increased by this amount. Option prices, where applicable, were reduced by the reciprocal amount.

The adjustment factor was calculated using the following standard adjustment formula:

$$\text{New number of shares subject to award} = \text{Original number of shares subject to award} \times \frac{\text{Share price prior to rights issue}}{\text{Theoretical Ex-Rights Price}}$$

The share price at the close of business on 9 October 2015 (the last day of the shares trading cum-rights) was 277.9 pence and the theoretical ex-rights price ("TERP") was 198.8636 pence.

The TERP is the market value of the Company before the rights issue added to the money that will be raised in the rights issue divided by the total number of shares following the rights issue.

The number of shares in issue prior to the rights issue was 468,568,176 at 277.9 pence giving a market value capitalisation of £1,302,150,961.

The rights issue resulted in 562,281,811 new shares being issued at 133 pence raising a total of £747,834,808.

The theoretical ex-rights price is therefore £2,049,985,769 divided by the new number of shares being 1,030,849,987 shares which gives the theoretical ex-rights price of 198.8636 pence.

Directors' shareholdings and interests

In accordance with the Company's internal shareholding guidelines, the executive directors are expected to hold the equivalent of 200% of their annual salary in shares although there are no formal shareholding requirements in the articles of association of the Company. The Remuneration Committee increased the holding requirement during 2015 from 100% to reflect changes in market practice and as part of the wider changes to the BBA Aviation incentive plans. Simon Pryce exceeded the expectation throughout the financial year and as at 31 December 2015 owned shares to the value of over 575% of his salary. The calculation includes shares held by Simon Pryce and his connected persons and, in accordance with the internal guidelines, conditional shares in the DBP. New directors are expected to build up their holding to meet this expectation over time and as at 31 December 2015 although Mike Powell did not hold any shares in BBA Aviation plc his interest in shares under the DBP is equivalent to 32% of his salary.

Directors' shareholding and share interests (includes connected persons)

Director	Ordinary shares held at 31 December 2015 (or date of leaving if earlier)	Ordinary shares held at 1 January 2015 (or date of joining if later)
Simon Pryce	1,606,432	1,090,890
Mike Powell	–	–
Wayne Edmunds	–	–
Susan Kilsby	–	–
Nick Land	121,000	55,000
Peter Ratcliffe	33,000	15,000
Sir Nigel Rudd	208,200	4,000

2014 Bonus

The table below shows the percentage of salary paid to each of the executive directors in respect of the financial and personal targets:

Description	Personal objectives % of salary	Underlying operating profit % of salary	Free cash flow % of salary	Total % of salary	Total £'000
Maximum percentage available	20.0%	70.0%	35.0%	125.0%	
Simon Pryce – bonus paid	14%	28.2%	35.0%	77.2%	455
Mike Powell – bonus paid	20%	28.2%	35.0%	83.2%	312

Notes

50% of the bonus awarded was paid in cash and the balance was deferred into shares (as shown on pages 88 and 89) under the Deferred Bonus Plan. In determining the bonus payment, no discretion was exercised by the Remuneration Committee.
Mark Hoad did not receive a bonus in respect of 2014.

Performance targets and achievement

The following tables illustrate the performance targets, achievements in comparison to targets and the weightings for the bonus in respect of 2014.

In 2014, financial measures accounted for 84% of the maximum bonus (being 105% of salary). The operating profit represented 56% of the maximum opportunity and free cash flow represented 28% of the maximum opportunity, of this cash flow element half was for the half-year position and the remaining half for the full-year position. Personal objectives represent 16% of the maximum opportunity (being 20% of salary).

Personal objectives

In February 2015, the Remuneration Committee assessed each executive director's performance against the objectives that were set early in 2014 and concluded that Simon Pryce would receive 14% of his annual salary in respect of personal objectives. Mike Powell had fully achieved his three objectives and would receive 20% of his salary.

Simon Pryce's personal objectives included strategic initiatives including a strategic acquisition and strategic initiatives within the Flight Support and Aftermarket divisions, completing the induction of the Chairman and completing the recruitment of a new Finance Director and HR Director and the continuing development of senior executives as part of the succession planning programme.

Mike Powell's personal objectives included (being his first year) developing a detailed understanding of the Group's operations, business drivers and providing clarity in respect of M&A activity and leverage, delivering structural and operational changes within Finance, Internal Audit and Risk teams, delivering the US private placement funding and leading the audit tender process.

Financial objectives

The financial objective performance is set out in the table below:

2014 Bonuses	Threshold	Target	Maximum	Actual
Underlying Operating Profit	$182.9m	$203.3m	$233.7m	$201.2m
Year Free Cash Flow	($10.1m)	($8.8m)	($7.9m)	$46.5m
Half-Year Free Cash Flow	($55.7m)	($48.5m)	($43.6m)	$33.7m

Notes

Operating profit – the award at threshold performance was 13% of salary, at target was 30% of salary and at maximum it was 70% of salary which represents 10.4%, 24% and 56% of the maximum bonus opportunity respectively.
Free cash flow – the award at threshold performance for full year was 4.67% of salary, at target it was 10% of salary and at maximum it was 23.33% of salary which represents 3.7%, 8% and 18.7% of maximum bonus opportunity respectively. These amounts are all halved for the half year cash flow performance.
The cash flow targets were negative to take account of expected net cash outflows.
The measures are assessed on a straight-line basis between threshold and target and also from target to maximum.

Performance conditions for Outstanding LTIP and ELTIP awards

2014 LTIP

EPS growth per annum (50% of each award)	Percentage of shares vesting	Average annual ROIC (50% of each award)
Less than 6%	Nil	Below 10.5%
At 6%	25%	At 10.5%
Between 6% and 12%	25% to 100% straight line pro-rata	Between 10.5% and 12.0%
At or above 12%	100%	At or above 12.0%

2015 LTIP

EPS growth per annum (50% of each award)	Percentage of shares vesting	Average annual ROIC (50% of each award)
Less than 6%	Nil	Below 10.0%
At 6%	25%	At 10.0%
Between 6% and 12%	25% to 100% straight line pro-rata	Between 10.0% and 11.5%
At or above 12%	100%	At or above 11.5%

2015 ELTIP

The 2015 ELTIP has a ROIC hurdle of 9% and if this hurdle is met the awards will vest as set as follows:

EPS growth per annum	Percentage of shares vesting	ROIC
Less than 12%	Nil	
Between 12% and 15%	25% to 100% straight line pro-rata	9% Hurdle
At or above 15%	100%	

Deloitte LLP has audited the following items in the Directors' Remuneration Report as stipulated in the regulations:
— the directors' single total figure table and associated footnotes on page 84;
— the table of scheme interests awarded in 2015 on page 88;
— the tables of share scheme interests on page 93; and
— the table of directors' shareholdings and share interests on page 94.

The Directors' Remuneration Report was approved by the Board on 2 March 2016 and signed on its behalf by:

Susan Kilsby
Chairman of the Remuneration Committee

Part 3: Summary of Directors' Remuneration Policy

In line with the the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013, the full Directors' Remuneration Policy has not been presented in this report given that the Policy was approved at last year's AGM and it is not intended to move a similar resolution again at the 2016 AGM. However, to provide shareholders with an overview of our policy we have presented the following sections:

- Introduction
- Policy Table executive directors
- Malus and Clawback
- Levels of remuneration under the policy assuming different performance outcomes for 2016
- Recruitment and appointment policy
- Policy on payment for loss of office
- Change of control

For the purpose of the Directors' Remuneration Policy scenario charts on page 102, have been updated using levels of remuneration under the Policy for 2016.

The full Directors' Remuneration Policy, including the policy table for the Chairman and the non-executive directors together with the legacy plans, available to view in full in the 2014 Annual Report on the Company's website at www.bbaaviation.com.

Unexpired service contract information is shown above on page 91.

Introduction

This section of the report describes BBA Aviation's remuneration policy for directors.

The following key principles govern the design of the Group's remuneration and reward structures:

- relevance to BBA Aviation, the cyclicality of our businesses and the international markets in which we compete and operate;
- pay for performance, notably the effective execution of the Group strategy and delivery of exceptional, long-term sustainable value for all our shareholders and stakeholders;
- top quartile for exceptional performance and mid-market for mid-level performance;
- reward actions that support our Vision, Mission and Values;
- remuneration should be commensurate with role and responsibilities and sufficient to attract, retain and motivate high-calibre individuals with relevant experience;
- reward should be appropriate and easily understood, both internally and externally;
- for executive directors a significant element of remuneration should be aligned to long-term business performance; and
- the reward structure is compatible with our risk policies and systems and must not create environmental, social or governance risks by inadvertently motivating irresponsible behaviour.

The remuneration policy took effect following shareholder approval at the 2015 AGM. All contractual commitments or awards made which are consistent with the remuneration policy in force at the time that the commitment or award was made will be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled or awards vest. Any contractual commitments entered into or awards made before the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 came into force or before a person became a director will also be honoured. The tables below set out a clear and comprehensive summary of BBA Aviation's remuneration policy for directors and how it operates.

Policy table

	Strategic purpose	Operation	Maximum opportunity	Link to performance	Provisions for recovery of sums paid or withholding of sums
Executive directors					
Base salary	Designed to attract individuals with the skills and capabilities to oversee the execution of the Group's strategy. Set to reflect the role, the international nature of operations and the contribution, skills and experience of the individual.	Reviewed annually taking into account market conditions, business performance, personal contribution and the level of pay awards and conditions elsewhere in the Group. Market comparisons are carried out every three years and are made against organisations of comparable size, complexity, geographical spread, business focus and opportunity.	The annual percentage salary increase will not normally exceed increases for employees across the Group as a whole with comparable levels of performance, except in certain exceptional circumstances such as: — increase in scope, complexity or responsibilities of the role; — salary progression for a newly appointed director; and — market adjustment.	Salary increases are linked to individual contribution and business performance which is assessed annually by the Remuneration Committee.	No
Pension	Provides the opportunity for longer-term savings to prepare for retirement, tax efficiently where possible, to ensure arrangements are locally competitive.	Participation in a defined contribution pension plan or a cash allowance in lieu of this or a combination of the two.	Up to 25% of base salary per annum as a cash payment or employer contribution into the pension scheme.	n/a	No
Other benefits	Provided to ensure arrangements are locally competitive, are consistent with arrangements provided to other senior employees and enhance efficiency and personal welfare.	Benefits include but are not limited to a company car or allowance, private medical insurance, health and welfare benefits, life insurance, death in service benefit, annual holiday, sick pay and an annual health check. Relocation benefits may be provided in certain circumstances.	Benefits are set by the Remuneration Committee to be locally competitive, and consistent with arrangements provided to other senior employees.	n/a	No

	Strategic purpose	Operation	Maximum opportunity	Link to performance	Provisions for recovery of sums paid or withholding of sums
Annual cash bonus	Focuses on targets set over a 12-month period that are aligned to the delivery of the Group's strategic objectives and include: incentive for the achievement of Group financial objectives; and incentive for achievement of individual personal objectives.	Bonus is normally paid in March following the finalisation of the Company's year-end accounts and is based on personal and Company performance in the previous financial year. Bonus is delivered in cash.	The maximum annual cash bonus is 62.5% of salary.	The level of bonus paid each year is determined by the Remuneration Committee after the year end based on performance against target. Financial targets will normally account for not less than 70% of the potential maximum award, with personal objectives accounting for the remainder. The Committee reviews the measures, the targets and the relevant weightings on an annual basis to ensure they remain appropriately aligned with the business strategy. Examples of financial performance measures include operating profit and Group free cash flow. Examples of personal objectives include achievement of specific strategic goals or KPIs. Details of performance targets will be disclosed in the Annual Report covering the year that follows the end of the performance period subject to the Board being satisfied that they are no longer commercially sensitive.	Yes – subject to the Group's malus and clawback policy.

	Strategic purpose	Operation	Maximum opportunity	Link to performance	Provisions for recovery of sums paid or withholding of sums
Deferred stock plan	To strengthen the focus on delivering the Group's medium to long-term strategic goals and enhance the alignment between the interests of executives and shareholders. The plan provides the individuals with an economic effect equivalent to annual bonus deferral.	An award is made up of conditional shares that will be delivered based on the Company's operating profit, performance against strategic objectives and subject to continuing employment. Under the rules of the plan the Remuneration Committee may make an award in respect of dividends that would have been received on the shares once the risk of forfeiture has lifted. The Committee will operate the plan in accordance with the rules and in accordance with the principles of this remuneration policy. Awards will be made annually and will vest over a three-year period. The first awards are likely to be made in 2016.	The maximum opportunity under this plan is 72.5% of salary.	Deferred stock will be allocated from a pool. The pool will be calculated at the beginning of each year and the size of the pool will be the equivalent in value to 3.5% of the average Group operating profit over the prior three years. The value of the pool will be converted into a number of shares based on the prevailing share price. The proportion of the deferred stock pool available for allocation each year will be determined by the achievement of strategic Group objectives during the year. These objectives will be set annually by the Remuneration Committee and aligned to medium and long-term goals that support the Group's objectives and focus on shareholder value creation. The allocation of deferred stock to each individual will be based on potential and performance.	Yes – subject to the Group's malus and clawback policy.
Long-term incentive plan	Focuses executives on achievement of longer-term strategic objectives and ensures long-term alignment with shareholders' interests.	Awards of shares are made on an annual basis and vest over a three-year period. Awards will vest at 25% for the achievement of threshold performance rising on a straight line basis to 100% of the award vesting at maximum performance.	Maximum annual award is 190% of salary.	Financial performance is measured over three years and the performance measures are selected in accordance with the Group's key long-term strategic performance indicators.	Yes – subject to the Group's malus and clawback policy.

	Strategic purpose	Operation	Maximum opportunity	Link to performance	Provisions for recovery of sums paid or withholding of sums
Long-term incentive plan (continued)		There is no vesting below threshold. The Remuneration Committee will review the minimum vesting level and the weightings of performance metrics and the performance metrics themselves annually and retains the right to amend these weightings, metrics and measures as it thinks appropriate to effectively incentivise directors. In the UK, the Executive Share Option Plan (ESOP) is used to grant options that are linked to the LTIP to allow directors to take advantage of HMRC-approved share options at no marginal cost to the Company.		Performance standards (threshold and maximum) will be reviewed by the Remuneration Committee in advance of each performance cycle. Details of performance measures and targets are disclosed in the Annual Report.	
Long-term incentive plan – extended awards	Seeks to more closely align senior executives with the interests of shareholders and focus participants on creating shareholder value in line with the Group's growth aspirations by providing superior reward opportunity for delivering exceptional and stretch earnings growth above the base LTIP performance targets.	The plan is long-term in nature with performance measured over a three year period and awards vesting in years four and five normally being released at the end of the fifth year. There is no vesting below threshold performance. Threshold will be set at an appropriately challenging level of performance with at least two performance criteria.	Maximum award is 110% of base salary in any three-year period.	Financial performance is measured over three years and the performance measures are selected in accordance with the Group's key long-term strategic performance indicators. Performance standards (threshold and maximum) are reviewed in advance of each performance cycle.	Yes – subject to the Group's malus and clawback policy.
All employee equity participation plans	To encourage employees to buy shares in the Company, tax efficiently where possible.	Executive directors may participate in locally approved plans on the same basis as all eligible employees.	Subject to the relevant local tax limits.	n/a	

Notes

1 The performance measures selected for the purposes of the annual bonus plan and the long-term incentive plans are either Key Performance Indicators for the Group or are selected in order to encourage and reward directly or indirectly sustainable and long-term shareholder value creation. Performance targets are set taking into account prior year performance, annual budgets, strategic imperatives and external factors. "Threshold" performance is set taking into account the highly cyclical nature of our business and the variability of results from year to year and our dependence on flying hours. The "maximum" standard of performance is intended to be exacting and to represent a level of performance that places the Group among the best performers.
2 The elements of remuneration for executive directors are similar to those that apply to the management-banded population in the Group. Any differences that exist arise either because of market practice and/or the Remuneration Committee's assessment of business need and commercial necessity.
3 The Company also reimburses business expenses in accordance with the corporate business expenses policy which the Remuneration Committee has discretion to revise from time to time.
4 In addition to other benefits, the Remuneration Committee, where necessary, will provide support in accordance with BBA Aviation's standard approach to relocation where a director is required to relocate to fulfil their responsibilities. The primary purpose of the policy is to facilitate recruitment and relocation of key employees by protecting the individual and their family from costs arising directly from a move of residence required for business reasons. The elements of the policy include, but are not limited to, travel reimbursement of the cost of movement of household goods, housing, schooling and other reasonable costs.

Malus and clawback policy

The table below sets out the scope and circumstances under which withholding (malus) and recovery of pay (clawback) will be applied to variable pay of the executive directors. The same provisions also apply to the senior staff in Bands 1–4 (circa 100 employees).

Clawback triggers	Malus triggers
— fraud where proven personally culpable; or — gross misconduct.	— as clawback; or — material misstatement in, or adverse impact on, published accounts or financial accounts of the relevant entity; or — error in information or assessment of performance target or measures.
Time limit: Two years from vesting.	Time limit: Until the award vests.

If a trigger event does occur, the Remuneration Committee will apply the malus and/or clawback policy fairly, taking account of all relevant circumstances, including the degree of personal culpability.

See more online
www.bbaaviation.com/investors

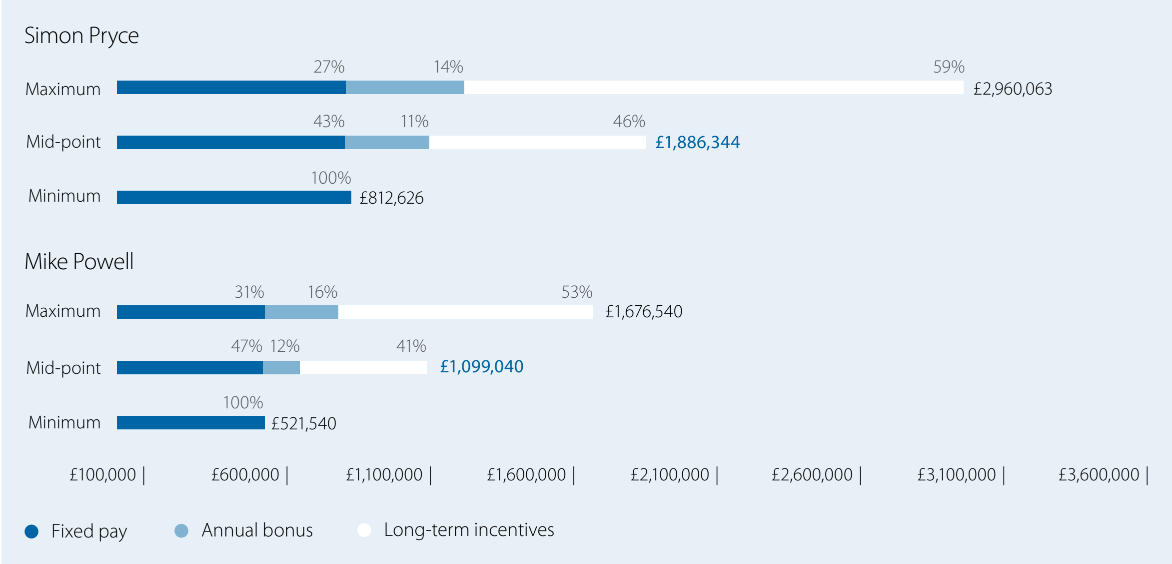
Policy table: Chairman and Non-Executive Directors – see website

Levels of remuneration under the policy assuming different performance outcomes for 2016

This information has been updated to show 2016 figures rather than those for 2015.

For "mid-point" performance the chart below shows that more than half of remuneration is performance related and more than one-third is linked to longer-term performance.

For maximum performance the chart below shows that about 70% is performance related; and over 50% is linked to longer-term performance.



For the purposes of this analysis the following assumptions have been made:
- fixed elements comprise base salary and other benefits;
- base salary and benefits and pension reflect the increases approved in December 2015 to apply in 2016:
  - for the Group Chief Executive: base salary of £660,750, benefits of £19,726 and pension of £132,150; and
  - for the Group Finance Director: base salary of £420,000, benefits of £17,540 and pension of £84,000.
- for mid-point performance, an assumption of 50% of annual bonus is applied and 50% of the LTIP and the DSP has been used. No ELTIP awards will be made in 2016;
- no share price increase has been assumed; and
- no amounts are included for any relocation or housing.

Recruitment and appointment policy

This recruitment and appointment policy will apply if any of the following are appointed to the Board:
- an external candidate;
- an internal candidate;
- a non-executive director being appointed as Chairman or to an executive role; or
- an executive director being promoted.

All of the components in the existing policy would be considered in developing an appropriate remuneration package in accordance with the principles set out on page 97 and taking into account the following additional considerations:
- a full range of factors including, but not limited to, the calibre of candidate, the level of existing remuneration, the jurisdiction the candidate is recruited from and into, and the individual's skills and experience;
- internal relativities and appropriate market comparisons;
- any awards or payments made in consideration for remuneration that may be foregone by an external candidate will generally be share-based and subject to forfeiture if the executive leaves within a set period after the appointment; and
- the value assigned to any remuneration that may be foregone will take into account factors such as the vesting period and the probability of shares vesting and will be based on objective valuation methodologies.

As far as possible, the remuneration of new directors will be set in accordance with the existing directors' remuneration policy; however, the Committee retains discretion to:
- use the current Listing Rule 9.4.2R, or any other existing share scheme operating at the relevant time if required, in order to facilitate, in unusual circumstances, the recruitment of a director but any arrangements of this kind will not in aggregate exceed 400% of salary (or any lower limit in the relevant schemes); and
- agree contract terms to reflect local market norms but will generally seek to apply the current policy in respect of contracts of employment and Corporate Governance guidelines.

Policy on payment for loss of office

In the event of termination of an executive director's contract, the Company will comply with any applicable legislative or regulatory framework and will honour contractual commitments that have been made. The Company will seek to avoid making any payment for failure.

The Company takes into account the circumstances of termination and seeks to strike an appropriate balance, considering all relevant matters, that it believes are in the best interests of shareholders.

In certain circumstances the executive directors may receive compensation on early termination of a contract which could amount to up to one year's base salary, benefits in kind and pension rights.

The contracts allow for phased payments to be made on termination and include an obligation on the former director to mitigate loss. This mechanism of phased payments allows for the amount of any phased payments to be reduced in circumstances where the former director secures a position during the period of phased payments.

A director who leaves as a result of poor personal performance will normally be treated differently than a director who leaves by reason of redundancy, retirement or ill health. The Company will not make any payments for loss of office in the event of gross misconduct.

The Remuneration Committee will operate the share schemes in accordance with their respective rules and in accordance with the principles of the remuneration policy.

The Remuneration Committee reserves the right to reach agreement with departing directors and approve additional payments in connection with the termination of a director's office or employment where such payment is in the interests of shareholders (including the settlement or compromise of any claim or threatened claim).

There is no contractual obligation to pay a bonus which has not been superseded by the bonus rules and there is no entitlement to any bonus payments if an employee is under notice given or received at the end of the applicable financial year, although it is within the discretion of the Committee to award a bonus, subject to the limits set out in the policy.

On termination, a non-executive director would normally receive their fee for the month of termination. The Chairman is entitled to six months' notice and benefits for that period if served notice by the Company.

The Company may purchase a small token leaving gift for departing directors.

The table below sets out how each component of the payment may be calculated.

Element of payment	Basis of calculation
Annual base salary	Calculated on a contractual basis.
Pension and other benefits	Calculated on a contractual basis and where the pay in lieu of notice clause is invoked, an amount up to one year's accrued benefits. The Committee also makes modest payments relating to outplacements.
Annual incentive	No bonus is paid in the case of dismissal for gross misconduct. Ordinarily, individuals are entitled to a bonus only when reasons for leaving include, but not limited to, retirement, death, ill health, redundancy, or sale of an employing entity. However the Remuneration Committee may exercise its discretion to pay a bonus depending on the exact circumstances of the termination. The bonus is not included in the calculation of any payment in lieu of notice. The bonus is calculated in accordance with the rules of the plan.
Long-term incentives	On a contractual basis and in accordance with the scheme rules. Unvested shares lapse under the LTIP and the ELTIP on termination unless it is for a permitted reason (ill health, redundancy, etc.) or the Remuneration Committee makes use of the discretion under the rules of the plan to allow the shares to vest. Any vesting is subject to the substitution of performance targets and, unless the Remuneration Committee determines otherwise, through pro-rating to reflect the date of termination, relative to the performance periods of the outstanding shares. Deferred shares under the annual bonus plan and awards under the deferred stock plan may or may not be forfeitable depending on the timing of the termination in the deferral periods. Unvested shares may be awarded on termination for a permitted reason (e.g. ill health, redundancy, etc.) or at the discretion of the Remuneration Committee and will usually be subject to appropriate pro-rating. Any matching award under the deferred bonus plan will vest subject to performance conditions and, unless the Committee determines otherwise, be pro-rated for the period served as a director during the performance period at the discretion of the Remuneration Committee. The contracts of the Group Chief Executive and the Group Finance Director preclude any right to other compensation for any loss of any share-based pay beyond the rules of the schemes.
Compensation for forfeited remuneration	Upon termination, any "buy out" awards would normally lapse. However, the Remuneration Committee does retain the discretion to decide otherwise, provided the termination is not as a result of poor performance.
Other benefits, e.g. relocation allowances, international mobility benefits and expenses	Will depend on what has been agreed on appointment, but the Remuneration Committee would not expect any or all of these elements of pay to form part of any termination arrangement but has discretion to make payments in respect of them.
All employee equity participation plans	Directors will be treated in the same manner as any other member of staff in respect of those plans.

Change of control

In the event of a change of control, the Remuneration Committee will determine the extent to which any unvested shares under all plans will vest taking into account all relevant factors including the performance criteria and the time elapsed since the date of grant. Directors will be entitled to receive their conditional shares from the deferred bonus or Deferred Stock Plan where the risk of forfeiture has lifted.

Going Concern and Viability Statement

Going Concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report on pages 1–108. The financial position of the Group, its cash flows and liquidity position are described on pages 28–31. In addition, note 16 of the Consolidated Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group's committed bank facilities comprise a $650 million multicurrency revolving credit facility dated 10 April 2014 due to expire in April 2019 and an Acquisition Financing Agreement ("AFA") put in place during the year to fund the acquisition of Landmark Aviation in conjunction with the rights issue. The AFA comprises three term debt facilities, (i) Facility A for $150 million due to mature in August 2016 (BBA Aviation can extend by 12 months at BBA Aviation's option), (ii) Facility B for $400 million due to expire in February 2019 and (iii) Facility C for $450 million due to expire in September 2020. The AFA facilities were fully drawn on 5 February 2016 upon the completion of the Landmark Aviation acquisition.

In addition, BBA Aviation plc has US private placement ("USPP") obligations of $500 million senior notes with various maturity dates between 2018 and 2026. In total the Group has debt obligations and facilities of $2,150 million and as at 31 December 2015 the Group has available $1,650 million of undrawn committed borrowing facilities. These debt obligations and facilities are subject to cross default. Further details relating to these debt arrangements are provided in notes 15 and 26 to the Consolidated Financial Statements. The bank facilities and the USPP notes are subject to two main financial covenants: maximum net debt to underlying EBITDA of 3.5 times and minimum net interest cover of 3.0 times underlying EBITDA. Following an acquisition, the Group can invoke an acquisition spike across its debt facilities whereby the net debt to EBITDA covenant will increase to 4.0 times for the next two testing periods before reverting back to the 3.5 times level. This acquisition spike can only be utilised once during the life of the bank facilities and twice during the life of the USPP notes. The Directors expect the Group to comply with these covenants for the foreseeable future.

The Group's forecasts and projections taking account of reasonably possible changes in trading performance show that the Group should be able to operate within the level of its current facilities in the foreseeable future. The principal risks and uncertainties affecting the forecasts and projections, to which the Group is exposed, relate to the number of hours of flying activity, principally in Business and General Aviation, but also to a lesser extent in commercial and military aviation. Flying hours largely dictate the drivers of revenue, namely fuel volumes in Signature, aircraft movements in ASIG, engine overhaul cycles in ERO and demand for components in Legacy Support. Further details of these risks and uncertainties are provided on pages 18–22.

The Directors have carried out a critical review of the Group's 2016 budget and medium-term plans and the budget and medium-term plans of Landmark Aviation, with due regard for the risks and uncertainties to which the Group and Landmark Aviation are exposed and the impact that these could have on trading performance. The key assumptions used in constructing the budget were that:

- In Flight Support (including Landmark Aviation), we anticipate continued strong momentum in Signature Flight Support, supported by a more sustained recovery in B&GA flying hours, as well as fixed cost reduction and further operational improvements in ASIG.
- In Aftermarket Services, Legacy Support's outlook remains solid with a strong order backlog. Engine Repair & Overhaul has now addressed the operational inefficiencies related to the footprint rationalisation programme but with a competitive market and pricing environment further opportunities to simplify the business will be taken to improve efficiency.
- In addition, our overall performance will be supported by further incremental contributions from the substantial investments made across the Group in recent years.
- Over the longer term, the underlying strengths of our market-leading businesses, the continuing improvement in their operational performance and the structural growth and consolidation in our major markets supports the Board's confidence in our ability to generate superior through-cycle returns.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Viability Statement

In accordance with provision c.2.2 of the UK Corporate Governance Code, the Directors have assessed the financial and operational position and prospects of the BBA Aviation Group, including the financial and operational position and prospects for Landmark Aviation following its acquisition on 5th February 2016. The Directors' assessment considered the three year period to December 2018. This assessment was based on the three year financial forecast for the BBA Aviation Group combined with the three year financial forecast for Landmark Aviation. The BBA Aviation Group three year financial forecast was prepared on a business by business basis alongside the BBA Aviation Group annual budget process. The Landmark Aviation three year forecast whilst not prepared by the BBA Aviation Group has been subjected to due diligence by BBA Aviation's management consistent with the requirements for a class 1 circular. Given that the markets in which Landmark Aviation operate are substantially the same as those of the BBA Aviation Group and the underlying assumptions within such forecasts are broadly aligned to those of BBA Aviation, the Directors consider it appropriate to combine the respective forecasts in forming the three year forecast for the enlarged BBA Aviation Group including Landmark Aviation.

The Directors consider the three year period to December 2018 to be the appropriate viability assessment period as it encompasses the period over which the BBA Aviation Group will complete the full integration of the transformational acquisition of Landmark Aviation during which it expects to deliver significant synergies and deleverage towards pre Landmark Aviation acquisition levels.

In making their assessments the Directors have considered the potential financial and operational impacts of plausible scenarios that could impact the three year financial forecasts for BBA Aviation and Landmark Aviation. The plausible scenarios considered are broadly aligned to the principal risks and uncertainties set out on pages 18–22. Having completed an initial risk review with senior management of Landmark Aviation during February 2016 the Directors believe the principal risks and uncertainties as set out on pages 18–22 to be equally applicable to Landmark Aviation. In their assessment of the impact of plausible scenarios on BBA Aviation and Landmark Aviation the Directors have also considered the likely effectiveness of available mitigating actions.

Based on this assessment, the Directors have a reasonable expectation that the Company and the enlarged BBA Aviation Group including Landmark Aviation will be able to continue in operation and meet its liabilities as they fall due for the three year period to December 2018.

Landmark Aviation will be fully integrated in to the BBA Aviation Group budgeting, forecasting and risk review processes from 2016.

Additional Disclosures

Group results and dividends

The results for the year ended 31 December 2015 are shown in the Consolidated Statement of Comprehensive Income on page 115.

The directors recommend the payment of a final ordinary share dividend for 2015 of 8.68¢ net per share on 20 May 2016 to shareholders on the register at the close of business on 8 April 2016, which together with the interim dividend paid on 30 October 2015 makes a total of 13.53¢ net per ordinary share for the year (2014: 16.20¢). Shareholders will receive their dividends in sterling unless they have previously elected to receive their dividends in US dollars. Shareholders who wish to receive dividends in US dollars must make the appropriate election to the Company's registrars no later than 5.30 pm on 25 April 2016. A new election is not required if shareholders have previously made a valid election to receive dividends in US dollars. Further information concerning the dividend currency election can be found on the Company's website at www.bbaaviation.com.

See more online
www.bbaaviation.com/investors

Acquisitions and disposals

Acquisitions and disposals in the year are described in note 23 to the Consolidated Financial Statements.

Events after the balance sheet date

The transaction to acquire Landmark was completed on 5 February 2016 and is described in more detail in note 26 to the Consolidated Financial Statements. There are no other disclosable events after the balance sheet date.

Market value of land and buildings

The directors are of the opinion that the market values of the Group's properties are not substantially different from the values included in the Group's Consolidated Financial Statements.

Board of Directors

The current directors of the Company at the date of this report appear on pages 68 and 69. Peter Edwards and Peter Ventress were appointed to the Board on 1 January 2016. All other directors held office throughout the financial year under review.

Directors' interests in shares

Directors' interests in shares and share options are contained in the Directors' Remuneration Report.

Directors' indemnities

The Company has entered into deeds of indemnity in favour of each of its directors, under which the Company agrees to indemnify each director against liabilities incurred by that director in respect of acts or omissions arising in the course of their office or otherwise by virtue of their office. In addition, the Company has entered into indemnity deed polls in substantially similar terms in favour of members of the Executive Management Committee and other members of senior management. Where such deeds are for the benefit of directors, they are qualifying third party indemnity provisions as defined by section 309B of the Companies Act 1985 or section 234 of the Companies Act 2006, as applicable. At the date of this report, these indemnities are therefore in force for the benefit of all the current directors of the Company and other members of senior management.

On 1 November 2007, a subsidiary of the Company, BBA Aviation Finance, entered into qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006 in favour of its directors, under which each director is indemnified against liabilities incurred by that director in respect of acts or omissions arising in the course of their office or otherwise by virtue of their office and such provisions remain in force as at the date of this report.

Employee information

The Company provides employees with various opportunities to obtain information on matters of concern to them and to improve their awareness of the financial and economic factors that affect the performance of the Company. These include "All Hands Briefing", staff forums and meetings with trade unions that take place throughout the year.

All companies within the Group strive to operate fairly at all times and this includes not permitting discrimination against any employee or applicant for employment on the basis of race, religion or belief, colour, gender, disability, national origin, age, military service, veteran status, sexual orientation or marital status. This includes giving full and fair consideration to suitable applications for employment from disabled persons and making appropriate accommodations so that if existing employees become disabled they can continue to be employed, wherever practicable, in the same job or, if this is not practicable, making every effort to find suitable alternative employment and to provide relevant training.

Agreements

Under section 992 of the Companies Act 2006, the Company discloses that in the event of a change of control in the Company: (i) The Company's commitments under the $1,650 million Acquisition Financing Agreement dated 23 September 2015 and as amended and restated on 16 November 2015, its $650 million revolving credit facility dated 10 April 2014, its $300 million private note placement dated 18 May 2011 (as amended) and its $200 million private note placement dated 17 December 2014 could become repayable; (ii) the Engine Lease Agreement dated 29 June 2009 (as amended) under which $83 million of aircraft engines have been leased to the Engine Repair & Overhaul (ERO) business could be terminated; (iii) the consent of Netjets would be required for the transfer of the benefits under its contract with Signature Flight Support; and (iv) the operating licence with London Luton Airport Operations may be terminable.

Management report

The management report required by the provisions of the Disclosure and Transparency Rules is included within the Strategic Report and has been prepared in consultation with management.

Suppliers' payment policy

The Company and Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and abide by the terms of the payment.

Share capital

Details of the Company's share capital and changes to the share capital are shown in note 20 to the Consolidated Financial Statements. That note also contains a summary of the rights attaching to each class of shares and details of the number of ordinary shares held in employee benefit trusts. Awards granted under the Company's share plans are satisfied either by shares held in the employee benefit trusts or by the issue of new shares when awards vest. The Remuneration Committee monitors the number of awards made under the various share plans and their potential impact on the relevant dilution limits recommended by the Investment Association. There is a 5% limit in respect of discretionary plans and a 10% limit in respect of all plans. Based on the Company's issued share capital as at 31 December 2015, the Company has used 1.6% towards the 5% limit and 2% towards the 10% limit.

The Company was given authority to purchase up to 14.99% of its existing ordinary share capital at the 2015 AGM.

That authority will expire at the conclusion of the AGM in 2016 unless renewed. Accordingly, a special resolution to renew the authority will be proposed at the forthcoming AGM.

The existing authority for directors to allot ordinary shares will expire at the conclusion of the 2016 AGM. Accordingly, an ordinary resolution to renew this authority will be proposed at the forthcoming AGM. In addition, it will be proposed to give the directors further authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders. This is in line with guidance issued by the Investment Association. If the directors were to use such further authority in the year following the 2016 AGM, all directors wishing to remain in office would stand for re-election at the 2017 AGM.

Details of these resolutions are included with the Notice of AGM.

Resolutions at the Annual General Meeting

The Company's AGM will be held on 6 May 2016. Accompanying this report is the Notice of AGM which sets out the resolutions to be considered and approved at the meeting together with some explanatory notes. The resolutions cover such routine matters as the renewal of authority to allot shares (referred to earlier), to disapply pre-emption rights and to purchase own shares.

Substantial shareholdings

The Company has been notified, as at 2 March 2016, of the following material interests in the voting rights of the Company under the provisions of the Disclosure and Transparency Rules:

	%
William H. Gates III	14.19
Aviva plc and its subsidiaries	7.44
APG Asset Management NV	5.17
12 West Capital Management LP	5.01
Aberdeen Asset Managers Limited	4.99
Royal London Asset Management Limited	4.04

Charitable and political donations

Group donations to charities worldwide were $675,000 (2014: $379,000). No donations were made to any political party in either year.

Auditor

As required by section 418 of the Companies Act 2006, each of the directors, at the date of the approval of this report, confirms that:

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

Words and phrases used in this confirmation should be interpreted in accordance with section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as auditor of the Company will be proposed at the AGM.

Greenhouse gas emissions

The greenhouse gas emissions are disclosed on page 65.

Financial Risk Management

Financial Risk Management is discussed on pages 30 and 31.

The Directors' Report was approved by the Board on 2 March 2016 and signed on its behalf by:

Iain Simm
Group General Counsel and Company Secretary

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Article 4 of the International Accounting Standards (IAS) Regulation and have elected to prepare the parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:
— properly select and apply accounting policies;
— present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
— provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
— make an assessment of the Company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that, to the best of our knowledge:
— the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
— the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
— the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 2 March 2016 and is signed on its behalf by:

By Order of the Board

Simon Pryce
Group Chief Executive
2 March 2016

Mike Powell
Group Financial Director
2 March 2016

Independent Auditor's Report to the members of BBA Aviation plc

Opinion on financial statements of BBA Aviation plc

In our opinion:

— the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
— the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
— the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the related notes 1 to 26 and the Group Accounting Policies. The financial statements also comprise the Parent Company Balance Sheet, Parent Company Statement of Changes in Equity, related notes 1 to 14 and the Parent Company Accounting Policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable to law and IFRS as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

Going concern

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting and the directors' statement on the longer-term viability of the group contained within the Directors' report on page 105.

We have nothing material to add or draw attention to in relation to:

— the directors' confirmation on page 105 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
— the disclosures on pages 21–22 that describe those risks and explain how they are being managed or mitigated;
— the directors' statement on page 105 about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
— the director's explanation on page 105 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

The description of risks should be read in conjunction with the significant issues considered by the Audit and Risk Committee discussed on pages 75–76. The risks included are consistent with those in the prior period, with the exception of the prior year risk around restructuring activities which has been broadened to the presentation of earnings in the current year.

Risk	Nature of risk	Audit response
Carrying value of inventory	As detailed within the critical accounting judgements and key sources of estimation uncertainty on page 124, management judgement is required to establish that the carrying value of inventory across the Aftermarket Services businesses of $209.6 million (2014: $189.0 million) is appropriate, in particular in relation to determining the appropriate level of inventory provisioning against surplus and obsolete items. The judgement reflects the nature of the Group's Aftermarket Services operations which means that inventory must be held to support aircraft which have an operating cycle of up to 40 years, resulting in inventory which can be held for extended periods of time before utilisation. Further details of inventory balances are shown in note 11 of the Group's financial statements.	Our audit procedures included testing of the inventory provisions held in the Aftermarket Services businesses by understanding and challenging the key assumptions used to determine the appropriate carrying value of inventories. Specifically, we assessed whether: — management's controls relating to the estimation of the inventory provisions are appropriately designed and implemented; — the estimates of remaining lives and usage profiles of the engine and aircraft platforms are consistent with industry projections and the view of operational experts within the business; and — where the expected future usage of inventory is based on past experience, this has been reasonably estimated. Furthermore, we recalculated the expected provision based on the above key assumptions to assess the mathematical accuracy of the calculation.
Revenue recognition	Revenue recognised in the Engine Repair and Overhaul businesses of $619.2 million (2014: $583.4 million), as stated within the accounting policies to the Group's financial statements, requires significant management judgement associated with amounts recorded at year-end on a percentage of completion basis for engine overhauls. Due to the complex nature of the arrangements in place, there is also significant judgement associated with the revenue recognised on, and the operating lease classification of, the sale of certain engines which are subject to leaseback arrangements.	We considered whether management's controls relating to the key percentage of completion estimates are properly designed and implemented. We assessed the estimates applied within the percentage of completion calculation by verifying the engine overhaul costs incurred for work undertaken at the year end and challenging the estimated costs to completion. In assessing the estimated costs to completion, we considered the historical accuracy of management's forecasts for the cost of engine overhauls and made enquiries of technical staff responsible for the engine overhaul process. In relation to the sale and leaseback arrangements, we challenged the lease classification by reviewing the terms of the leases and interacting with a third-party valuation expert to confirm that both the balance of risks and rewards between the lessor and the lessee were in accordance with accounting guidance. Additionally, by referring to third-party valuation reports we confirmed that the new lease transactions had been entered into at fair value and so it is appropriate to recognise the profit arising on the sale.

Risk	Nature of risk	Audit response
Taxation	The Group operates across a number of tax jurisdictions and undertakes a high level of cross-border transactions, which results in complex income tax arrangements. As detailed within the critical accounting judgements and key sources of estimation uncertainty on page 124, management judgement is required particularly regarding the accounting for uncertain tax positions and the recognition of deferred tax assets. Further details of the income tax charge for the year and deferred tax balances are included in notes 4 and 19 respectively in the Group's financial statements.	Our audit work considered the appropriateness of management's judgement in relation to the level of corporate income tax provisions through: — challenging the adequacy and appropriateness of key assumptions and judgements underpinning the corporate income tax provision (including uncertain tax positions); — reviewing third-party evidence, including the status of discussions and communications with the relevant tax authorities; and — using our taxation audit specialists within material locations where local tax knowledge was required. In addition, we challenged the appropriateness of management's assumptions and estimates in relation to generating future taxable profits to support the recognition of net deferred tax assets and consistency with other judgements made on the basis of future expected cash flows.
Presentation of earnings	Management present earnings in a columnar format, separating out those items considered as exceptional from underlying earnings. Total exceptional and other items contributed to a charge of \$61.2 million (2014: credit of \$17.7 million). As detailed within note 2 to the Group's financial statements, management has defined exceptional items as items which are material or non-recurring in nature and also include costs relating to acquisitions and disposals and amortisation of acquired intangibles. Management judgement is required in relation to the identification, measurement and disclosure of exceptional items to ensure clarity in the presentation of the Group's financial performance.	We have challenged the assumptions made to identify those items classified as exceptional. To ensure consistency with the Group's policy on exceptional items and for clarity in the presentation of the Group's financial performance, our audit work has included: — obtaining supporting documentation, such as invoices, legal correspondence and severance contracts, for the measurement of such costs included within exceptional items; — understanding and challenging management's rationale for including such costs within exceptional items; — understanding and challenging management's rationale for those items included in underlying profit which may be considered non-recurring in nature; and — for both exceptional items and non-recurring items included in underlying profit, challenging management on the sufficiency of disclosures included in the notes to the financial statements.
Goodwill impairment	Goodwill of \$889.6 million (2014: \$897.9 million) is reviewed annually for impairment using a value in use basis. The Group's assessment of the carrying value of goodwill requires significant management judgement, as described in note 8 to the Group's financial statements and within the critical accounting judgements and key sources of estimation uncertainty on page 124; specifically in relation to the forecast cash flows, future growth rates and the discount rates applied.	Our audit procedures included challenging the key assumptions used in management's impairment model, including the forecast future cash flows, growth rates applied in the medium and long term and the risk-adjusted discount rates. In performing our audit procedures, we used internal valuation specialists to assess the discount rate applied by benchmarking against independent data. We reviewed the historical financial performance of the business units compared with the original forecasts to evaluate the accuracy of management's budgeting process. Furthermore, we benchmarked projected growth rates to external macroeconomic and market outlook, taking the results of both these into account. We also evaluated management's assessment of the sensitivity of the Group's impairment model to reasonably possible changes and considered the associated disclosures provided by the Group in relation to its impairment review.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be $8.5 million (2014: $8.6 million). This equates to approximately 5% (2014: 5%) of underlying profit before tax and less than 0.3% (2014: 0.3%) of total assets. Underlying profit before tax, which excludes exceptional items, is utilised for the materiality determination because we consider underlying profit before tax to be a key driver of the business and one that eliminates potential volatility which may be caused by such exceptional items.

We agreed with the Audit and Risk Committee that we would report to them all audit differences in excess of $170,000 (2014: $170,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment:

- we focused our Group audit scope on 11 operating locations (2014: 11 locations), with no changes noted on the operating locations audited in the current year;
- six of these locations (2014: six) were subsidiaries subject to a full scope audit for the year ended 31 December 2015 in accordance with statutory reporting requirements in the UK and Europe;
- two (2014: two) were subject to specific audit procedures, focused on the significant audit risk areas;
- the remaining three (2014: three) operating locations were the Group's significant US businesses for which full scope audits were completed; and
- these 11 locations represent the principal operating locations of the Group and account for 97% (2014: 97%) of the Group's revenue and 84% (2014: 85%) of the Group's total assets.

Audits of these locations are performed at materiality levels determined by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned. Materiality for each location was set no higher than 65% of group materiality (2014: 68%).

At the Parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team continued to follow a programme of planned visits that has been designed so that a senior member of the group audit team visits each of the locations where the group audit scope was focused. In years when we do not visit a significant component we will include the component audit partner in our team briefing, discuss their risk assessment, and review documentation of the findings from their work.

For each of the businesses included within the programme of planned visits, the Group audit team discusses audit findings with the relevant component audit team throughout the audit engagement and reviews relevant audit working papers.

For the remaining locations which are not visited, a full scope audit was completed as a result of a statutory audit requirement. This unit was not visited as it was not assessed to be financially significant to the Group.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if, in our opinion, certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit and Risk Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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

Scope of the audit of the financial statements

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

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

2 March 2016

Consolidated Income Statement

		2015			Restated 2014		
For the year ended 31 December	Notes	Underlying[1] $m	Exceptional and other items $m	Total $m	Underlying[1] $m	Exceptional and other items $m	Total $m
Revenue	1	2,129.8	–	2,129.8	2,289.8	–	2,289.8
Cost of sales		(1,733.5)	–	(1,733.5)	(1,863.7)	–	(1,863.7)
Gross profit		396.3	–	396.3	426.1	–	426.1
Distribution costs		(35.0)	–	(35.0)	(36.8)	–	(36.8)
Administrative expenses		(178.3)	(11.7)	(190.0)	(192.1)	(11.1)	(203.2)
Other operating income		9.4	–	9.4	2.1	–	2.1
Share of profit of associates and joint ventures	10	9.6	–	9.6	2.4	–	2.4
Other operating expenses		–	(44.4)	(44.4)	(0.5)	(22.2)	(22.7)
Restructuring costs		–	(15.1)	(15.1)	–	(13.8)	(13.8)
Operating profit/(loss)	1, 2	202.0	(71.2)	130.8	201.2	(47.1)	154.1
Gain on disposal of businesses		–	–	–	–	27.1	27.1
Investment income	3	3.1	0.4	3.5	3.8	–	3.8
Finance costs	3	(35.1)	(3.9)	(39.0)	(32.6)	–	(32.6)
Profit/(loss) before tax		170.0	(74.7)	95.3	172.4	(20.0)	152.4
Tax	4	(25.7)	13.5	(12.2)	(27.6)	37.7	10.1
Profit/(loss) for the year		144.3	(61.2)	83.1	144.8	17.7	162.5
Attributable to:							
Equity holders of BBA Aviation plc		144.4	(61.2)	83.2	145.1	17.7	162.8
Non-controlling interest		(0.1)	–	(0.1)	(0.3)	–	(0.3)
		144.3	(61.2)	83.1	144.8	17.7	162.5

Earnings per share		Adjusted[1]	Unadjusted	Adjusted[1] (Restated)	Unadjusted (Restated)
Basic	6	20.1¢	11.6¢	21.9¢	24.6¢
Diluted	6	20.0¢	11.5¢	21.8¢	24.4¢
Adjusted historical earnings per share[2]					
Basic	6	30.9¢		30.7¢	

1 Underlying profit is before exceptional and other items. Exceptional and other items are defined in note 2.
2 Adjusted historic earnings per share is an additional measure with the weighted average number of shares adjusted for the impact of the rights issue, for further explanation see note 6.

Consolidated Statement of Comprehensive Income

For the year ended 31 December	2015 $m	2014 $m
Profit for the period	83.1	162.5
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses) on defined benefit pension schemes	7.6	(37.7)
Change in pension asset under IFRIC 14	–	24.6
Tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss	(1.7)	4.0
	5.9	(9.1)
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	20.8	29.2
Losses on net investment hedges	(35.4)	(57.3)
Transfer of the revaluation reserve to retained earnings on the disposal of property	(5.9)	–
Fair value movements in foreign exchange cash flow hedges	0.5	(9.8)
Transfer (from)/to profit or loss from other comprehensive income on foreign exchange cash flow hedges	(1.1)	4.5
Fair value movement in interest rate cash flow hedges	(2.6)	(4.8)
Transfer to profit or loss from other comprehensive income on interest rate cash flow hedges	3.7	3.5
Tax relating to components of other comprehensive income that may be subsequently reclassified to profit or loss	0.1	3.3
	(19.9)	(31.4)
Other comprehensive loss for the year	(14.0)	(40.5)
Total comprehensive income for the year	69.1	122.0
Attributable to:		
Equity holders of BBA Aviation plc	68.7	122.3
Non-controlling interests	0.4	(0.3)
	69.1	122.0

Consolidated Balance Sheet

As at 31 December	Notes	2015 $m	Restated 2014 $m
Non-current assets			
Goodwill	8	889.6	897.9
Other intangible assets	8	266.2	253.7
Property, plant and equipment	9	645.0	635.9
Interests in associates and joint ventures	10	12.0	7.4
Trade and other receivables	12	22.1	22.1
Deferred tax asset	19	8.2	16.5
		1,843.1	1,833.5
Current assets			
Inventories	11	221.3	204.3
Trade and other receivables	12	341.7	385.3
Cash and cash equivalents	12	966.4	166.3
Tax recoverable		2.0	6.5
		1,531.4	762.4
Total assets	1	3,374.5	2,595.9
Current liabilities			
Trade and other payables	13	(439.4)	(464.0)
Tax liabilities		(39.5)	(38.3)
Borrowings	15	(12.3)	(20.4)
Provisions	17	(27.0)	(16.3)
		(518.2)	(539.0)
Net current assets		1,013.2	223.4
Non-current liabilities			
Borrowings	15	(511.1)	(778.4)
Trade and other payables due after one year	13	(23.1)	(21.4)
Pensions and other post-retirement benefits	18	(40.1)	(62.2)
Deferred tax liabilities	19	(83.1)	(86.6)
Provisions	17	(30.5)	(29.3)
		(687.9)	(977.9)
Total liabilities	1	(1,206.1)	(1,516.9)
Net assets		2,168.4	1,079.0
Equity			
Share capital	20	508.5	252.3
Share premium account	20	1,594.4	733.1
Other reserves	20	1.0	6.9
Treasury reserve	20	(90.0)	(71.9)
Capital reserve	20	38.1	41.6
Hedging and translation reserves	20	(87.0)	(72.4)
Retained earnings	20	208.2	194.4
Equity attributable to equity holders of BBA Aviation plc		2,173.2	1,084.0
Non-controlling interest		(4.8)	(5.0)
Total equity		2,168.4	1,079.0

These financial statements were approved by the Board of Directors on 2 March 2016 and signed on its behalf by:

Simon Pryce
Group Chief Executive

Mike Powell
Group Finance Director

Consolidated Cash Flow Statement

For the year ended 31 December	Notes	2015 $m	2014 $m
Operating activities			
Net cash flow from operating activities	22	188.4	187.7
Investing activities			
Interest received		11.7	4.3
Dividends received from associates		3.4	1.0
Purchase of property, plant and equipment		(81.8)	(85.8)
Purchase of intangible assets†		(22.4)	(53.2)
Proceeds from disposal of property, plant and equipment		16.7	0.4
Acquisition of subsidiaries net of cash/(debt) acquired	23	(19.4)	(138.5)
Proceeds from disposal of subsidiaries and associates		–	125.3
Investment in associates		–	(0.1)
Net cash outflow from investing activities		(91.8)	(146.6)
Financing activities			
Interest paid		(41.1)	(25.8)
Dividends paid		(76.6)	(74.2)
Gains from realised foreign exchange contracts		2.4	2.0
Proceeds from issue of ordinary shares net of issue costs		1,117.5	0.6
Purchase of own shares††		(22.0)	(76.6)
(Decrease)/increase in loans		(267.4)	133.5
Decrease in finance leases		–	(1.4)
(Decrease)/increase in overdrafts		(8.0)	6.7
Net cash inflow/(outflow) from financing activities		704.8	(35.2)
Increase in cash and cash equivalents		801.4	5.9
Cash and cash equivalents at beginning of year		166.3	165.0
Exchange adjustments		(1.3)	(4.6)
Cash and cash equivalents at end of year	12, 16	966.4	166.3
Net debt at beginning of year		(619.2)	(478.5)
Increase in cash and cash equivalents		801.4	5.9
Decrease/(increase) in loans		267.4	(133.5)
Decrease in finance leases		–	1.4
Decrease/(increase) in overdrafts		8.0	(6.7)
Exchange adjustments		(1.1)	(7.8)
Net debt at end of year†††		456.5	(619.2)

† Purchase of intangible assets includes $13.5 million (2014: $22.6 million) paid in relation to Ontic licences.
†† Purchase of shares includes the share purchases for the share buy-back scheme, shares purchased for the Employee Benefit Trust and shares purchased for employees to settle their tax liabilities as part of the share schemes.
††† Within the Group's definition of net debt, the US private placement is included at its face value of $500 million, reflecting the fact that the liabilities will be in place until maturity. This is $13.5 million (2014: $13.3 million) lower than its carrying value.

Consolidated Statement of Changes in Equity

	Share capital $m	Share premium $m	Retained earnings $m	Other reserves $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 1 January 2014	251.8	733.0	121.2	(7.3)	1,098.7	(4.7)	1,094.0
Profit for the year	–	–	162.8	–	162.8	(0.3)	162.5
Other comprehensive loss for the year	–	–	(5.8)	(34.7)	(40.5)	–	(40.5)
Total comprehensive income for the year	–	–	157.0	(34.7)	122.3	(0.3)	122.0
Dividends	–	–	(74.2)	–	(74.2)	–	(74.2)
Issue of share capital	0.5	0.1	–	–	0.6	–	0.6
Movement on treasury reserve	–	–	–	(72.0)	(72.0)	–	(72.0)
Credit to equity for equity-settled share-based payments	–	–	–	7.5	7.5	–	7.5
Tax on share-based payment transactions	–	–	1.1	–	1.1	–	1.1
Transfer to retained earnings	–	–	(10.7)	10.7	–	–	–
Balance at 1 January 2015	252.3	733.1	194.4	(95.8)	1,084.0	(5.0)	1,079.0
Profit for the year	–	–	83.2	–	83.2	(0.1)	83.1
Other comprehensive loss for the year	–	–	6.0	(20.5)	(14.5)	0.5	(14.0)
Total comprehensive income for the year	–	–	89.2	(20.5)	68.7	0.4	69.1
Dividends	–	–	(76.6)	–	(76.6)	–	(76.6)
Issue of share capital	256.2	861.3	–	–	1,117.5	–	1,117.5
Movement on treasury reserve	–	–	–	(21.9)	(21.9)	–	(21.9)
Credit to equity for equity-settled share-based payments	–	–	–	2.8	2.8	–	2.8
Changes in minority shareholdings	–	–	–	–	–	(0.2)	(0.2)
Tax on share-based payment transactions	–	–	(1.3)	–	(1.3)	–	(1.3)
Transfer to retained earnings	–	–	2.5	(2.5)	–	–	–
Balance at 31 December 2015	508.5	1,594.4	208.2	(137.9)	2,173.2	(4.8)	2,168.4

Accounting Policies of the Group

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU) and therefore comply with Article 4 of the EU International Accounting Standards (IAS) Regulation and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared using the historical cost convention adjusted for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below. These policies have been consistently applied with the prior year except where noted.

Presentational re-classifications

There has been a re-classification of $17.8 million between cost of sales and administrative expenses in the prior period to improve consistency of treatment within cost of sales.

There has been a re-classification of $8.3 million between non-current liabilities and current liabilities in the prior year end to improve consistency of treatment between current and non-current liabilities. The 2014 comparatives in note 13 have been restated to account for these changes.

There has been a re-classification between current payables and current or non-current provisions in both the current and prior year end to improve consistency of treatment of provisions. The re-classification moved $25.9 million of current trade and other payables to provisions split $9.5 million and $16.4 million between current and non-current respectively. The 2014 comparatives in notes 13 and 17 have been restated to account for these changes.

There has been a restatement of employee and key management personnel costs as presented in note 7 and 25, respectively, to include all elements of remuneration on a consistent basis.

New financial reporting requirements

A number of EU-endorsed amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2015 and have been applied in preparing the Consolidated Financial Statements of the Group. There is no impact on the Group Consolidated Financial Statements from applying these standards.

Financial reporting standards applicable for future financial periods

A number of EU-endorsed standards and amendments to existing standards and interpretations, which are described below, are effective for annual periods beginning on or after 1 January 2016 and have not been applied in preparing the Consolidated Financial Statements of the Group.

In addition to the above, IFRS 9: Financial Instruments (IFRS 9) and IFRS 15: Revenue from contracts with customers (IFRS 15) have been issued but not yet been endorsed by the EU. Therefore, the date from which they become effective is not yet known. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 15 addresses recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue. The Group is yet to assess the impact of IFRS 9 and IFRS 15 on the Consolidated Financial Statements.

The IASB released IFRS 16: Leases on 13 January 2016. The expected date for adoption into EU-IFRS has not yet been set. Given the proximity to year end, management have not yet formally assessed the impact of the final standard on the Group's financial statements. However, we note that the Group has substantial operating lease commitments as disclosed in note 14.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company, BBA Aviation plc, and its subsidiary undertakings under the acquisition method of accounting.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. In the period the Group has reclassified its 10% investment in Hong Kong Business Aviation Centre from a financial instrument to an associate to more accurately reflect its level of influence. This resulted in the recognition of $5.2 million of operating profit during the year which relates to prior periods.

Goodwill on acquisitions represents the excess of the fair value of the consideration paid, the non-controlling interest, and the fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets, liabilities and contingent liabilities acquired. Where goodwill can only be determined on a provisional basis for a financial year, adjustments may be made to this balance for up to 12 months from the date of acquisition. Goodwill is capitalised and presented as part of intangible assets in the Consolidated Balance Sheet. Goodwill is stated at cost less accumulated impairment losses and is tested for impairment on an annual basis.

Associated undertakings are those investments other than subsidiary undertakings where the Group is in a position to exercise a significant influence, typically through participation in the financial and operating policy decisions of the investee. Joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Consolidated Financial Statements include the Group's share of the post-acquisition reserves of all such companies less provision for impairment.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the directors' statement of going concern on page 105 of the Directors' Report.

Accounting Policies of the Group – continued

Business combinations

On the acquisition of a business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable separable assets, liabilities and contingent liabilities acquired. Where the fair values of the total consideration, both paid and deferred, is different to the fair value of the identifiable separable assets, liabilities and contingent liabilities acquired, the difference is treated as purchased goodwill or a bargain purchase gain and recognised in the income statement. Acquisition-related costs are generally recognised in profit or loss as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39 Financial Instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Foreign currencies

Transactions in foreign currencies are translated into the entity's functional currency at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is recognised in the Income Statement.

The income statements of operations of which the functional currency is other than the US dollar are translated into US dollars at the average exchange rate for the year. The balance sheets of these operations, including associated goodwill, are translated into US dollars at the exchange rates ruling at the balance sheet date. All exchange differences arising on consolidation are recognised initially in other comprehensive income and only in the Income Statement in the period in which the entity is eventually disposed of.

All other translation differences are taken to the Income Statement, with the exception of differences on foreign currency borrowing and derivative instruments to the extent that they are used to provide a hedge against the Group's equity investments in overseas operations. These translation differences are recognised in other comprehensive income, together with the exchange difference on the net investment in those operations.

Goodwill and intangible assets arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate of exchange.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services provided by the Group excluding inter-company transactions, sales by associated undertakings and sales taxes.

Within the Engine Repair & Overhaul business, turnover and associated profit on engine overhauls are recognised on a percentage of completion basis once the terms of the contract have been agreed with the customer and the ultimate profitability of the contract can be determined with reasonable certainty. The percentage of completion is generally based on hours incurred compared with management's best estimate of the total hours of production. Within the Engine Repair & Overhaul business, revenue and associated profit are recognised on engine sales. Where the engine sold is subsequently leased back, the revenue and profit are only recognised where the lease can be categorised as an operating lease.

Operating profit

Operating profit is stated after charging exceptional items and after the share of results of associates and joint ventures but before investment income and finance costs.

Exceptional and other items are items which are material or non-recurring in nature, and also include costs relating to acquisitions, disposals, and amortisation of acquired intangibles. Underlying operating profit is the Group's key non-GAAP measure and directors consider that this gives a useful indication of underlying performance. It is calculated as operating profit before exceptional and other items (see note 2).

Research and development expenditure

Research expenditure is charged against income in the year in which it is incurred. An internally generated intangible asset arising from the Group's development expenditure is recognised only if the asset can be separately identifiable, it is probable that the asset will generate future economic benefits and the development costs of the asset can be measured reliably.

Intangible assets

Licences and contracts, other than manufacturing licences within the Legacy Support business, that are acquired separately are stated at cost less accumulated amortisation and impairment. Amortisation is provided for on a straight-line basis over the useful life of the asset. The Legacy Support business acquires licences from Original Equipment Manufacturers (OEMs) to become the alternate OEM for that product. The useful life is based on the underlying contract where that is a determinable period. Where the useful life is indeterminable, a lifespan of 20 years is typically used. An annual review is performed to assess the licence's remaining useful life against the vitality of the underlying platform.

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is provided on the cost of software and is calculated on a straight line basis over the useful life of the software.

Intangible assets, other than goodwill, arising on acquisitions are capitalised at fair value. An intangible asset will be recognised as long as the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably. Amortisation is provided on the fair value of the asset and is calculated on a straight-line basis over its useful life, which typically is the term of the licence or contract.

Property, plant and equipment

Property, plant and equipment is stated in the Balance Sheet at cost less accumulated depreciation and provision for impairments. Depreciation is provided on the cost of property, plant and equipment less estimated residual value and is calculated on a straight-line basis over the following estimated useful lives of the assets:

Land	Not depreciated
Freehold buildings	40 years maximum
Leasehold buildings	Shorter of useful life or lease term
Fixtures and equipment (including essential commissioning costs)	3–18 years

Tooling, vehicles, computer and office equipment are categorised within fixtures and equipment.

Finance costs which are directly attributable to the construction of major items of property, plant and equipment are capitalised as part of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Impairment of goodwill, intangible assets and property, plant and equipment

At each balance sheet date, the Group reviews the carrying value of its intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. The risks specific to the asset are reflected as an adjustment to the future estimated cash flows.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately. Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

Inventories

Inventory is stated at the lower of cost and net realisable value. Cost comprises the cost of raw materials and an appropriate proportion of labour and overheads in the case of work in progress and finished goods. Cost is calculated using the first-in first-out method in the Flight Support segment, and weighted average method in the Aftermarket Services segment. Provision is made for slow-moving or obsolete inventory as appropriate.

Derivative financial instruments and hedge accounting

Derivative financial instruments utilised by the Group comprise interest rate swaps, cross-currency swaps and foreign exchange contracts. All such instruments are used for hedging purposes to manage the risk profile of an underlying exposure of the Group in line with the Group's risk management policies.
All derivative instruments are recorded on the Balance Sheet at fair value. Recognition of gains or losses on derivative instruments depends on whether the instrument is designated as a hedge and the type of exposure it is designed to hedge.

The effective portion of gains or losses on cash flow hedges is recognised in other comprehensive income until the impact from the hedged item is recognised in the Income Statement. The ineffective portion of such gains and losses is recognised immediately within other gains and losses in the Income Statement.

Accounting Policies of the Group – continued

Hedges of net investments in non-US dollar territories are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately, and is included within operating profit. Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss on disposal of the foreign operation.

Changes in the fair value of the foreign exchange contracts classified as fair value through profit or loss (FVTPL) and those that do not qualify for hedge accounting are recognised within operating profit in the Income Statement as they arise. Changes in the fair value of interest rate swaps classified as FVTPL are charged to net interest within the Income Statement.

Other financial instruments

Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are accounted for at the trade date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deemed deposits, and other short-term highly liquid investments with original maturities of three months or less which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables excluding derivative assets do not carry any interest and are stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities and equity instruments

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

Borrowings

Interest-bearing loans and overdrafts are initially recorded at fair value, which equates to proceeds less direct issue costs at inception. Subsequent to initial recognition, borrowings are measured at amortised cost, using the effective interest rate method, except where they are identified as a hedged item in a fair value hedge. Any difference between the proceeds, net of transaction costs, and the amount due on settlement is recognised in the Income Statement over the term of the borrowings.

Trade and other payables

Trade payables, excluding derivative liabilities, are not interest bearing and are stated at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Available for sale financial assets

Available for sale (AFS) financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The Group holds investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 16. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Leases

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

Assets obtained under finance leases are capitalised within property, plant and equipment and the capitalisation values written off on a straight-line basis over the shorter of the period of the lease or the useful economic life of the asset. Obligations to the lessors relating to finance leases, net of finance charges in respect of future periods are recorded as liabilities. The interest element of the obligation is allocated over the lease term to produce a constant rate of interest on the outstanding capital payments.

Operating leases are not recognised in the Group's Balance Sheet. The rental payments are charged to the Income Statement on a straight-line basis over the life of the lease.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle that obligation and the obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation atthe balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

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

Insurance

Provisions are recognised for self-insured risks as the cover is provided. The provisions cover both known claims and claims incurred but not reported. Provisions are made for the associated costs based on an assessment of the specific risk or expected claims development for risks that are incurred but not reported. The estimates of current and ultimate risk exposure are made with the aid of an actuary or other suitably qualified third party.

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, and comprises those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Warranties provisions are recognised when the associated products or services are sold. Provisions are made for the associated costs based on an assessment of future claims made with reference to past experience.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Post-retirement benefits

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

For defined benefit retirement benefit schemes, the cost is determined using the projected unit credit method, with valuations under IAS 19 (revised) being carried out annually as at 31 December. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside of profit or loss and presented in the Statement of Comprehensive Income.

The service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. Any past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The interest cost on the net defined benefit deficit is included within finance costs.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs, and reduced by the fair value of scheme assets. Any asset resulting from this calculation is only recognised to the extent that it is recoverable.

Defined benefit scheme contributions are determined by valuations undertaken by independent qualified actuaries.

Share-based payments

The Group operates a number of cash and equity-settled share-based compensation plans. The fair value of the compensation is recognised in the Income Statement as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted and calculated using the valuation technique most appropriate to each type of award. These include Black–Scholes calculations and Monte Carlo simulations. For cash-settled options, the fair value of the option is revisited at each balance sheet date. For both cash and equity-settled options, the Group revises its estimates of the number of options that are expected to become exercisable at each balance sheet date.

Taxation

The charge for taxation is based on the profit for the year and comprises current and deferred taxation. Current tax is calculated at tax rates which have been enacted or substantively enacted as at the balance sheet date.

Deferred taxation takes into account taxation deferred due to temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is accounted for using the balance sheet liability method and is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit.

No provision is made for temporary differences on unremitted earnings of foreign subsidiaries, joint ventures or associates where the Group has control and the reversal of the temporary difference is not foreseeable.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates which have been enacted or substantively enacted at the balance sheet date and that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited to the Statement of Comprehensive Income, in which case the deferred tax is also dealt with in the Statement of Comprehensive Income.

Assets and associated liabilities classified as held for sale

Assets classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell. Assets are classified as held for sale if their net carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year of the date of classification. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Accounting Policies of the Group – continued

Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The judgements used by management in the application of the Group's accounting policies in respect of these key areas of estimation are considered to be the most significant.

Revenue recognition

In applying the Group's accounting policy on revenue recognition, the Group exercises judgement in respect of the percentage of completion of engines being overhauled and the categorisation of leases as being operating leases on engine sales when the engines are subsequently leased back.

Impairment of goodwill, intangible assets, and property, plant and equipment

Determining whether goodwill, intangible assets or property, plant and equipment are impaired requires an estimation of the value in use or the recoverable amount of the cash-generating units to which the goodwill has been allocated or the individual assets. The value-in-use calculation requires the entity to estimate future cash flows expected to arise from the cash-generating unit or asset and a suitable discount rate in order to calculate present value. The carrying amounts of goodwill, intangible assets, and property, plant and equipment at the balance sheet date were $889.6 million (2014: $897.9 million), $266.2 million (2014: $253.7 million) and $645.0 million (2014: $635.9 million) respectively. Details regarding the carrying value of goodwill, intangible assets, and property, plant and equipment and assumptions used in performing the impairment reviews are provided in notes 8 and 9.

Inventories

As at 31 December 2015, the Group had $221.3 million (2014: $204.3 million) of inventories on its Balance Sheet, of which $209.6 million (2014: $189.0 million) relates to the Aftermarket Services division. Judgement is necessary in assessing the excess and obsolete inventory provision required which is based upon an estimate of future usage. Key to the estimation of this provision is an assessment of the remaining lives of the engine platforms, the estimated frequency of overhauls, the expected future usage of inventory based upon past experience and the level of write-offs in previous years. Details of inventories are provided in note 11.

Provisions

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see note 17). Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Pensions and other post-retirement benefits

Determining the defined benefit obligation and the income statement charge in respect of pensions and other post-retirement benefit schemes requires an estimation of certain assumptions which include the discount rate, inflation rate, mortality, length of service and application of IFRIC 14. These assumptions are determined having taken advice from qualified actuaries. The net pension liability related to defined benefit type schemes at the balance sheet date was $40.1 million (2014: $62.2 million). Details regarding the carrying value and assumptions used in arriving at the carrying values are provided in note 18.

Taxation

As part of the process for preparing the Group's financial statements, management is required to calculate income tax accruals. This process involves estimating the current tax exposures together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the Balance Sheet.

As at 31 December 2015, the Group had a corporate tax liability of $39.5 million (2014: $38.3 million). While the Group aims to ensure the accruals for its tax liabilities are accurate, the process of agreeing tax liabilities with the relevant tax authorities can take several years. Management judgement is therefore required in determining the provision for income tax and the recognition of deferred tax assets and liabilities; however, the actual tax liabilities could differ from the amounts accrued. As at 31 December 2015, the Group had a net deferred tax liability of $74.9 million (2014: $70.1 million).

The Group is subject to taxes in the UK, US and numerous foreign jurisdictions where the Group's subsidiaries are organised and the effective tax rate is sensitive to the geographic mix of profits and losses. Due to various political and economic factors, effective tax rates in many of the jurisdictions where the Group operates may be subject to significant change. The Group's future effective tax rate could be impacted by changes in mix of earnings in countries with differing statutory tax rates or changes in tax laws which includes possible US tax reform, changes to UK tax law or changes to other EU countries long-standing tax principles as a result of OECD BEPS initiatives. If finalised and adopted these changes could have a material impact on our income tax rate and deferred tax accounts.

1. Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group Chief Executive to allocate resources to the segments and to assess their performance.

The Group provides information to the Chief Executive on the basis of components that are substantially similar within the segments in the following aspects:

— the nature of the long-term financial performance;
— the nature of the products and services;
— the nature of the production processes;
— the type of class of customer for the products and services; and
— the nature of the regulatory environment.

Based on the above, the primary reportable segments of the Group have been deemed to be Flight Support, which comprises Signature Flight Support and ASIG, and Aftermarket Services, which comprises Engine Repair & Overhaul and Legacy Support.

The businesses within the Flight Support segment provide refuelling, ground handling and other services to the Business & General Aviation and commercial aviation markets. The businesses within the Aftermarket Services segment maintain and support engines and aerospace components, sub-systems and systems.

Sales between segments are immaterial.

Business segments	Flight Support[1] $m	Aftermarket Services[2] $m	Total $m	Unallocated corporate[3] $m	Total $m
2015					
External revenue	1,347.4	782.4	2,129.8	–	2,129.8
Underlying operating profit	158.5	59.6	218.1	(16.1)	202.0
Exceptional items	(16.7)	(12.0)	(28.7)	(42.5)	(71.2)
Segment result	141.8	47.6	189.4	(58.6)	130.8
Underlying operating margin	*11.8%*	*7.6%*	*10.2%*	–	*9.5%*
Net finance costs					(35.5)
Profit before tax					95.3

1 Flight Support's segment result includes $4.3 million in respect of the bargain purchase gain in relation to the acquisition of ASIG Panama as set out in note 23 and $9.6 million profit (2014: $2.4 million profit) of associates and joint ventures. As described in the accounting policies in the year we have reclassified our investment in Hong Kong Business Aviation Centre from a financial instrument to an associate. The reclassification of the investment resulted in the recognition of $5.2 million of operating profit during the year which relates to prior periods
2 In the year ERO entered into a series of sale and lease-back transactions with respect to parts of its rental engine fleet. The transactions led to the recognition of $39.7 million of revenue (2014: $10.3 million)
3 Unallocated corporate balances includes debt, tax, provisions, insurance captives and trading balances from central activities.

Other information					
Capital additions**	55.4	45.9	101.3	2.9	104.2
Depreciation and amortisation	60.7	20.5	81.2	1.6	82.8

** Capital additions represent cash expenditures in the year.

Balance sheet					
Total assets	1,545.2	853.0	2,398.2	976.3	3,374.5
Total liabilities	(258.2)	(160.9)	(419.1)	(787.0)	(1,206.1)
Net assets	1,287.0	692.1	1,979.1	189.3	2,168.4

Notes to the Consolidated Financial Statements – continued

1. Segmental information – continued

Business segments	Flight Support $m	Aftermarket Services $m	Total $m	Unallocated corporate $m	Total $m
2014					
External revenue	1,536.3	753.5	2,289.8	–	2,289.8
Underlying operating profit	132.7	89.6	222.3	(21.1)	201.2
Exceptional items	(16.6)	(28.6)	(45.2)	(1.9)	(47.1)
Segment result*	116.1	61.0	177.1	(23.0)	154.1
Underlying operating margin	*8.6%*	*11.9%*	*9.7%*	–	*8.8%*
Gain on the disposal of businesses					27.1
Net finance costs					(28.8)
Profit before tax					152.4

* Segment result includes $2.4 million profit of associates and joint ventures within Flight Support.

Other information	Flight Support $m	Aftermarket Services $m	Total $m	Unallocated corporate $m	Total $m
Capital additions**	65.7	67.6	133.3	5.7	139.0
Depreciation and amortisation	57.3	19.1	76.4	0.7	77.1

** Capital additions represent cash expenditures in the year.

Balance sheet	Flight Support $m	Aftermarket Services $m	Total $m	Unallocated corporate $m	Total $m
Total assets	1,552.9	845.6	2,398.5	197.4	2,595.9
Total liabilities	(281.2)	(182.5)	(463.7)	(1,053.2)	(1,516.9)
Net assets/(liabilities)	1,271.7	663.1	1,934.8	(855.8)	1,079.0

Geographical Segments	Revenue by destination $m	Revenue by origin $m	Capital additions[1] $m	Restated non-current assets[2] $m
2015				
United Kingdom	212.4	356.0	19.7	216.8
Mainland Europe	116.8	32.0	0.5	34.7
North America	1,665.8	1,705.7	74.9	1,533.0
Rest of World	134.8	36.1	9.1	33.3
Total	2,129.8	2,129.8	104.2	1,817.8
2014				
United Kingdom	267.0	398.4	33.9	237.9
Mainland Europe	117.1	41.6	0.4	40.0
North America	1,782.7	1,822.0	91.6	1,516.3
Rest of World	123.0	27.8	13.1	5.5
Total	2,289.8	2,289.8	139.0	1,799.7

1 Capital additions represent cash expenditures in the year.
2 The disclosure of non-current assets by geographical segment has been amended to exclude deferred tax of $8.2 million (2014: $16.5 million) and financial instrument balances of $17.1 million (2014: $17.3 million) in all periods, as required under IFRS 8.

An analysis of the Group's revenue for the year is as follows:

	Revenue from sale of goods		Revenue from services	
	2015 $m	2014 $m	2015 $m	2014 $m
Flight Support	714.8	924.1	632.6	612.2
Aftermarket Services	187.2	203.8	595.2	549.7
	902.0	1,127.9	1,227.8	1,161.9

A portion of the Group's revenue from the sale of goods denominated in foreign currencies is cash flow hedged. Revenue from the sale of goods and services of $902.0 million (2014: $1,127.9 million) includes a gain of $1.1 million (2014: loss of $4.5 million) in respect of the recycling of the effective amount of foreign currency derivatives used to hedge foreign currency revenue.

2. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

Exceptional and other items

Underlying profit is shown before exceptional and other items on the face of the income statement. Exceptional and other items are items which are material or non-recurring in nature and also include costs relating to acquisitions and disposals and amortisation of acquired intangibles. The directors consider that this gives a useful indication of underlying performance and better visibility of key performance indicators.

	Note	Administrative expenses 2015 $m	Other operating expenses 2015 $m	Restructuring costs 2015 $m	Total 2015 $m	Administrative expenses 2014 $m	Other operating expenses 2014 $m	Restructuring costs 2014 $m	Total 2014 $m
Restructuring expenses									
ERO footprint rationalisation		–	–	8.3	8.3	–	–	7.5	7.5
Re-organisation of Flight Support management		–	–	–	–	–	–	6.3	6.3
Closure of ASIG Singapore		–	–	6.8	6.8	–	–	–	–
Department of Justice		–	–	–	–	–	16.4	–	16.4
Acquisition related									
Amortisation of intangible assets arising on acquisition and valued in accordance with IFRS 3		11.7	–	–	11.7	11.1	–	–	11.1
Transaction costs[1]		–	38.4	–	38.4	–	5.8	–	5.8
Other		–	6.0	–	6.0	–	–	–	–
Operating loss		11.7	44.4	15.1	71.2	11.1	22.2	13.8	47.1
Gain on disposal of businesses	24				–				(27.1)
Net finance costs					3.5				–
Loss before tax					74.7				20.0
Refund from the US tax authorities following settlement in relation to prior periods					–				(20.5)
Tax impact of exceptional and other items					(13.5)				(17.2)
Loss/(profit) for the year					61.2				(17.7)

1 All transaction costs presented as exceptional in the current year related to the acquisition of Landmark Aviation.

Net cash flows from exceptional items was an out flow of $28.6 million (2014: in flow of $115.1 million).

Other	2015 $m	2014 $m
Net foreign exchange (gains)	(3.2)	(0.2)
Research and development costs	–	0.2
Depreciation of property, plant and equipment	58.5	56.6
Amortisation of intangible assets (included in cost of sales)	2.9	2.9
Amortisation of intangible assets (included in administration expenses)	21.4	17.6
Total depreciation and amortisation expense	82.8	77.1
Impairment of licences and other intangible assets	–	0.1
Total employee costs (note 7)	596.0	600.8
Cost of inventories recognised as an expense within cost of sales	931.1	1,071.8

Notes to the Consolidated Financial Statements – continued

2. Profit for the year – continued

The analysis of auditor's remuneration is as follows:	2015 $m	2014 $m
Fees payable to the Company's auditor for the audit of the Group's annual accounts	1.9	1.7
The audit of the Company's subsidiaries pursuant to legislation	0.2	0.2
Total audit fees	2.1	1.9
Other assurance services	–	0.1
Transaction related services	1.8	–
Tax services	–	0.1
	1.8	0.2
Total fees payable to the Company's auditor	3.9	2.1

In the period Deloitte LLP received fees totalling $1.8 million in relation to the reporting accountant's role provided on the Landmark Aviation transaction.

3. Investment income, finance costs and other gains and losses

	2015 $m	2014 $m
Interest on bank deposits	3.1	3.8
Underlying investment income	3.1	3.8
Exceptional interest income	0.4	–
Total investment income	3.5	3.8
Interest on bank loans and overdrafts	(13.4)	(17.6)
Interest on loan notes	(25.0)	(17.3)
Interest on obligations under finance leases	(0.1)	(0.2)
Net finance expense from pension schemes	(1.9)	(2.4)
Other finance costs	(3.2)	(1.4)
Total borrowing costs	(43.6)	(38.9)
Less amounts included in the cost of qualifying assets	2.8	2.1
Fair value losses on interest rate swaps designated as cash flow hedges transferred from equity	(3.7)	(3.5)
Fair value gains on interest rate swaps designated as fair value hedges	9.4	7.7
Underlying finance costs	(35.1)	(32.6)
Exceptional interest costs	(3.9)	–
Total finance costs	(39.0)	(32.6)

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.85% (2014: 3.95%) to expenditure on such assets, which represents the weighted average interest rate for the currency in which the expenditure has been made.

Exceptional interest income relates to the interest received on deposits from the proceeds of the rights issue which are yet to be deployed but relate to the acquisition of Landmark Aviation. Exceptional finance costs relate to certain facility and commitment fees incurred in the financing structure set up to enable the Landmark Aviation transaction.

4. Income tax

Recognised in the Income Statement	2015 $m	Restated 2014 $m
Current tax expense	14.1	21.4
Adjustments in respect of prior years – current tax	0.3	(19.6)
Deferred tax (note 19)	(1.4)	(10.8)
Adjustments in respect of prior years – deferred tax (note 19)	(0.8)	(1.1)
Income tax expense/(credit) for the year	12.2	(10.1)

UK income tax is calculated at 20.3% (2014: 21.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. Income tax – continued

The $19.6 million tax credit in respect of prior year in 2014 includes a current tax credit of $20.5 million in respect of amounts refunded from the US tax authorities following settlement in relation to prior tax periods.

The total charge for the year can be reconciled to the accounting profit as follows:

	2015 $m	Restated 2014 $m
Profit before tax:	95.3	152.4
Tax at the rates prevailing in the relevant tax jurisdictions 22.8% (2014: 28.2%)	21.7	43.0
Tax effect of offshore financing net of UK CFC charge	(16.9)	(22.3)
Tax effect of expenses that are not deductible in determining taxable profit	8.0	9.6
Items on which deferred tax has not been recognised	0.9	(2.1)
Tax rate changes	(0.2)	0.2
Difference in tax rates on overseas earnings	(0.7)	(0.3)
Exempt chargeable gains on disposal of business	–	(17.5)
Capital gains	(0.1)	–
Adjustments in respect of prior years	(0.5)	(20.7)
Tax expense /(credit) for the year	12.2	(10.1)

The applicable tax rate of 22.8% (2014: 28.2%) represents a blend of the tax rates of the jurisdictions in which taxable profits have arisen. The change from the prior year is due to a change in the proportion of profits that have arisen in each jurisdiction and the benefits associated with certain financing structures implemented.

Tax credited/(expensed) to other comprehensive income and equity is as follows:

Recognised in other comprehensive income	2015 $m	2014 $m
Tax on items that will not be reclassified subsequently to profit or loss		
Current tax credit on pension deficit payments	2.0	1.4
Deferred tax (charge)/credit on actuarial gains/(losses)	(3.7)	2.6
	(1.7)	4.0
Tax on items that may be reclassified subsequently to profit or loss		
Current tax credit on foreign exchange movements	1.2	1.2
Deferred tax charge on derivative instruments	(1.1)	–
Adjustment in respect of prior periods – deferred tax	–	2.1
Total tax (charge)/credit within other comprehensive income	(1.6)	7.3
Recognised in equity		
Current tax credit on share-based payments movements	0.5	2.1
Deferred tax charge on share-based payments movements	(1.8)	(1.0)
Total tax (charge)/credit within equity	(1.3)	1.1
Total tax (charge)/credit within other comprehensive income and equity	(2.9)	8.4

5. Dividends

On 22 May 2015, the 2014 final dividend of 11.58¢ per share (total dividend $53.8 million) was paid to shareholders (2014: the 2013 final dividend of 11.00¢ per share (total dividend $52.5 million) was paid on 23 May 2014).

On 31 October 2015, the 2015 interim dividend of 4.85¢ per share (total dividend $22.8 million) was paid to shareholders (2014: the 2014 interim dividend of 4.62¢ per share (total dividend $21.7 million) was paid on 1 October 2014).

In respect of the current year, the directors propose that a final dividend of 8.68¢ per share will be paid to shareholders on 20 May 2016. The proposed dividend is payable to all shareholders on the register of members on 8 April 2016. The total estimated dividend to be paid is $89.5 million. This dividend is subject to approval by shareholders at the AGM and, in accordance with IAS 10: Events after the Reporting Period, has not been included as a liability in these financial statements.

If approved the dividend per share for the year ending 2015 will total 13.53¢ per share, being interim dividend of 4.85¢ per share plus the final dividend of 8.68¢ per share. Removing the impact of the rights Issue the final dividend would have been 12.15¢, giving a 2015 Historical dividend per share of 17.0¢.

Notes to the Consolidated Financial Statements – continued

6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2015 $m	Restated 2014 $m
Basic and diluted		
Earnings:		
Profit for the year	83.1	162.5
Non-controlling interests	0.1	0.3
Basic earnings attributable to ordinary shareholders	83.2	162.8
Exceptional items (net of tax)	61.2	(17.7)
Adjusted earnings	144.4	145.1
Number of shares		
Weighted average number of 29 16/21p ordinary shares:		
For basic earnings per share	718.6	661.5
Exercise of share options	2.9	5.3
For diluted earnings per share	721.5	666.8
For historical adjusted earnings per share		
Basic weighted average number of 29 16/21p ordinary shares	718.6	661.5
Adjustment for the weighted average number of 29 16/21p ordinary shares in relation to the rights issue	(251.9)	(189.0)
Historical basic weighted average number of 29 16/21p ordinary shares	466.7	472.5
Earnings per share		
Basic:		
Adjusted	20.1¢	21.9¢
Unadjusted	11.6¢	24.6¢
Diluted:		
Adjusted	20.0¢	21.8¢
Unadjusted	11.5¢	24.4¢
Historic adjusted earnings per share		
Basic:		
Adjusted	30.9¢	30.7¢

Adjusted earnings per share is shown calculated on earnings before exceptional items (note 2) because the directors consider that this gives a useful indication of underlying performance.

The 2014 results have been restated to adjust for the impact of the October 2015 rights issue with the discount reflected as a bonus issue under the requirements of IAS 33. The restatement adjusts the 2014 results for the impact of the bonus factor but not the increase in the Group's available capital which was raised but not deployed in the period due to the related acquisition of Landmark Aviation requiring regulatory clearance. As such, an additional measure, 'Historical adjusted earnings per share', has been presented to enable the comparison of 2015 performance on a consistent capital base. This has been achieved by adjusting the 2015 weighted average number of shares for this measure to remove the full effect of the rights issue. The directors consider that this gives an underlying measure which is comparable to underlying earnings per share presented historically.

7. Employees

Average monthly number (including executive directors)	2015 number	2014 number
By segment		
Flight Support	9,343	9,693
Aftermarket Services	1,581	1,553
	10,924	11,246
By region		
United Kingdom	2,846	2,888
Mainland Europe	116	113
North America	7,712	8,002
Rest of World	250	243
	10,924	11,246

	2015 $m	Restated 2014 $m
Employment costs		
Wages and salaries	542.6	543.4
Social security costs	40.9	45.0
Pension costs (note 18)	12.5	12.4
	596.0	600.8

8. Intangible assets

	Goodwill 2015 $m	Licences and contracts 2015 $m	Computer software 2015 $m	Total 2015 $m	Goodwill 2014 $m	Licences and contracts 2014 $m	Computer software 2014 $m	Total 2014 $m
Cost								
Beginning of year	897.9	331.6	40.1	1,269.6	837.6	287.9	30.7	1,156.2
Exchange and other adjustments	(9.5)	(5.0)	(0.2)	(14.7)	(10.8)	(7.0)	2.0	(15.8)
Acquisitions	–	27.9	–	27.9	66.5	15.9	–	82.4
Acquisitions in prior years	1.2	–	–	1.2	5.2	–	–	5.2
Additions	–	7.1	1.8	8.9	–	34.7	5.1	39.8
Impairments/write offs	–	–	(1.1)	(1.1)	–	–	–	–
Disposals	–	(0.2)	–	(0.2)	–	–	–	–
Disposals of businesses	–	–	–	–	(0.6)	–	(0.3)	(0.9)
Transfers (to)/from other asset categories	–	(0.5)	7.1	6.6	–	0.1	2.6	2.7
End of year	889.6	360.9	47.7	1,298.2	897.9	331.6	40.1	1,269.6
Amortisation								
Beginning of year	–	(92.6)	(25.4)	(118.0)	–	(76.5)	(22.4)	(98.9)
Exchange and other adjustments	–	2.0	0.1	2.1	–	2.0	(0.6)	1.4
Amortisation charge for the year	–	(20.6)	(3.7)	(24.3)	–	(18.1)	(2.4)	(20.5)
Impairment charge	–	–	1.0	1.0	–	–	(0.1)	(0.1)
Disposals	–	0.2	–	0.2	–	–	–	–
Disposals of businesses	–	–	–	–	–	–	–	–
Transfers to other asset categories	–	(4.0)	0.6	(3.4)	–	–	0.1	0.1
End of year	–	(115.0)	(27.4)	(142.4)	–	(92.6)	(25.4)	(118.0)
Carrying amount								
End of year	889.6	245.9	20.3	1,155.8	897.9	239.0	14.7	1,151.6
Beginning of year	897.9	239.0	14.7	1,151.6	837.6	211.4	8.3	1,057.3

Notes to the Consolidated Financial Statements – continued

8. Intangible assets – continued

Included within the amortisation charge for intangible assets of $24.3 million (2014: $20.5 million) is amortisation of $11.7 million (2014: $11.1 million) in relation to the amortisation of intangible assets acquired and valued in accordance with IFRS 3 and disclosed as an exceptional item.

Included within the acquisitions of $27.9 million is $10.6 million of Ontic licence acquisitions which are not accounted for as a business combination under IFRS and hence not presented under note 23.

Licences and contracts are amortised over the period to which they relate, which is on average 16 years (2014: 16 years). Computer software is amortised over its estimated useful life, which is on average five years (2014: five years).

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated as follows:

	2015 $m	2014 $m
Flight Support:		
Signature Flight Support	496.0	499.8
ASIG	185.9	188.3
Aftermarket Services:		
Engine Repair & Overhaul	140.1	140.9
Legacy Support	67.6	68.9
	889.6	897.9

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Group has determined the recoverable amount of each CGU from value-in-use calculations. The value-in-use calculations are based on cash flow forecasts derived from the most recent budgets and detailed financial projections for the next three years, as approved by management. Cash flows for a further two years beyond the three years are extrapolated using estimated growth rates with a terminal growth rate after five years. The resultant cash flows are discounted using a pre-tax discount rate appropriate for the relevant CGU.

Key assumptions

The key assumptions for the value-in-use calculations are as follows.

Sales volumes, selling prices and cost increases over the three years covered by management's detailed plans

Sales volumes are based on industry forecasts and management estimates for the businesses in which each CGU operates, including forecasts for Business & General Aviation (B&GA) flying hours, aircraft engine cycles and US military spending. Selling prices and cost increases are based on past experience and management expectations of future changes in the market. The extent to which these assumptions affect each principal CGU with a significant level of goodwill are described below.

Signature Flight Support and Engine Repair & Overhaul (ERO) both operate in the B&GA market. Signature Flight Support is the world's largest and market-leading Fixed base operation (FBO) network for business aviation providing full services support for B&GA travel, focused on passenger handling and customer amenities such as refuelling, hangar and office rentals, and other technical services. ERO is a leading independent engine repair service provider to the B&GA market with strong relationships with all major engine OEMs.

ASIG operates in the Commercial Aviation market. It is a global provider of ground, fuel and airport facility services to airlines, airports, oil companies and industry partners, delivering flexible and comprehensive service solutions including refuelling, ground handling, aircraft technical support services, facilities equipment maintenance and de-icing.

Legacy Support operates in the Military and Commercial sectors and is the leading provider of high-quality, cost-effective solutions in the continuing support of maturing aerospace platforms to the major aerospace OEMs and airframe operators.

In B&GA, growth is measured principally in relation to B&GA flying hours. B&GA travel is driven by corporate confidence and wealth creation and historically has grown at two times GDP. B&GA flight activity in the US continued to grow during 2015, with movements up 1% year on year. US B&GA monthly flight activity cycles were steadily positive for the majority of the period with a slowdown from August versus strong 2014 comparators. In the commercial sector, worldwide commercial aircraft movements increased by 3% in 2015 versus 2014. In North America, commercial aircraft movements remained flat and in Europe increased by 3%. Operational trends continue in the US and globally as airlines continue to move towards larger, more fuel-efficient aircraft and implement further capacity discipline. In the military sector trends have not changed in the year. Cuts to the US military budget continue to negatively impact the flight activity of some platforms and thus maintenance spend. However, this trend is also supporting the life extension of existing platforms as funding is redirected. New platform programmes have also demonstrated that long development periods are required thus putting life extension programmes at the forefront of defence strategies. The average age of the global military fleet is now approximately 25 years and our aftermarket businesses are agile and flexible in their ability to support the older, out of warranty aircraft now in service.

8. Intangible assets – continued

Growth rates used for the periods beyond those covered by management's detailed plans

Growth rates are derived from management's estimates, which take into account the long-term nature of the industry in which each CGU operates, external industry forecasts of long-term growth in the aerospace and defence sectors, the maturity of the platforms supplied by the CGU and the technological content of the CGU's products. For the purpose of impairment testing, a conservative approach has been used and where the derived rate is higher than the long-term GDP growth rates for the countries in which the CGU operates, the latter has been used. As a result, an estimated growth rate of 2.2% (2014: 2.2%) has been used, which reflects forecast long-term US GDP growth.

Discount rates applied to future cash flows

The Group's pre-tax weighted average cost of capital (WACC) has been used as the foundation for determining the discount rates to be applied. The WACC has then been adjusted to reflect risks specific to the CGU not already reflected in the future cash flows for that CGU. The discount rate used was 8.4% (2014: 9.5% to 10.5%) for the CGUs within Flight Support and 9.2% to 9.6% (2014: 9.5% to 10.2%) for the CGUs within Aftermarket Services.

Sensitivity analysis

Management has concluded that a reasonably possible change in the key assumptions used in the impairment model could result in an impairment charge for Dallas Airmotive and ASIG.

The recoverable amount of the Dallas Airmotive CGU (part of the ERO group of CGUs), calculated based on value in use, exceeds its carrying value of $243.2 million by $52.9 million. The two assumptions to which the value in use calculation is most sensitive are the discount rate and the average annual growth rate in EBITDA. Sensitivity analysis with regard to these assumptions shows that the discount rate of 9.5% would need to increase by 160 basis points or the average annual growth rate in EBITDA across 2016-2020 of 11.0% would need to fall by 1.9% before any impairment would be triggered. With regards to the forecast EBITDA in the Dallas Airmotive CGU, uncertainty exists with both the level of engine repair & overhaul activity and the value of future engine sales.

The recoverable amount of the ASIG CGU, calculated based on value in use, exceeds its carrying value of $261.5 million by $63.2m. The two assumptions to which the value in use calculation is most sensitive are the discount rate and the average annual growth rate in EBITDA. Sensitivity analysis with regard to these assumptions shows that the discount rate of 8.4% would need to increase by 150 basis points or the average annual growth rate in EBITDA across 2016-2020 of 15.0% would need to fall by 3.9% before any impairment would be triggered.

Following the recent acquisition of Landmark Aviation, we have received a number of approaches from third parties expressing an interest in some or all of ASIG. As part of BBA Aviation's focus on driving long term sustainable value for our stakeholders we are reviewing value maximisation alternatives for ASIG including a possible sale of all or part of the business. Whilst the impairment review has been performed on a value in use basis, we note that there is uncertainty regarding the recoverable value of ASIG should a transaction be agreed.

9. Property, plant and equipment

	Land and buildings 2015 $m	Fixtures and equipment 2015 $m	Total 2015 $m	Land and buildings 2014 $m	Fixtures and equipment 2014 $m	Total 2014 $m
Cost or valuation						
Beginning of year	761.4	465.7	1,227.1	705.6	424.4	1,130.0
Exchange adjustments	(4.2)	(8.0)	(12.2)	(4.7)	(8.6)	(13.3)
Transfers from/(to) other asset categories	(4.9)	(5.4)	(10.3)	(29.4)	9.2	(20.2)
Acquisition of businesses	8.7	5.0	13.7	52.8	6.6	59.4
Additions	52.5	30.2	82.7	43.5	49.1	92.6
Disposals	(10.7)	(14.7)	(25.4)	–	(3.8)	(3.8)
Asset write downs	(45.6)	(14.8)	(60.4)	(6.4)	(11.2)	(17.6)
End of year	757.2	458.0	1,215.2	761.4	465.7	1,227.1
Accumulated depreciation and impairment						
Beginning of year	(318.5)	(272.7)	(591.2)	(309.6)	(263.4)	(573.0)
Exchange adjustments	1.7	3.8	5.5	1.5	4.2	5.7
Transfers to/(from) other asset categories	3.3	(1.4)	1.9	15.3	(1.2)	14.1
Depreciation charge for the year	(36.3)	(22.2)	(58.5)	(31.6)	(25.0)	(56.6)
Disposals	2.3	10.3	12.6	0.2	2.7	2.9
Asset write downs	45.3	14.2	59.5	5.7	10.0	15.7
End of year	(302.2)	(268.0)	(570.2)	(318.5)	(272.7)	(591.2)
Carrying amount						
End of year	455.0	190.0	645.0	442.9	193.0	635.9
Beginning of year	442.9	193.0	635.9	396.0	161.0	557.0

	2015 $m	2014 $m
Capital commitments		
Capital expenditure contracted for but not provided for	80.4	59.5

Notes to the Consolidated Financial Statements – continued

9. Property, plant and equipment – continued

Where assets have been written down or impaired, the recoverable amount has been determined by reference to its value in use, estimated using the forecast cash flows over the remaining life of the asset and discounted using a rate of 8.6% (2014: 9.4%) which approximates to the Group's weighted average cost of capital.

The amounts disclosed above for asset write downs are attributable to $0.9 million (2014: $0.9 million) in Flight Support, $nil million (2014: $1.0 million) in Aftermarket Services and $nil (2014: $nil) in unallocated corporate.

10. Interests in associates and joint ventures

Interests in associates	2015 $m	2014 $m
Share of post-acquisition profit, net of dividends received	5.9	0.1
Group share of net assets of associates	**5.9**	**0.1**

The investment in associates relates to Page Avjet Fuel Co LLC and Hong Kong Business Aviation Centre Limited, investments within the Flight Support segment.

In the year the Group's investment in Hong Kong Business Aviation Centre Limited was reclassified from a financial instrument to an associate to more appropriately reflect our level of influence. As described in note 2 the reclassification resulted in the recognition of $5.2 million of operating profit during the year which related to prior periods.

Aggregated amounts relating to associates	2015 $m	2014 $m
Total assets	113.6	74.4
Total liabilities	(57.1)	(74.1)
Net assets	56.5	0.3

	2015 $m	2014 $m
Revenue	343.9	526.9
Profit for the year	3.1	0.7

Group's share of profit for the year relating to the current year	2.4	0.3
Group's share of profit for the year relating to prior periods	5.2	–
Group's share of profit and total comprehensive income for the year	**7.6**	**0.3**

A list of investments in associates, including name, country of incorporation and proportion of ownership interest is given in the note on subsidiary and associated undertakings on pages 170–172.

Interests in joint ventures	2015 $m	2014 $m
Cost of investment in joint ventures	4.2	4.4
Share of post-acquisition profit, net of dividends received	1.9	2.9
Group share of net assets of joint ventures	**6.1**	**7.3**

Summary of aggregate financial results and position of joint ventures:

	2015 $m	2014 $m
Current assets	12.2	31.8
Non-current assets	7.6	–
Total assets	19.8	31.8
Current liabilities	(6.8)	(14.8)
Total liabilities	(8.3)	(14.8)
Net assets	**11.5**	**17.0**

	2015 $m	2014 $m
Total revenues	56.4	40.7
Total profit for the year	10.1	7.2
Group's share of profit and total comprehensive income for the year	**2.0**	**2.1**

The Group has two joint venture investments being Signature Canada FBO Services Inc and Jacksonville Jetport LLC. The Group holds a 75% ownership interest and a 50% share of voting power in Signature Canada FBO Services Inc, a company incorporated in Canada.

10. Interests in associates and joint ventures – continued

As described in note 23 the Group acquired 80% of ASIG Panama SA in the year, taking its ownership to 100% and therefore control of the entity from 1 July 2015. From the date of change in control the entity was fully consolidated as a wholly owned subsidiary.

11. Inventories

	2015 $m	2014 $m
Raw materials	131.1	112.8
Work in progress	24.1	30.9
Finished goods	66.1	60.6
	221.3	204.3

The Group's methodology for assessing the excess and obsolete inventory provisions has been applied consistently in 2015. During the prior year, the directors reviewed the methodology for assessing the excess and obsolete inventory provisions within Aftermarket Services to ensure consistency of application. As a result of this review, in 2014 there was a reduction of $0.6 million in the inventory provision.

12. Other financial assets

Trade and other receivables	Note	2015 $m	2014 $m
Amounts due within one year			
Trade receivables		231.9	276.6
Other receivables, prepayments and accrued income		103.9	107.0
Derivative financial instruments	16	5.9	1.7
Trade and other receivables due within one year		341.7	385.3
Amounts due after one year			
Trade and other receivables		5.0	4.8
Available for sale investments		5.5	8.5
Derivative financial instruments	16	11.6	8.8
Trade and other receivables due after one year		22.1	22.1
		363.8	407.4

Trade receivables

An allowance has been made for estimated irrecoverable amounts from the sale of goods and services of $3.5 million (2014: $1.8 million). This allowance has been determined by reference to past default experience and current expectations.

Included in the Group's trade receivables balances are debtors with a carrying amount of $44.5 million (2014: $46.5 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these overdue receivables is 62 days (2014: 79 days).

	2015 $m	2014 $m
Ageing of past due but not impaired receivables		
30–60 days	33.1	18.1
60–90 days	4.6	13.2
90–120 days	3.2	6.1
Over 120 days	3.6	9.1
	44.5	46.5

	2015 $m	2014 $m
Movement in the allowance for doubtful debts		
Beginning of year	(1.8)	(4.5)
Exchange adjustments	–	0.1
Amounts written off as uncollectable	1.9	4.0
Charged in the year	(3.6)	(1.4)
End of year	(3.5)	(1.8)

12. Other financial assets – continued

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

	2015 $m	2014 $m
Ageing of impaired trade receivables		
60–90 days	0.3	0.5
90–120 days	1.1	0.4
Over 120 days	2.1	0.9
	3.5	1.8

Cash and cash equivalents	2015 $m	2014 $m
Cash at bank and in hand	123.7	130.4
Short-term bank deposits	842.7	35.9
Cash and cash equivalents	966.4	166.3
Cash and cash equivalents in the statement of cash flows	966.4	166.3

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The Group's net cash position relates to the proceeds of the rights issue which are yet to be deployed but relate to the acquisition of Landmark Aviation.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, investments and derivative financial instruments.

The Group's policy on credit risk relating to cash and derivative financial instruments is disclosed in note 16.

The Group's credit risk is primarily attributable to its trade and finance lease receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

13. Trade and other payables

	Note	2015 $m	Restated 2014 $m
Amounts due within one year			
Trade payables		252.1	256.9
Other taxation and social security		12.4	15.1
Other payables		55.2	59.3
Accruals and deferred income		117.2	129.4
Derivative financial instruments	16	2.5	3.3
		439.4	464.0
Amounts due after one year			
Trade and other payables		18.4	17.8
Derivative financial instruments	16	4.7	3.6
		23.1	21.4
Total trade and other payables		462.5	485.4

13. Trade and other payables – continued

There has been re-classifications between current other payables and non-current trade and other payables in the prior year end and current other payables and accruals and deferred income and current and non-current provisions in both periods. The 2014 comparatives have been restated to account for these changes. Further information is provided in the accounting policies note.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

The average age of trade creditors was 52 days (2014: 51 days).

14. Operating lease arrangements

The Group as lessee

	2015 $m	2014 $m
Minimum lease payments under operating leases recognised as an expense in the year	98.5	89.9

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2015 $m	2014 $m
Within one year	91.6	94.4
In the second to fifth years inclusive	375.6	305.7
After five years	1,008.3	1,017.1
	1,475.5	1,417.2

Operating lease payments represent amounts payable by the Group for certain of its office properties, plant, FBOs and equipment. Leases are negotiated for an average term of five years for office properties, nine years for plant and warehouses, 25 years for FBOs and four years for equipment. Rentals are generally fixed or adjusted based on inflation.

The total future minimum sub-lease payments expected to be received under non-cancellable sub-leases at 31 December 2015 were $252.5 million (2014: $177.0 million).

15. Borrowings

	2015 $m	2014 $m
Bank overdrafts	12.0	20.0
Bank loans	–	264.5
Loan notes	507.8	510.6
Other loans	3.6	3.7
	523.4	798.8

	2015 $m	2014 $m
The borrowings are repayable as follows:		
On demand or within one year	12.3	20.4
In the second year	–	–
In the third to fifth years inclusive	122.8	393.4
After five years	388.3	385.0
	523.4	798.8
Less: Amount due for settlement within 12 months (shown within current liabilities)	(12.3)	(20.4)
Amount due for settlement after 12 months	511.1	778.4

Current year bank loans and loan notes are stated after their respective transaction costs and related amortisation.

During the first half of the year, the Group cancelled the $200 million tranche leftover from its 2011 multicurrency revolving credit facility which was due to mature in April 2016, leaving the Group with a $650 million multicurrency revolving credit facility which it had signed in April 2014. As part of the Group's cash management strategy for the rights issue proceeds, which were raised to finance part of the acquisition of Landmark Aviation, some of this cash was used to temporarily repay borrowings under the $650 million facility prior to completion of the acquisition. Therefore, as at 31 December 2015, the Group had available $650.0 million (31 December 2014: $580.0 million) of undrawn available facilities.

During the second half of the year, ahead of the acquisition of Landmark Aviation, the Group put in place an Acquisition Financing Agreement (AFA) for $1,650 million comprising (i) a $150 million term loan facility (Facility A), (ii) a $400 million term loan facility (Facility B), (iii) a $450 million term loan facility (Facility C) and (iv) a $650 million multicurrency revolving credit facility (Facility D). Facility D was put in place to fund the refinancing of the existing $650 million multicurrency revolving credit facility in case certain waivers relating to the Landmark Aviation acquisition were not forthcoming from the requisite majority of lenders under the existing bank facility. Following receipt of the required waiver, the Facility D commitments were cancelled as at 5 November 2015 and consequently the total commitments available under the AFA is $1,000 million.

15. Borrowings – continued

As at 31 December 2015, the Group had $500 million of US private placement senior loan notes outstanding with $400 million accounted for at fair value through profit and loss as the fair value interest rate risk has been hedged from fixed to floating rates. The remainder is accounted for at amortised cost.

Under IFRS hedge accounting rules the fair value movement on the loan notes is booked to interest and is offset by the fair value movement on the underlying interest rate swaps.

The Group includes the fair value gain on the interest rate swaps in relation to the loan notes within net debt so that the net effect is to show the $500 million US private placement at face value and to reflect the fact that the liabilities will be in place until maturity. More information is included in note 16.

All other borrowings are held at amortised cost.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Sterling $m	US dollar $m	Euro $m	Other $m	Total $m
31 December 2015					
Bank overdrafts	8.6	2.3	0.1	1.0	12.0
Loan notes	–	507.8	–	–	507.8
Other loans	0.3	3.0	–	0.3	3.6
	8.9	513.1	0.1	1.3	523.4
31 December 2014					
Bank overdrafts	8.3	8.3	2.3	1.1	20.0
Bank loans	–	264.5	–	–	264.5
Loan notes	–	510.6	–	–	510.6
Other loans	0.4	3.0	–	0.3	3.7
	8.7	786.4	2.3	1.4	798.8

The average floating interest rates on borrowings are as follows:

	2015	2014
Sterling	1.5%	1.5%
US dollar	0.5%	1.5%
Euros	0.2%	0.4%

The Group's borrowings are funded through a combination of fixed and floating rate debt. The floating rate debt exposes the Group to cash flow interest rate risk whilst the fixed rate US dollar private placement loan notes exposes the Group to changes in the fair value of fixed rate debt due to changes in interest rates. Interest rate risk is managed by the combination of fixed rate debt and interest rate swaps in accordance with pre-agreed policies and authority limits. As at 31 December 2015, 77% (2014: 46%) of the Group's borrowings are fixed at a weighted average interest rate of 3.2% (2014: 3.6%) for a weighted average period of four years.

Bank overdrafts are repayable on demand. All bank loans and loan notes are unsecured.

16. Financial instruments

Categories of financial instruments

The carrying values of the financial instruments of the Group are analysed below:

	2015 Carrying value $m	2014 Carrying value $m
Financial assets		
Fair value through profit or loss – foreign exchange contracts [a]	5.9	1.8
Derivative instruments held in fair value hedges [b]	9.3	8.2
Derivative instruments in cash flow hedges	2.3	0.5
Available for sale investments	5.5	8.5
Trade and other receivables (including cash and cash equivalents) [c, d]	1,198.5	442.3
	1,221.5	461.3

	2015 Carrying value $m	2014 Carrying value $m
Financial liabilities		
Fair value through profit or loss – foreign exchange contracts [a]	(0.7)	(1.7)
Derivative instruments held in cash flow hedges	(6.5)	(5.2)
Borrowings and other payables [d]	(788.2)	(1,094.2)
	(795.4)	(1,101.1)

a Foreign exchange contracts disclosed as fair value through profit and loss are substantially contracts not designated in a formal hedging relationship and are used to hedge foreign currency flows through the BBA Aviation plc company bank accounts to ensure that the Group is not exposed to foreign exchange risk through the management of its international cash management structure.
b Derivative instruments held in fair value hedges are designated in formal hedging relationships and are used to hedge the change in fair value of fixed rate US dollar borrowings.
c Recoveries from third parties in respect of environmental and other liabilities totalling $4.8 million (2014: $4.8 million) are included within trade and other receivables.
d The carrying value of trade and other receivables, and other payables approximates their fair value.

Derivative financial instruments

The fair values and notional amounts of derivative financial instruments are shown below. The fair value on initial recognition is the transaction price unless part of the consideration given or received is for something other than the instrument itself. The fair value of derivative financial instruments is subsequently calculated using discounted cash flow techniques or other appropriate pricing models. All valuation techniques take into account assumptions based upon available market data at the balance sheet date. The notional amounts are based on the contractual gross amounts at the balance sheet date.

Derivative financial assets	2015		2014	
	Notional amount $m	Fair value $m	Notional amount $m	Fair value $m
Cash flow hedges				
Interest rate swaps	(630.3)	2.2	(135.0)	0.3
Foreign exchange forward contracts	4.0	0.1	(1.8)	0.2
Fair value hedges				
Interest rate swaps	(400.0)	9.3	(400.0)	8.2
Derivatives not in a formal hedge relationship				
Foreign exchange forward contracts	233.6	5.9	247.2	1.8
	(792.7)	17.5	(289.6)	10.5

16. Financial instruments – continued

Derivative financial liabilities measured at fair value

	2015 Notional amount $m	2015 Fair value $m	2014 Notional amount $m	2014 Fair value $m
Cash flow hedges				
Interest rate swaps	(505.0)	(4.2)	(420.0)	(3.4)
Foreign exchange forward contracts	(75.9)	(2.3)	(56.1)	(1.8)
Fair value hedges				
Interest rate swaps	–	–	–	–
Derivatives not in a formal hedge relationship				
Foreign exchange forward contracts	(25.7)	(0.7)	21.6	(1.7)
	(606.6)	(7.2)	(454.5)	(6.9)

Adjustments relating to the credit risk of BBA Aviation plc and its counterparties, as defined within IFRS 13, are immaterial in the current and prior periods.

The maturity of derivative financial instruments is as follows:

	2015 Asset fair value $m	2015 Liability fair value $m	2014 Asset fair value $m	2014 Liability fair value $m
Current				
Less than one year	5.9	(2.5)	1.7	(3.3)
Total current	5.9	(2.5)	1.7	(3.3)
Non-current				
One to two years	0.1	(1.6)	0.3	(0.7)
Two to three years	3.8	(2.6)	0.3	(1.2)
Three to four years	–	(0.5)	4.7	(1.5)
Four to five years	2.2	–	–	(0.2)
More than five years	5.5	–	3.5	–
Total non-current	11.6	(4.7)	8.8	(3.6)
	17.5	(7.2)	10.5	(6.9)

Collateral

As part of the Group's management of its insurable risks, a proportion of this risk is managed through self-insurance programmes operated by the Group's captive insurance companies, BBA Aviation Insurances Limited, based in the Isle of Man, and BBA Aviation Insurances (Vermont) Inc. These companies are wholly owned subsidiaries of the Group and premiums paid are held to meet future claims. The cash balances held by these companies are reported on the balance sheet within cash and cash equivalents. As is usual practice for captive insurance companies some of this cash is used as collateral against contingent liabilities (standby letters of credit) that have been provided to certain external insurance companies.

The table below details the contractual amount of the cash balances that have been pledged as collateral for these contingent liabilities, all of which are current:

	2015 US dollar $m	2015 Sterling $m	2015 Total $m	2014 US dollar $m	2014 Sterling $m	2014 Total $m
BBA Aviation Insurances Limited	11.4	0.8	12.2	12.0	0.9	12.9
BBA Aviation Insurances (Vermont) Inc	15.1	–	15.1	13.1	–	13.1
Total	26.5	0.8	27.3	25.1	0.9	26.0

16. Financial instruments – continued

The standby letters of credit have been issued via bank facilities and the amount of these facilities corresponds to the amounts pledged as detailed in the table above. The amounts pledged are usually for less than one year, and are secured by a legal charge to the bank providing the letters of credit, over the cash balances of these companies corresponding to the amount of the standby letters of credit.

Financial risk factors

Our activities expose the Group to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Overall the risk management policies and procedures focus on the uncertainty of financial markets and seek to manage and minimise potential financial risks through the use of derivative financial instruments. The Group does not undertake speculative transactions for which there is no underlying financial exposure.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors of BBA Aviation plc. This department identifies, evaluates and hedges financial risks in close co-operation with Group subsidiary companies. The treasury policies cover specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and the investment of excess liquidity. These policies are outlined on page 30.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt to equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent comprising capital, reserves and retained earnings.

The Group's policy is to borrow centrally to meet anticipated funding requirements. These borrowings, together with cash generated from the operations, are on-lent or contributed as equity to subsidiaries at market-based interest rates and on commercial terms and conditions.

The Group is subject to two financial covenant requirements within its borrowing facilities: maximum net debt to underlying EBITDA of 3.5 times and minimum net interest cover of 3.0 times (based on underlying EBITDA)[1]. The Group complied with these covenants during the year. The borrowing facilities permit the use of an 'acquisition spike' which allows for the net debt to be up to 4.0 times underlying EBITDA for two test periods following activation of the 'acquisition spike'.

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in foreign currency exchange rates and interest rates. The Group has well-defined policies for the management of these risks which includes the use of derivative financial instruments.

(i) Foreign exchange risk

The Group has significant overseas businesses whose revenues, cash flows, assets and liabilities are mainly denominated in the currency in which the operations are located. The Group's policy in relation to foreign exchange translation risk is not to hedge the income statement since such hedges only have a temporary effect. In relation to the balance sheet, the Group seeks to denominate the currency of its borrowings in US dollars in order to match the currency of its cash flows, earnings and assets which are principally denominated in US dollars.

As at 31 December 2015, the majority of the Group's net borrowings were denominated in US dollars as set out below:

2015	US dollar $m	Euros $m	Sterling $m	Other $m	Total $m
Cash and cash equivalents	893.9	12.0	50.4	10.1	966.4
Borrowings and finance leases	(513.1)	(0.1)	(8.9)	(1.3)	(523.4)
Net borrowings per the Balance Sheet	380.8	11.9	41.5	8.8	443.0

2014	US dollar $m	Euros $m	Sterling $m	Other $m	Total $m
Cash and cash equivalents	123.0	12.8	25.6	4.9	166.3
Borrowings and finance leases	(786.4)	(2.3)	(8.7)	(1.4)	(798.8)
Net borrowings per the Balance Sheet	(663.4)	10.5	16.9	3.5	(632.5)

Notes to the Consolidated Financial Statements – continued

16. Financial instruments – continued

Within the Group's definition of net debt the US Private Placement (USPP) is included at its face value of $500 million reflecting the fact that the liabilities will be in place until maturity. This is $13.5 million (2014: $13.3 million) lower than the carrying value. Further, current year bank loans and loan notes are stated after their respective transaction costs and related amortisation.

The Group manages its transactional foreign currency risk by hedging significant currency exposures in accordance with foreign exchange policies that our subsidiaries have in place which have been pre-agreed between Group Treasury and the subsidiary. Each foreign exchange policy is individually tailored to the foreign exchange exposures within the relevant subsidiary. Transaction currency risk is managed through the use of spot and forward foreign exchange contracts. All committed exposures are fully hedged 100% and where significant foreign currency exposures exist then generally a percentage of the projected foreign currency flows are covered, depending on the certainty of these cash flows.

The transaction foreign exchange risk is measured by each subsidiary submitting regular reports to Group Treasury which detail the foreign currency exposure reported on the balance sheet as committed exposures and, for those subsidiaries with significant foreign exchange transaction exposures, an additional report detailing the future projected foreign currency cash flows over the life of the policy. The pre-determined policy margin is shown against the projected exposures to determine whether there is a net exposure which needs to be hedged. If this is the case, then foreign exchange spot or forward contract(s) will be undertaken by Group Treasury on behalf of the relevant subsidiary with the Group's relationship banks.

2015	US dollar $m	Euros $m	Total $m
Net foreign exchange transaction cash flow exposure	90.5	3.2	93.7
Derivative effect – foreign exchange contracts spot/forwards	(70.7)	(2.0)	(72.7)
Net asset position excluding inter-company debt post hedging effect	19.8	1.2	21.0

2014	US dollar $m	Euros $m	Total $m
Net foreign exchange transaction cash flow exposure	72.7	0.5	73.2
Derivative effect – foreign exchange contracts spot/forwards	(71.6)	(0.6)	(72.2)
Net asset position excluding inter-company debt post hedging effect	1.1	(0.1)	1.0

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to $0.5 million (2014: $9.8 million) has been recognised in other comprehensive income. A gain of $1.1 million (2014: loss of $4.5 million) has been transferred to the income statement.

Foreign exchange contracts that are not designated as cash flow hedges are used to hedge foreign currency flows through the BBA Aviation plc company bank accounts and to ensure that the Group is not exposed to foreign exchange risk through the management of its international cash pooling structure.

Changes in the fair value of foreign exchange contracts which have not been designated as cash flow hedges amounting to $5.7 million (2014: credit of $0.1 million) have been transferred to administrative expenses in the income statement in the year. The net impact on the Group's result for the period is immaterial, since the balances which these contracts relate to have had a similar but opposite effect on administrative expenses.

(ii) Interest rate risk

The Group's borrowings are funded through a combination of bank debt and capital markets borrowings. The Group's bank debt is funded through floating rate debt which exposes the Group to cash flow interest rate risk. The Group's capital markets borrowings are financed through US private placement fixed rate debt which exposes the Group to changes in the fair value of the fixed rate debt due to changes in interest rates. The Group's policy in relation to interest rate risk specifies the portion of its debt obligations, which should be fixed through the use of fixed rate debt and/or interest rate swaps, in order to protect the interest cover covenant.

16. Financial instruments – continued

The fixed/floating interest rate mix within net debt and other financial instruments is as follows:

2015	Cash and cash equivalents $m	Book value of borrowings $m	Fair value of borrowings $m
Fixed interest rate (adjusted for interest rate hedging)			
Less than one year	–	–	–
Between two and five years	–	(301.6)	(303.6)
After five years	–	(99.3)	(115.0)
Total fixed interest rate (adjusted for interest rate hedging)	–	(400.9)	(418.6)
Floating interest rate	966.4	(427.5)	(427.5)
Total interest-bearing assets/(liabilities) within net debt	966.4	(828.4)	(846.1)

As part of the Group's cash management strategy of the rights issue proceeds some of this cash was used to temporarily repay borrowings under the $650 million facility prior to completion of the Landmark Aviation acquisition. Therefore, as at 31 December 2015 bank loans were $nil (2014: $270 million) but the table above includes $305 million of cash flow interest rate swaps which have been put in place to hedge the bank debt.

2014	Cash and cash equivalents $m	Book value of borrowings $m	Fair value of borrowings $m
Fixed interest rate (adjusted for interest rate hedging)			
Less than one year	–	–	–
Between two and five years	–	(264.4)	(267.6)
After five years	–	(99.2)	(115.9)
Total fixed interest rate (adjusted for interest rate hedging)	–	(363.6)	(383.5)
Floating interest rate	166.3	(435.2)	(435.2)
Total interest-bearing assets/(liabilities) within net debt	166.3	(798.8)	(818.7)

The fair values of the financial instruments above are categorised within Level 2 of the fair value hierarchy on the basis that their fair value has been calculated using inputs that are observable in active markets which are related to the individual asset or liability.

The Group has designated $1,135.3 million interest rate swaps as cash flow hedges of which $830.3 million are forward starting interest rate swaps and the fair value gain of $2.6 million (2014: gain $4.8 million) has been recognised in other comprehensive income. A charge of $3.7 million (2014: charge $3.5 million) has been booked against hedged interest payments made in the period.

As detailed in note 15, $400million of the $500million US dollar private placement loan notes included within borrowings above have been adjusted by fair value changes due to interest rate risk, as this has been hedged using interest rate swaps converting fixed interest to floating interest rates. The fair value gain of $1.1 million on the swaps has been recognised in the income statement (2014: $2.3 million) which has been offset by the fair value loss on the related fixed rate debt of $1.1 million (2014: $2.3 million). This has also been booked to the income statement and the net impact is immaterial.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. As part of the Group's operations, cash management and risk management activities, the Group is exposed to counterparty risk arising on the financial assets held by the Group and the credit risk on outstanding derivative financial instruments.

Treasury-related credit risk

The Group aims to reduce counterparty risk by dealing with counterparties with investment grade ratings, as measured by financial credit rating agencies. All treasury related activity is concentrated with relationship banks that provide unsecured committed facilities to the Group. Across the subsidiaries, wherever possible and where services can be provided efficiently and cost-effectively, bank accounts, surplus cash and any hedging activity are concentrated and undertaken with relationship banks.

Each counterparty that the Group uses for derivatives, bank account activity and the investment of surplus cash is assigned a maximum credit limit dependent upon the counterparty's credit rating. This limit gives a maximum permitted amount of cash and derivatives that can be held or undertaken with each counterparty. Deposits are generally for short-term maturity of less than three months.

Notes to the Consolidated Financial Statements – continued

16. Financial instruments – continued

As at 31 December 2015 and 31 December 2014, the Group had a number of exposures to individual counterparties. These exposures are continually monitored and reported and no individual exposure is considered significant in the ordinary course of treasury management activity. No significant losses are expected to arise from non-performance by these counterparties.

Commercial-related credit risk

The Group's exposure to commercial-related credit risk is primarily attributable to its trade and finance lease receivables and the amounts presented in the balance sheet are net of allowances for doubtful receivables. Sales to customers are settled by a number of different ways including cash, credit cards, cheques and electronic payment methods. A customer or potential customer is assessed on a case-by-case basis to determine whether credit terms will be provided. The Group does not expect any significant losses of receivables that have not been provided for, as shown in note 12.

Liquidity risk

The Group manages its liquidity requirements through the use of short-term and long-term cash flow forecasts. In addition to strong cash generation in the businesses, the Group maintains unsecured committed borrowing facilities from a range of banks to mitigate this risk further. Headroom on our facilities is regularly evaluated and consistently monitored to ensure that the Group has adequate headroom and liquidity. The Group's committed facilities are a $650 million revolving credit facility maturing in 2019 and a $1,000 million commitment under the $1,650 million Acquisition Financing Agreement, dated 23 September 2015 and as amended and restated on 16 November 2015, to part finance the acquisition of Landmark Aviation. The Acquisition Financing Agreement comprises (i) a $150 million six-month term loan facility with two six-month extension options (Facility A), (ii) a $400 million three-year term loan facility (Facility B) and (iii) a $450 million five-year term loan facility (Facility C).

The following table provides an analysis of the contractual undiscounted cash flows payable under the financial liabilities as at the balance sheet date:

2015

	US$ private placement $m	Bank loans $m	Other loans $m	Trade creditors $m	Non-derivative financial liabilities $m	Derivative financial liabilities $m	Total $m
Due within one year	24.3	12.0	0.6	252.1	289.0	4.8	293.8
Due between one and two years	24.3	–	0.2	18.4	42.9	2.1	45.0
Due between two and three years	140.3	–	0.2	–	140.5	1.0	141.5
Due between three and four years	17.9	–	3.4	–	21.3	(0.1)	21.2
Due between four and five years	17.9	–	–	–	17.9	–	17.9
Due in more than five years	418.4	–	–	–	418.4	–	418.4
Total	643.1	12.0	4.4	270.5	930.0	7.8	937.8

2014

	US$ private placement $m	Bank loans $m	Other loans $m	Trade creditors $m	Non-derivative financial liabilities $m	Derivative financial liabilities $m	Total $m
Due within one year	24.3	25.5	0.6	256.9	307.3	6.4	313.7
Due between one and two years	24.3	5.3	0.2	17.8	47.6	0.9	48.5
Due between two and three years	24.3	5.3	0.2	–	29.8	0.2	30.0
Due between three and four years	140.3	5.3	0.2	–	145.8	(0.4)	145.4
Due between four and five years	17.9	271.5	3.5	–	292.9	(0.2)	292.7
Due in more than five years	436.3	–	–	–	436.3	–	436.3
Total	667.4	312.9	4.7	274.7	1,259.7	6.9	1,266.6

16. Financial instruments – continued

The maturity profile of the Group's financial derivatives using undiscounted cash flows is as follows:

	2015		2014	
	Payable $m	Receivable $m	Payable $m	Receivable $m
Due within one year	(386.8)	391.4	(426.7)	430.1
Due between one and two years	(52.6)	54.2	(41.6)	45.4
Due between two and three years	(27.3)	29.6	(27.6)	29.1
Due between three and four years	(20.5)	23.6	(22.5)	22.7
Due between four and five years	(18.5)	20.6	(15.9)	15.3
Due in more than five years	(29.3)	27.7	(46.6)	42.2
Total	(535.0)	547.1	(580.9)	584.8

Sensitivity analysis as at 31 December 2015

Financial instruments affected by market risk are derivative financial instruments. The following analysis is intended to illustrate the sensitivity to changes in foreign exchange rates and interest rates.

The sensitivity analysis has been prepared on the basis that the derivative portfolio and the proportion of derivatives hedging foreign exchange risk and interest rate risk are all constant and on the basis of hedge designations in place at 31 December 2015 and 2014 respectively. As a consequence, this sensitivity analysis relates to the position at these dates and is not representative of the year then ended.

The following assumptions were made in calculating the sensitivity analysis:

— fair value interest rate swaps are assumed to be fully effective and therefore there is no impact on the income statement or balance sheet from changes in interest rates;
— changes in the carrying value of derivative financial instruments designated as cash flow hedges or net investment hedges are assumed to be recorded fully within other comprehensive income;
— the sensitivity of accrued interest to movements in interest rates is calculated on net floating rate exposures on debt, cash and derivative instruments;
— changes in the carrying value of derivative financial instruments not in hedging relationships only affect the income statement;
— all other changes in the carrying value of derivative financial instruments designated as hedges are fully effective with no impact on the Income Statement;
— the floating rate leg of any swap or any floating rate debt is treated as not having any interest rate already set, therefore a change in the interest rate affects a full 12-month period for the accrued interest portion of the sensitivity calculations;
— the sensitivity of foreign exchange rates only looks at the outstanding foreign exchange forward book and the currency bank account balances of the Company only as at the balance sheet date and assumes this is the position for a full 12-month period;
— the sensitivity of a 10% movement in foreign exchange rates has been used due to the fact that historically rates can move by approximately 10% per annum; and
— the sensitivity of a 1% movement in interest rates has been used due to the fact that historically floating US dollar interest rates have moved by on average 1% per annum.

Using the above assumptions the following table shows the illustrative effect on the Income Statement and within other comprehensive income that would result from reasonably possible movements in foreign currency exchange rates and interest rates, before the effects of tax.

	2015		2014	
	Income Statement $m	Other compre-hensive income $m	Income Statement $m	Other compre-hensive income $m
£/$ FX rates – £ strengthens 10%	–	6.4	–	6.5
£/$ FX rates – £ weakens 10%	–	(7.9)	–	(8.0)
£/euro FX rates – £ strengthens 10%	–	0.2	–	–
£/euro FX rates – £ weakens 10%	–	(0.2)	–	–
Interest rates +1.00%	(4.1)	55.1	(4.2)	10.1
Interest rates –1.00%	1.3	(59.7)	1.0	(10.6)

The foreign exchange analysis in the sensitivity table above illustrates the impact of movements in foreign exchange rates on foreign currency transactional exposures and does not include the impact on the translation of the Group's overseas Income Statement and Balance Sheet. The translation impact on profit before tax in the Group's Income Statement from the movement in exchange rates is approximately $nil (2014: $1.1 million) for each 1.0¢ movement in the £/$ exchange rate.

17. Provisions

	Beginning of year $m	Exchange rate adjustments $m	Reallocation to/from other assets/ liabilities $m	From acquisitions $m	Charged in year $m	Utilised in year $m	Released in year $m	End of year $m
31 December 2015								
Insurance provisions	25.9	(0.7)	–	–	16.8	(13.9)	–	28.1
Restructuring provisions	2.4	–		–	6.8	(4.7)	–	4.5
Discontinued operations	14.2	(0.2)	1.9	–	4.2	(2.8)	–	17.3
Environmental provisions	3.1	–	(0.5)	–	0.7	(1.2)	–	2.1
Other provisions	–	–	3.6	2.1	1.4	(1.4)	(0.2)	5.5
	45.6	(0.9)	5.0	2.1	29.9	(24.0)	(0.2)	57.5
31 December 2014 (Restated)								
Insurance provisions	30.4	(1.1)	–	–	15.3	(17.9)	(0.8)	25.9
Restructuring provisions	–	–	–	–	2.4	–	–	2.4
Discontinued operations	15.4	(0.3)	0.9	–	0.7	(2.5)	–	14.2
Environmental provisions	1.9	(0.1)	–	–	1.7	(0.4)	–	3.1
	47.7	(1.5)	0.9	–	20.1	(20.8)	(0.8)	45.6

There has been a re-classification between current payables and current or non-current provisions in both the current and prior year end to improve consistency of treatment of provisions. The 2014 comparatives have been restated to account for these changes. Further information is provided in the accounting policies note.

Insurance provisions relate to the Group's captive insurance Companies. The Group's captive insurance companies retain a portion of the exposure they insure on behalf of the remainder of the Group. Currently the Group retains all or a portion of the risk in relation to its Aviation, Workers Compensation, Automobile and Property damage insurances. Significant delays occur in the notification and/or settlement of claims and judgements involved in assessing outstanding liabilities, the ultimate cost and timing of which cannot be known with certainty at the balance sheet date. The insurance provisions are based on information currently available, however, it is inherent in the nature of the business that ultimate liabilities may vary. Provisions for outstanding claims are estimated to cover the outstanding expected liability as well as claims incurred but not yet reported. The liabilities have an expected life of up to ten years (2014: ten years).

Restructuring provisions represent costs provided in relation to commitments made at the balance sheet date for reorganisations which are expected to occur within one year of the balance sheet date. In 2015 the charges and the closing balance relate to the closure of ASIG Singapore. The charges to the restructuring provision in 2014 relate to rationalisation costs in the ASIG business and within central functions.

Provisions in respect of discontinued operations represent a provision for environmental and other liabilities relating to businesses that have been disposed of by the Group in prior years. The provision of $17.3 million (2014: $14.2 million) is partially offset by expected recoveries from third parties of $4.8 million (2014: $4.8 million), which are included within trade and other receivables due after one year (2015: $4.1 million, 2014: $4.1 million) and trade and other receivables due within one year (2015: $0.7 million, 2014: $0.7 million) in note 12. The liabilities have an expected life of up to 40 years.

Environmental provisions relate to environmental liabilities within continuing operations of the Group. The liabilities have an expected life of up to ten years (2014: ten years).

Other provisions relate to other trading matters, primarily relating to warranties in the Aftermarket Services division. Due to acquisitions the balance of other liabilities of this nature now warrants separate disclosure. As such the liabilities have been transferred from other liabilities and accruals to provisions in the year to better reflect their nature. The liabilities have an expected life of up to ten years (2014: ten years).

Analysed as:	2015 $m	Restated 2014 $m
Current liabilities	27.0	16.3
Non-current liabilities	30.5	29.3
	57.5	45.6

18. Pensions and other post-retirement benefits

The Group operates a number of plans worldwide, of both the funded defined benefit type and the defined contribution type. The normal pension cost for the Group, including early retirement costs, was $12.5 million (2014: $12.4 million) of which $8.1 million (2014: $8.0 million) was in respect of schemes outside of the UK. This includes $9.7 million (2014: $9.6 million) relating to defined contribution schemes. The pension costs and defined benefit obligation are assessed in accordance with the advice of independent qualified actuaries.

The Group's main UK pension commitments are contained within a final salary defined benefit scheme, the BBA Income and Protection Plan (IPP), with assets held in a separate Trustee-administered fund. Contributions to the scheme are made and the pension cost is assessed using the project unit method. As required by UK pension law, there is a Board of Trustees that, together with the Group, is responsible for governance of the IPP.

During 2008, the Trustees of the UK defined benefit plan purchased from Legal & General Group plc an annuity to match the liabilities associated with pensioner members. Since the initial "buy-in", further tranches of annuities have been purchased periodically in respect of new pensioner liabilities, although there have been no new tranches purchased during 2015. The annuity is an investment of the UK plan, and all pension liabilities and responsibility for future pension payments remain with the plan. The income from the annuity matches the payments to be made to the pensioner members it covers and removes mortality risk in relation to those members who are the subject of the annuity purchase.

The IPP was closed to new members in 2002. On 1 March 2010, the future service benefits provided by this plan were changed from a final salary to a career average revalued earnings (CARE) basis. At the same time, benefits accrued in the IPP prior to 1 March 2010 were changed so that these now increase in line with inflation rather than future salary increases.

In 2014, the Group agreed a new long-term funding package with the Trustee of the IPP, following the sale of APPH Limited. This new funding package replaced the deficit contributions agreed with the Trustee as part of the 2012 triennial valuation of the IPP. As part of this funding package, an Asset-Backed Funding (ABF) structure was put in place, which entitles the Trustee to receive payments of £2.7 million ($4.1 million) each year until 2034. In addition, the Group made an additional payment of £4.2 million ($6.4 million) on 31 January 2015.

The ABF structure consists of a Scottish Limited Partnership (SLP), formed between two newly incorporated subsidiaries of the Group and the Trustee of the IPP. The SLP has a long-term inter-company loan receivable due from Ontic Engineering & Manufacturing UK Limited (Ontic), on which annual interest payments of £2.7 million ($4.1 million) are due over the term of the loan. The SLP will make quarterly profit distributions of the interest payments received from Ontic to the IPP, totalling £2.7 million ($4.1 million) per annum. The Trustee of the IPP acquired its interest in the SLP via an in-specie contribution from BBA Aviation plc. The ABF structure has been established so that the three newly created entities are consolidated into the Group's financial statements. In addition, the interest in the SLP held by the IPP is not treated as an asset under IAS19, and therefore is not included as part of the Group's pensions disclosures under IAS19. Instead, the payments due to the IPP are treated as a series of payments which the Group has committed to make.

The actuarial valuation of the UK IPP as at 31 March 2015 indicated a funding deficit of £45 million ($66 million) excluding the value of the ABF structure. In addition to the ABF payments set out above, the Company will pay £0.3 million ($0.5 million) p.a. over the next five years in order to reduce the deficit.

The split of the defined benefit obligation at 31 December 2015 is approximately 8% (2014: 16%) in respect of active members, 29% (2014: 27%) in respect of deferred members and 63% (2014: 57%) in respect of pensioner members. The weighted average duration of the IPP's liabilities is approximately 15 years (2014: 15 years).

The Group's foreign pension schemes, which are all in North America, mainly relate to a funded defined benefit pension arrangement. There is also a post-employment medical plan and a deferred compensation plan. Pension costs have been calculated by independent qualified actuaries using the projected unit method and assumptions appropriate to the arrangements in place.

In accordance with IAS 19 (revised), and subject to materiality, the latest actuarial valuations of the Group's defined benefit pension schemes and healthcare plan have been reviewed and updated as at 31 December 2015. The following weighted average financial assumptions have been adopted:

	United Kingdom		North America	
	2015	2014	2015	2014
Per annum (%)				
Discount rate	3.7	3.4	4.3	4.0
Rate of increase to pensionable salaries	3.5	3.5	–	–
Price inflation	3.0	3.0	2.3	2.3
Rate of increase to pensions in payment	2.9	3.0	2.3	2.3

Notes to the Consolidated Financial Statements – continued

18. Pensions and other post-retirement benefits – continued

IAS 19 revised requires that the discount rate used to discount the liability be determined by reference to market yields on high-quality corporate bond investments at the reporting date. The currency and terms of these should be consistent with the currency and estimated term of the post-employment obligations. The discount rate for the IPP has been derived using a yield curve approach. The yield curve is based on the yield available on sterling AA-rated corporate bonds of a term similar to the liabilities.

The RPI assumption for the IPP allows for the shape of the inflation spot curve and the duration of the plan's liabilities. A deduction of 30 basis points has been made to the breakeven inflation assumption to allow for an inflation risk premium.

For the IPP, the mortality assumptions are based on the recent actual mortality experience of members within the plan, and a best estimate view of future mortality improvements. The life expectancy assumptions applying to the IPP as at 31 December 2015 are as follows:

	2015		2014	
	Male	Female	Male	Female
Life expectancy for a current 65-year-old (years)	22.0	24.2	22.2	23.8
Life expectancy for a 65-year-old in 15 years (years)	23.4	26.1	23.5	25.3

For the US post-retirement medical plan, the immediate trend rate for medical benefits was 8.0% (2014: 8.5%) which is assumed to reduce by 0.5% per annum to 5.0% from 2022 onwards.

The fair value of the assets and present value of defined benefit obligations of the schemes at each balance sheet date were:

	United Kingdom		North America		Total	
	2015 $m	2014 $m	2015 $m	2014 $m	2015 $m	2014 $m
Assets						
Equities	180.0	136.1	17.0	18.9	197.0	155.0
Government bonds	28.2	34.1	–	–	28.2	34.1
Corporate bonds	73.1	88.0	19.9	21.1	93.0	109.1
Property	38.6	43.0	2.5	2.7	41.1	45.7
Insurance policies	401.3	411.2	–	–	401.3	411.2
Cash	4.3	37.2	0.7	0.8	5.0	38.0
Total fair value of scheme assets	725.5	749.6	40.1	43.5	765.6	793.1

For the UK plan, at 31 December 2015, a total of $462.8 million of assets were not quoted on an active investment market (comprising $5.3 million government bonds, $13.8 million of corporate bonds, $38.6 million property, $401.3 million of insurance policies and $3.8 million of cash). All of the assets in respect of the US plans were quoted on an active investment market.

Present value of defined benefit obligations	(739.6)	(781.0)	(66.1)	(74.3)	(805.7)	(855.3)
Liability recognised on the Balance Sheet	(14.1)	(31.4)	(26.0)	(30.8)	(40.1)	(62.2)

The funding policy for the IPP and majority of the North American schemes is reviewed on a systematic basis in consultation with the independent scheme actuary in order to ensure that the funding contributions from sponsoring employers are appropriate to meet the liabilities of the schemes over the long term.

Included within other receivables in the Balance Sheet are $3.1 million (2014: $3.4 million) of listed investments which are held in trust for the benefit of members of the deferred compensation plan in North America. These amounts are not included within the assets shown in the table above as they are not controlled by the plan in question.

18. Pensions and other post-retirement benefits – continued

	United Kingdom		North America		Total	
	2015 $m	2014 $m	2015 $m	2014 $m	2015 $m	2014 $m
Analysis of Income Statement charge						
Current service cost	2.8	2.6	–	–	2.8	2.6
Net interest on the net defined benefit asset/liability	0.8	1.4	1.1	1.0	1.9	2.4
Administration expenses	1.8	1.5	0.6	0.7	2.4	2.2
Loss due to settlements/curtailments and terminations	–	–	–	0.2	–	0.2
Expense recognised in Income Statement	5.4	5.5	1.7	1.9	7.1	7.4

	United Kingdom		North America		Total	
	2015 $m	2014 $m	2015 $m	2014 $m	2015 $m	2014 $m
Changes to the present value of the defined benefit obligation during the year						
Defined benefit obligation at beginning of year	781.0	764.5	74.3	65.6	855.3	830.1
Current service cost	2.8	2.6	–	–	2.8	2.6
Interest cost	25.2	31.4	2.9	3.0	28.1	34.4
Contributions by plan participants	0.4	0.5	–	–	0.4	0.5
Actuarial (gains)/losses due to change in financial assumptions	(31.4)	72.9	(2.6)	4.9	(34.0)	77.8
Actuarial (gains)/losses due to change in demographic assumptions	(2.2)	–	(1.4)	5.4	(3.6)	5.4
Experience (gains)/losses on scheme liabilities	53.1	–	(0.1)	(0.9)	53.0	(0.9)
Net benefits paid out	(49.3)	(41.2)	(7.0)	(3.9)	(56.3)	(45.1)
Loss due to settlements and curtailments	–	–	–	0.2	–	0.2
Foreign currency exchange rate changes	(40.0)	(49.7)	–	–	(40.0)	(49.7)
Defined benefit obligation at end of year	739.6	781.0	66.1	74.3	805.7	855.3

	United Kingdom		North America		Total	
	2015 $m	2014 $m	2015 $m	2014 $m	2015 $m	2014 $m
Changes to the fair value of scheme assets during the year						
Fair value of scheme assets at beginning of year	749.6	753.8	43.5	42.3	793.1	796.1
Interest income on scheme assets	24.4	31.2	1.8	2.0	26.2	33.2
Actual employer contributions	14.5	10.1	6.0	3.8	20.5	13.9
Contributions by plan participants	0.4	0.5	–	–	0.4	0.5
Net benefits paid out	(49.3)	(41.2)	(7.0)	(3.9)	(56.3)	(45.1)
Actuarial gains/(losses) on assets	26.6	44.6	(3.6)	–	23.0	44.6
Administration expenses	(1.8)	(1.5)	(0.6)	(0.7)	(2.4)	(2.2)
Foreign currency exchange rate changes	(38.9)	(47.9)	–	–	(38.9)	(47.9)
Fair value of plan assets at end of year	725.5	749.6	40.1	43.5	765.6	793.1

The assets of the IPP are invested in a range of funds with different risk and return profiles. To the extent that the IPP is partially funded through asset performance, and actual investment returns achieved are lower than those assumed, then this may result in a worsening of the funding position and higher future cash contribution requirements for the Group.

At 31 December 2015, the largest single category of investment held by the IPP is an annuity purchased from Legal & General which matches the liabilities associated with pensioner members, with a value of $401.3 million (55.3% of the asset holding at 31 December 2015 (2014: $411.2 million (52% of the asset holding at 31 December 2014)). The purpose of the annuity is to help reduce asset/liability mismatch risk.

Notes to the Consolidated Financial Statements – continued

18. Pensions and other post-retirement benefits – continued

	United Kingdom		North America		Total	
	2015 $m	2014 $m	2015 $m	2014 $m	2015 $m	2014 $m
Actual return on scheme assets	51.0	75.8	(1.8)	2.0	49.2	77.8

	United Kingdom		North America		Total	
	2015 $m	2014 $m	2015 $m	2014 $m	2015 $m	2014 $m
Analysis of amounts recognised in SOCI						
Liability (losses)/gains due to changes in financial assumptions	31.4	(72.9)	2.6	(4.9)	34.0	(77.8)
Liability gains/(losses) due to changes in demographic assumptions	2.2	–	1.4	(5.4)	3.6	(5.4)
Asset gains/(losses) arising during the period	26.6	44.6	(3.6)	–	23.0	44.6
Experience gains/(losses) on scheme liabilities	(53.1)	–	0.1	0.9	(53.0)	0.9
Movement in minimum funding liability	–	24.6	–	–	–	24.6
Total gains/(losses) before exchange (losses)/gains	7.1	(3.7)	0.5	(9.4)	7.6	(13.1)
Exchange (losses)/gains	1.2	2.0	–	–	1.2	2.0
Total gains/losses recognised in SOCI	8.3	(1.7)	0.5	(9.4)	8.8	(11.1)

The plan is exposed to inflation risk as a result of the decision to grant inflation-linked increases to pensions in payment and CARE revaluations. There is also a longevity risk to the plan if member mortality improves beyond expectations. The sensitivity of the liabilities to such changes are given below.

	Impact on defined benefit obligation	
	United Kingdom $m	North America $m
Sensitivity analysis of the principal assumptions used to measure plan defined benefit obligations		
Increase of 0.25% in discount rate	(25.4)	(1.9)
Decrease of 0.25% in discount rate	27.0	2.1
Increase of 0.25% in inflation	23.5	0.2
Decrease of 0.25% in inflation	(20.0)	(0.2)
Increase of 0.25% in pension increase rate	16.9	0.2
Decrease of 0.25% in pension increase rate	(16.2)	(0.2)
Increase of one year in life expectancy	29.0	2.1
Decrease of one year in life expectancy	(23.7)	(2.1)
Increase of 0.25% in medical cost trend rates	N/A	–
Decrease of 0.25% in medical cost trend rates	N/A	–

The sensitivity analysis is based on a change in one assumption while holding all other assumptions constant, therefore interdependencies between assumptions are excluded, with the exception of the inflation rate sensitivity which also impacts salary and pension increase assumptions. The analysis also makes no allowance for the impact of changes in gilt and corporate bond yields on asset values. The methodology applied is consistent with that used to determine the defined benefit obligation.

	United Kingdom $m	North America $m	Total $m
Employer contributions for 2016 are estimated to be as follows:	8.0	2.3	10.3

19. Deferred tax

	Fixed assets $m	Other assets $m	Goodwill and intangibles $m	Tax losses and tax credits $m	Retirement benefits $m	Share-based payments $m	Total $m
Beginning of year	(9.7)	23.2	(118.9)	13.6	18.5	3.2	(70.1)
Expense/(credit) for the year	2.8	5.5	(12.8)	8.8	(1.3)	(0.8)	2.2
(Credit)/expense to other comprehensive income and equity	–	(1.1)	–	–	(3.7)	(1.8)	(6.6)
Acquisitions/disposals	0.3	0.8	(1.1)	–	–	–	–
Exchange adjustments	0.3	–	0.1	(0.5)	(0.2)	(0.1)	(0.4)
End of year	(6.3)	28.4	(132.7)	21.9	13.3	0.5	(74.9)

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2015 $m	2014 $m
Deferred tax liabilities	(83.1)	(86.6)
Deferred tax assets	8.2	16.5
	(74.9)	(70.1)

At the balance sheet date, the Group has gross temporary differences and tax losses of $1.4 billion (2014: $1.4 billion) available for offset against future profits for which deferred tax has not been recognised. These assets have not been recognised as the precise incidence of future profits in the relevant countries and legal entities cannot be accurately predicted at this time. Included in the unrecognised gross temporary difference is $8.7 million (2014: $8.6 million relating to losses due to expire in 2019) which relates to losses that will expire by 2020. Other losses may be carried forward indefinitely under current tax legislation.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities could arise but have not been recognised is $1.5 million (2014: $2.7 million). No liability has been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

20. Share capital and reserves

Share capital	Allotted, called up and fully paid 2015 millions	2014 millions
Number of shares		
Ordinary $29^{16}/_{21}$p shares	1,044.5	481.4
5% cumulative preference £1 shares	0.2	0.2

Nominal value of shares	2015 $m	2014 $m
Equity shares		
Ordinary $29^{16}/_{21}$p shares	508.5	252.3
Non-equity shares		
5% cumulative preference £1 shares	0.3	0.3
	508.8	252.6

Issue of share capital

On 27 October 2015, the Company raised $1,117.1 million (net of expenses of $26.0 million) through a rights issue of 562,281,811 ordinary shares at 133p each on the basis of six new ordinary shares for every five existing ordinary shares. The issue price represented a discount of 47.8% to the closing share price on 23 September 2015, the announcement date of the rights issue.

The discount element inherent in the rights issue is treated as a bonus issue of 224.9 million shares. Earnings per share has been restated for all comparative periods presented, by adjusting the weighted average number of shares to include the impact of the bonus shares. For comparability, in note 5 dividends per share are also presented after taking account of the bonus element of the rights issue.

During the year, the Group also issued 0.9 million (2014: 1.0 million) ordinary $29^{16}/_{21}$p shares to satisfy the vesting of share awards under the BBA Aviation plc share option schemes. The consideration for shares issued in respect of share options was $0.4 million (2014: $0.6 million).

Notes to the Consolidated Financial Statements – continued

20. Share capital and reserves – continued

	2015 $m	2014 $m
Reserves attributable to equity interests		
Share premium account		
Beginning of year	733.1	733.0
Issue of share capital	861.3	0.1
End of year	1,594.4	733.1
Other reserve		
Beginning of year	6.9	6.9
Transfer to retained earnings on the unwind of revaluation reserves	(5.9)	–
End of year	1.0	6.9
Treasury reserve		
Beginning of year	(71.9)	(17.1)
Purchase of own shares	(23.9)	(76.7)
Sale/transfer of own shares	2.0	4.7
Transfer from retained earnings	3.8	17.2
End of year	(90.0)	(71.9)
Capital reserve		
Beginning of year	41.6	40.6
Credit to equity for equity-settled share-based payments	2.8	7.5
Transfer to retained earnings on exercise of equity-settled share-based payments	(6.3)	(6.5)
End of year	38.1	41.6
Hedging reserve		
Beginning of year	(13.1)	(6.5)
(Decrease)/increase in fair value of cash flow hedging derivatives	(2.1)	(14.6)
Transfer to Income Statement	2.6	8.0
End of year	(12.6)	(13.1)
Translation reserve		
Beginning of year	(59.3)	(31.2)
Transfer to non-controlling interest	(0.5)	–
Exchange differences on translation of foreign operations	(14.6)	(28.1)
End of year	(74.4)	(59.3)
Retained earnings		
Beginning of year	194.4	121.2
Transfer from capital reserve on exercise of equity-settled share-based payments	6.3	6.5
Transfer to treasury reserve	(3.8)	(17.2)
Deferred tax on items taken directly to reserves	(2.9)	8.4
Actuarial gains/(losses)	7.6	(13.1)
Dividends paid	(76.6)	(74.2)
Profit for the year	83.2	162.8
End of year	208.2	194.4

At 31 December 2015, 4,860,076 ordinary $29^{16}/_{21}$p shares (2014: 1,368,744 shares) with a nominal value of £1.4 million (2014: £0.4 million) and a market value of $13.6 million (2014: $7.7 million) were held in the BBA Employee Benefit Trust, a trust set up in 2006. EES Trustees International Limited, the Trustees of the BBA Employee Benefit Trust, has agreed to waive its dividend entitlement in certain circumstances.
At 31 December 2014, 0.1 million ordinary $29^{16}/_{21}$p shares with a nominal value of $nil million and a market value of $0.5 million were also held in the 1995 BBA Group Employee Share Trust. In 2014, 60,423 shares were dividend reinvested under the 1995 BBA Group Employee Share Trust and 55 shares were dividend reinvested under the Dividend Reinvestment Plan.

20. Share capital and reserves – continued

Rights of non-equity interests

5% cumulative preference £1 shares:

i. entitle holders, in priority to holders of all other classes of shares, to a fixed cumulative preferential dividend at a rate of 5.0% per annum per share payable half yearly in equal amounts on 1 February and 1 August;
ii. on a return of capital on a winding up, or otherwise, will carry the right to repayment of capital together with a premium of 12.5p per share and a sum equal to any arrears or deficiency of dividend; this right is in priority to the rights of the ordinary shareholders; and
iii. carry the right to attend and vote at a general meeting of the Company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is six months or more in arrears, or if a resolution is to be considered at the meeting for winding up the Company or reducing its share capital or sanctioning the sale of the undertakings of the Company or varying or abrogating any of the special rights attached to them.

Rights of equity interests in 29 $^{16}/_{21}$p ordinary shares

The rights of equity interests in 29 $^{16}/_{21}$p ordinary shares:

i. each share has equal rights to dividends;
ii. carry no right to fixed income;
iii. on a return of capital on a winding up, or otherwise, will carry the right to repayment of capital; this right is subordinate to the rights of the preference shareholders; and
iv. carry the right to attend and vote at a meeting of the Company.

21. Share-based payments

Equity-settled share-based payments

The number of options and the associated share prices in the tables below have been adjusted to reflect the bonus element of the shares issued under the terms of the rights issue.

(i) Share options

The Group plan provides for a grant price equal to the average of the middle market price of a BBA Aviation plc ordinary share up to five dealing days prior to the date of grant. The vesting period is generally three years. Share options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	2015		2014	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	4,192,888	201p	6,115,947	144p
Granted during the year	72,390	26p	2,483,155	244p
Impact of the rights issue	1,614,503	143p	–	–
Exercised during the year	(1,160,629)	112p	(3,604,833)	107p
Lapsed during the year	(554,761)	156p	(801,381)	208p
Outstanding at the end of the year	4,164,391	151p	4,192,888	201p

The weighted average share price at the date of exercise for share options exercised during the period was 112p (2014: 107p). The options outstanding at 31 December 2015 had weighted average remaining contractual life of 20 months (2014: 33 months), and an exercise price range of 112p to 177p (2014: 156p to 248p). Options of 72,390 (2014: 53,875) shares were granted under the BBA UK Share Option Plan in the year. Nil options (2014: 2,429,280) shares were granted under the BBA Savings Related Share Option Plan.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted and calculated using the valuation technique most appropriate to each type of award. These include Black–Scholes calculations and Monte Carlo simulations. The inputs into the models were as follows:

	Issued in March 2015	Issued in March 2014
Weighted average share price (pence)	239	250
Weighted average exercise price (pence)	26	244
Expected volatility (%)	25.1%	24.7%
Expected life (months)	36	36
Risk-free rate (%)	0.80%	0.81%
Expected dividend yield (%)	3.21%	2.73%

Notes to the Consolidated Financial Statements – continued

21. Share-based payments – continued

Expected volatility was determined by calculating the historical volatility of the Group's share price over the period of time equivalent to the remaining contractual life of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(ii) Share awards

Details of the conditional share awards outstanding during the year are as follows:

	Number of shares 2015	Number of shares 2014
Outstanding at the beginning of the year	10,095,305	11,970,863
Granted during the year	3.554,918	2,806,577
Impact of the rights issue	3,486,300	–
Exercised during the year	(1,946,297)	(2,157,874)
Lapsed during the year	(4,054,766)	(2,524,261)
Outstanding at the end of the year	11,135,460	10,095,305

The awards outstanding at 31 December 2015 had a weighted average remaining contractual life of 19 months (2014: 13 months). The weighted average fair value of conditional shares granted in the year was 210p (2014: 280p).

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted and calculated using the valuation technique most appropriate to each type of award. These include Black–Scholes calculations and Monte Carlo simulations. The inputs into the model were as follows:

	Issued in March 2015	Issued in March 2014
Weighted average share price (pence)	237	309
Expected volatility (%)	25.1%	24.7%
Expected life (months)	36	36
Risk-free rate (%)	0.80%	0.81%
Expected dividend yield (%)	3.12%	3.25%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the period of time equivalent to the remaining contractual life of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(iii) Expense charged to Income Statement

The Group recognised a total expense of $2.8 million (2014: $7.5 million) related to equity-settled share-based payment transactions during the year.

(iv) Other share-based payment plan

The Company's Savings Related Share Option Plan is open to all eligible UK employees. Options are granted at a price equal to the average three-day middle market price of a BBA Aviation plc ordinary share prior to the date of grant, less 20%. Options are granted under three or five-year SAYE contracts. The maximum overall employee contribution is £500 per month. Pursuant to this plan, the Group issued 19,494 ordinary shares in 2015 (2014: 2,467 ordinary shares).

22. Cash flow from operating activities

	2015 $m	Restated 2014 $m
Operating profit	130.8	154.1
Share of profit from associates and joint ventures	(9.6)	(2.4)
Profit from operations	121.2	151.7
Depreciation of property, plant and equipment	58.5	56.6
Amortisation of intangible assets	24.3	20.5
(Profit)/loss on sale of property, plant and equipment	(3.7)	0.2
Share-based payment expense	2.8	7.5
Increase/(decrease) in provisions	5.7	(1.5)
Pension scheme payments	(15.3)	(9.1)
Other non-cash items	21.0	2.6
Unrealised foreign exchange movements	0.6	(0.4)
Operating cash inflows before movements in working capital	215.1	228.1
Increase in working capital	(21.7)	(12.0)
Cash generated by operations	193.4	216.1
Net income taxes paid	(5.0)	(28.4)
Net cash inflow from operating activities	188.4	187.7
Dividends received from associates	3.4	1.0
Purchase of property, plant and equipment	(81.8)	(85.8)
Purchase of intangible assets*	(8.9)	(30.6)
Proceeds from disposal of property, plant and equipment	16.7	0.4
Interest received	11.7	4.3
Interest paid	(41.1)	(25.8)
Free cash flow	88.4	51.2

* Purchase of intangible assets excludes $13.5 million (2014: $22.6 million) paid in relation to Ontic licences, since the directors believe these payments are more akin to expenditure in relation to acquisitions, and are therefore outside of the Group's definition of free cash flow. These amounts are included within purchase of intangible assets on the face of the Cash Flow Statement.

23. Acquisition of businesses

During the period the Group made the following acquisitions:

On 30 June 2015 the Group's Legacy Support business acquired the manufacturing rights and processes from Pratt & Whitney Canada for selected JT15D engine component parts for a total consideration of $14.0 million. The rights and processes acquired in this acquisition constitute a business under the definition of IFRS 3. All of the consideration has been attributed to intangible assets.

On 1 July 2015, ASIG Ltd acquired control and 100% of the shareholding in ASIG Panama S.A. for a total consideration of $1.8 million, being the carrying value of the Group's original holding in the entity of $1.6 million plus cash consideration of $0.2 million. The total fair value of the assets and liabilities acquired was $4.3 million higher than the fair value of the consideration. As such, a bargain gain was recognised on the acquisition within other income in operating profit in the year. The gain arose as the transaction was not made on an arm's length basis in an open market.

In the year an increase in goodwill has been recognised in respect of prior year acquisitions in Flight Support as a result of completing final fair value exercises.

The fair value of the net assets acquired and goodwill arising on these acquisitions are set out below:

	Current year acquisitions					
	ASIG Panama S.A $m	Finalisation of acquisition balance sheets & deferred consideration $m	Flight Support $m	Ontic JT15D assets $m	Aftermarket services $m	Total 2015 $m
Intangible assets	1.5	–	1.5	15.8	15.8	17.3
Property, plant and equipment	14.5	(0.9)	13.6	0.1	0.1	13.7
Inventories	–	–	–	0.2	0.2	0.2
Receivables	2.6	–	2.6	–	–	2.6
Payables	(6.7)	(0.3)	(7.0)	–	–	(7.0)
Provisions	–	–	–	(2.1)	(2.1)	(2.1)
Taxation	–	–	–	–	–	–
Net borrowings	(5.8)	–	(5.8)	–	–	(5.8)
Net assets/(liabilities)	6.1	(1.2)	4.9	14.0	14.0	18.9
Goodwill	–	1.2	1.2	–	–	1.2
Bargain purchase gain	(4.3)	–	(4.3)	–	–	(4.3)
Total consideration (including deferred consideration)	1.8	–	1.8	14.0	14.0	15.8
Satisfied by:						
Cash	0.2	–	0.2	12.3	12.3	12.5
Carrying value of previous holding	1.6	–	1.6	–	–	1.6
Deferred consideration	–	1.1	1.1	1.7	1.7	2.8
Net cash consideration	1.8	1.1	2.9	14.0	14.0	16.9
Net cash flow arising on acquisition						
Cash consideration	0.2	1.1	1.3	12.3	12.3	13.6
Cash and cash equivalents acquired	(1.1)	–	(1.1)	–	–	(1.1)
Debt acquired	6.9	–	6.9	–	–	6.9
Directly attributable costs	–	–	–	–	–	–
	6.0	1.1	7.1	12.3	12.3	19.4

All acquisition costs incurred in the year are in relation to the Landmark Aviation acquisition and recognised as part of transactions under exceptional and other items. Refer to note 2 for further details.

In the year $1.1 million of deferred consideration was paid in relation to prior year acquisitions in Flight Support. Deferred consideration related primarily to transactions undertaken in 2014 with $0.9 million in relation to the 2014 acquisition of Maguire Aviation Group LLC. Finalisation of prior period acquisition balance sheets was also completed in the period and saw an increase in goodwill of $1.2 million. The goodwill arising on these acquisitions is attributable to the anticipated profitability arising from the growth of the Signature network and expansion of the Group's ASIG business, together with anticipated future operating synergies. $1.2 million of the goodwill is expected to be deductible for income tax purposes.

In the period since acquisition, the operations acquired have contributed $12.5 million and $8.5 million to revenue and operating profit respectively. If the acquisitions had occurred on the first day of the financial year, the total revenue and operating profit from these acquisitions is estimated to be $22.4 million and $13.1 million respectively. However, we note that these figures are not representative of the businesses' future contributions to the Group as the ASIG Panama business was significantly restructured at the point it was acquired.

23. Acquisition of businesses – continued

The fair value of the financial assets includes receivables with a fair value and book value of $2.6 million. The best estimate at the acquisition date of the contractual cash flows not expected to be collected is $nil.

24. Disposals and assets and associated liabilities classified as held for sale

On 3 February 2014, the Group disposed of its 100% shareholdings in APPH Limited (APPH UK) and APPH Wichita Inc (Wichita), part of the Aftermarket Services segment, to Héroux-Devtek for cash proceeds of $128.0 million. In the prior year, the Group also closed its APPH Houston operations. The net gain of $26.8 million from these transactions is included within exceptional items in the Consolidated Income Statement (see note 2) and is analysed as follows:

	2014 $m
Gain on disposal of APPH UK and Wichita	41.3
Net costs associated with closure of APPH Houston	
– Cash	4.1
– Non-cash	(18.6)
	(14.5)
Net gain on disposal of business	26.8

The gain on disposal of APPH UK and Wichita of $41.3 million is analysed below.

	2014 $m
Assets held for sale	
Goodwill	8.5
Intangible assets	0.8
Property, plant and equipment	12.0
Inventories	51.6
Trade and other receivables	22.0
Deferred taxation	0.3
Cash and cash equivalents	3.8
Trade and other payables	(19.0)
Borrowings	(0.2)
Net assets divested	79.8
Foreign exchange	(0.2)
Directly related costs of disposal	
– Cash	6.6
– Non-cash	0.5
	7.1
Net gain on sale of APPH UK and Wichita	41.3
Total liabilities associated with assets held for sale	128.0

The cash proceeds received on the disposal of APPH UK and Wichita, net of disposal costs and cash and cash equivalents disposed, together with net cash received of $4.1 million in respect of the closure of APPH Houston, resulted in a prior year cash inflow of $122.2 million.

On 15 April 2014, ASIG sold its 50% share of joint venture operations with Skytanking at Munich and Vienna airports, together with its airport fuel operations at Linz and Klagenfurt airports in Austria on 16 April 2014, to Skytanking for $3.3 million. The net gain on disposal was $0.3 million. The cash proceeds received, net cash and cash equivalents disposed of, and disposal costs paid, resulted in a cash inflow of $3.1 million.

25. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are detailed below.

Compensation of key management personnel

Key management are the directors and members of the Executive Committee. The remuneration of directors and other members of key management during the year was as follows:

	2015 $m	Restated 2014 $m
Short-term benefits	8.6	8.8
Post-employment benefits	0.6	0.9
Share-based payments	0.9	1.7
	10.1	11.4

Post-employment benefits include contributions of $0.6 million (2014: $0.6 million) in relation to defined contribution schemes.

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends. The directors' remuneration is disclosed in the Directors' Remuneration Report on pages 79 to 104.

Share-based payments of $0.9 million (2014: $1.7 million) disclosed in the above table exclude the portion of the annual bonus subject to compulsory deferral, which will be expensed over the vesting period in accordance with IFRS 2: Share-based payment. The 2015 annual bonus subject to compulsory deferral is $nil million (2014: $1.2 million).

Other related party transactions

During the year, Group companies entered into the following transactions with related parties which are not members of the Group:

	Sales of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2015 $m	2014 $m	2015 $m	2014 $m	2015 $m	2014 $m	2015 $m	2014 $m
Associates	8.5	16.9	355.5	530.2	0.3	1.5	52.1	46.1

Purchases of goods principally relates to the purchase of aviation fuel. Purchases were made at market price discounted to reflect the quantity of goods purchased. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

At the balance sheet date, Group companies had loan receivables from an associated undertaking of $2.6 million (2014: $2.5 million). The loans are unsecured and will be settled in cash, and were made on terms which reflect the relationships between the parties.

The Group operates various pension and other post-retirement benefit schemes for its employees. Details are set out in note 18.

26. Post balance sheet events

Acquisition of Landmark Aviation

On 5 February 2016, the Group completed the acquisition of Landmark Aviation, a leading provider of specialist B&GA support services, for a total consideration of $2,065 million following the receipt of clearance under the Hart-Scott Rodino Antitrust Improvements Act of 1976.

Landmark is one of the largest FBO networks in the world, with 68 locations in the United States, Canada, France and the United Kingdom. It has locations at premier airports including New York (White Plains), New Jersey (Teterboro), Los Angeles, Miami, San Diego, Washington DC (Dulles), Paris (Le Bourget) and London (Luton). Landmark is one of the leading charter operators in the United States currently with over 110 aircraft under its charter and management flying over 15,000 charter hours annually.

The acquisition was a class 1 transaction under the UK listings rules, receiving shareholder approval on 9 October 2015. The deal is funded by the combination of a rights issue and a debt raise.

As set out in note 20 the rights issue was completed on 27 October 2015. The Company raised $1,117.1 million (net of expenses of $26.0 million). Further details on the rights issue are available in the Prospectus.

As set out in the rights issue prospectus and note 16, on completion the deal funding was completed by the draw down under an acquisition financing facility which provides a committed facility of $1,000 million. This acquisition debt facility comprises a $150 million, $400 million and $450 million term loan facilities. On 5 February 2016 a total of $1,000 million was drawn down under the acquisition financing facility and $316 million under the group existing $650 million revolving credit facility. The funds drawn down in conjunction with the maturity of money market deposits provided the total funding for the completion of the acquisition of Landmark Aviation.

26. Post balance sheet events – continued

Given the proximity of the transaction to the announcement of the Group's financial statements, a full purchase price allocation exercise has not yet been undertaken, the valuation of the assets acquired is subject to amendment on the finalisation of the fair value exercise. However, for the purposes of the transaction and the related rights issue a pre-acquisition assessment of the fair value of the acquired assets was undertaken. That study indicated that the provisional fair value of the net assets acquired and the provisional goodwill arising on this acquisition is expected to be as follows:

	Note	Unaudited 2015 $m	Unaudited Provisional fair value adjustments 2015 $m	Unaudited Provisional settlement of borrowings 2015 $m	Unaudited Provisional fair value 2015 $m
Assets					
Cash		5.5	–	–	5.5
Accounts receivable, net		60.9	–	–	60.9
Inventory		16.9	–	–	16.9
Other current assets		13.1	–	–	13.1
Total Current Assets		96.4	–	–	96.4
Property, plant and equipment		355.2	–	–	355.2
Goodwill		318.1	600.6	–	918.7
Intangible assets		494.3	376.9	–	871.2
Investment in affiliates		0.9	–	–	0.9
Deferred financing costs, net		18.7	–	(18.7)	–
Total Assets		1,283.6	977.5	(18.7)	2,242.4
Liabilities					
Accounts payable		(34.3)	–	–	(34.3)
Accrued liabilities		(51.8)	–	–	(51.8)
Purchase accounting reserves		(1.3)	–	–	(1.3)
Notes payable		(7.2)	–	7.2	–
Total Current Liabilities		(94.6)	–	7.2	(87.4)
Borrowings		(872.3)	–	872.3	–
Deferred income taxes		(70.3)	–	–	(70.3)
Other long term liabilities		(19.7)	–	–	(19.7)
Total long term liabilities		(962.3)	–	872.3	(90.0)
Net assets/(liabilities)		226.7	977.5	860.8	2,065.0
Total consideration (including deferred consideration)					2,065.0
Satisfied by:					
Cash					2,065.0
Directly attributable costs					
Acquisition costs recognised in exceptional and other items in the year	2				38.4
Acquisition costs recognised in exceptional and other interest income in the year	2				(0.4)
Acquisition costs recognised in exceptional and other interest cost in the year	2				3.9
Equity raise costs recognised against share premium	20				26.0
Debt raise costs capitalised					5.8
					73.7

Company Balance Sheet

	Notes	2015 £m	Restated 2014 £m
Non-current assets			
Tangible fixed assets	3	1.2	0.7
Fixed asset investments	4	2,971.9	2,229.1
Derivative financial instruments	5	8.5	5.9
Other non-current assets	6	30.4	31.5
Deferred tax asset		1.6	6.3
		3,013.6	2,273.5
Current assets			
Derivative financial instruments	5	5.8	2.3
Other debtors	6	1,706.1	1,628.8
Cash at bank and in hand	8	561.5	18.4
		2,273.4	1,649.5
Current liabilities			
Creditors: amounts falling due within one year			
Borrowings	7, 8	(6.1)	(9.3)
Derivative financial instruments	5	(2.0)	(2.3)
Others	7	(2,885.4)	(1,973.9)
Net current liabilities		(620.1)	(336.0)
Total assets less current liabilities		2,393.5	1,937.5
Creditors: amounts falling due after more than one year			
Borrowings	8	(343.3)	(497.1)
Derivative financial instruments	5	(3.2)	(2.4)
Retirement benefit obligations	12	(9.5)	(20.1)
Provisions	9	(0.8)	(2.3)
Total net assets		2,036.7	1,415.6
Capital and reserves			
Called up share capital	10	310.8	143.3
Share premium account	10	978.6	415.1
Other reserves	10	198.8	216.4
Profit and loss account	10	548.5	640.8
Equity shareholders' funds		2,036.7	1,415.6

The financial statements of BBA Aviation plc (registered number 00053688) were approved by the Board of Directors on 2 March 2016 and signed on its behalf by:

Simon Pryce
Group Chief Executive

Mike Powell
Group Finance Director

In accordance with the exemptions permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company has not been presented. The loss for the financial year in the accounts of the Company amounted to £49.7 million (2014: gain £617.4 million).

The auditor's remuneration for audit and other services is disclosed in note 2 to the Consolidated Financial Statements.

The accompanying notes are an integral part of this balance sheet.

Company Statement of Changes in Equity

	Share capital £m	Share premium £m	Profit and loss account £m	Other reserves £m	Total equity £m
Balance at 1 January 2014 (restated)	143.0	415.0	78.5	250.4	886.9
Profit for the year	–	–	617.4	–	617.4
Other comprehensive income for the year	–	–	(1.3)	–	(1.3)
Total comprehensive income for the year	–	–	616.1	–	616.1
Dividends	–	–	(44.6)	–	(44.6)
Issue of share capital	0.3	0.1	–	–	0.4
Movement on treasury reserve	–	–	–	(45.6)	(45.6)
Credit to equity for equity-settled share-based payments	–	–	–	4.5	4.5
Fair value movements in interest rate cash flow hedges	–	–	–	(1.8)	(1.8)
Transfer to profit and loss from equity on interest rate hedges	–	–	–	2.5	2.5
Tax on items recognised directly in equity	–	–	(2.8)	–	(2.8)
Transfer to profit and loss account	–	–	(6.4)	6.4	–
Balance at 1 January 2015	143.3	415.1	640.8	216.4	1,415.6
Loss for the year	–	–	(49.7)	–	(49.7)
Other comprehensive income for the year	–	–	6.3	–	6.3
Total comprehensive income for the year	–	–	(43.4)	–	(43.4)
Dividends	–	–	(50.1)	–	(50.1)
Issue of share capital	167.5	563.5	–	–	731.0
Movement on treasury reserve	–	–	–	(14.4)	(14.4)
Credit to equity for equity-settled share-based payments	–	–	–	1.8	1.8
Fair value movements in interest rate cash flow hedges	–	–	–	(1.2)	(1.2)
Transfer to profit and loss from equity on interest rate hedges	–	–	–	1.3	1.3
Tax on items recognised directly in equity	–	–	(3.9)	–	(3.9)
Transfer to profit and loss account	–	–	5.1	(5.1)	–
Balance at 31 December 2015	310.8	978.6	548.5	198.8	2,036.7

Accounting Policies of the Company

Basis of Accounting

BBA Aviation plc is a company incorporated and domiciled in the UK.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared using the historical cost convention adjusted for the revaluation of certain fixed assets and in accordance with applicable UK accounting standards and law. In the year UK GAAP changed and the Company has adopted and transitioned to Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and restated the prior year balance sheet and associated disclosures accordingly.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 14.

IFRS 1 grants certain exemptions from the full requirements of adopted IFRS in the transition period. No exemptions in respect of IFRS 1 have been taken in the preparation of these financial statements.

The financial statements have been prepared on a going concern basis in accordance with the rationale set out in the Directors' Statement of Going Concern on page 105 of the Directors' Report.

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

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and,
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of BBA Aviation plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2: Share Based Payments in respect of Group settled share based payments
- Certain disclosures required by IAS 36: Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5: Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3: Business Combinations in respect of business combinations undertaken by the Company; and,
- Certain disclosures required by IFRS 13: Fair Value Measurement and the disclosures required by IFRS 7: Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1 January 2014 for the purposes of the transition to FRS 101 Adopted IFRS.

Investments

In the Company's financial statements, investments in subsidiary and associated undertakings are stated at cost less provision for impairment.

Treasury

Transactions in foreign currencies are translated into sterling at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recorded at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is recognised in the profit and loss account.

Derivative financial instruments utilised by the Group comprise interest rates swaps, cross-currency or basis swaps and foreign exchange contracts. All such instruments are used for hedging purposes to manage the risk profile of an underlying exposure of the Group in line with the Group's risk management policies. All derivative instruments are recorded on the balance sheet at fair value. Recognition of gains or losses on derivative instruments depends on whether the instrument is designated as a hedge and the type of exposure it is designed to hedge.

The effective portion of gains or losses on cash flow hedges are deferred in equity until the impact from the hedged item is recognised in the profit and loss account. The ineffective portion of such gains and losses is recognised in the profit and loss account immediately.

Gains or losses on the qualifying part of net investment hedges are recognised in equity together with the gains and losses on the underlying net investment. The ineffective portion of such gains and losses is recognised in the profit and loss account.

Changes in the fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

Post-retirement benefits

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

For defined benefit retirement benefit schemes, the cost is determined using the projected unit credit method, with valuations under IAS 19 (revised) being carried out annually as at 31 December. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside of profit or loss and presented in the Statement of Comprehensive Income.

The service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. Any past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The interest cost on the net defined benefit deficit is included within finance costs.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and reduced by the fair value of scheme assets. Any asset resulting from this calculation is only recognised to the extent that it is recoverable.

Defined benefit scheme contributions are determined by valuations undertaken by independent qualified actuaries.

Share-based payments

The Company operates a number of cash and equity-settled share-based compensation plans. The fair value of the compensation is recognised in the profit and loss account as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted and calculated using the valuation technique most appropriate to each type of award. These include Black–Scholes calculations and Monte Carlo simulations. For cash-settled options, the fair value of the option is revisited at each balance sheet date. For both cash and equity-settled options, the Company revises its estimates of the number of options that are expected to become exercisable at each balance sheet date.

Tangible fixed assets

Plant and machinery and land and buildings are stated in the balance sheet at cost or valuation. Depreciation is provided on the cost of tangible fixed assets less estimated residual value and is calculated on a straight-line basis over the following estimated useful lives of the assets:

Land	Not depreciated
Buildings	40 years maximum
Plant and machinery (including essential commissioning costs)	3–18 years

Tooling, vehicles, computer and office equipment are categorised within plant and machinery in note 3 to these accounts.

The revaluation reserve consists of the surpluses on the revaluation of land and buildings to their market value for existing use and on the revaluation of plant and machinery to net current replacement cost. The directors are not aware of any material change to the value of these assets since the last revaluation.

Leases

Where assets are financed by lease agreements that give rights similar to ownership (finance leases), the assets are treated as if they had been purchased and the leasing commitments are shown as obligations to the lessors. The capitalisation values of the assets are written off on a straight-line basis over the shorter of the periods of the leases or the useful lives of the assets concerned. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital payments outstanding.

For all other leases (operating leases) the rental payments are charged to the Income Statement on a straight line basis over the lives of the leases.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided in full on all liabilities. In accordance with IAS 12, deferred tax assets are recognised to the extent it is regarded that it is more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

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

Notes to the Company Financial Statements

1. Dividends

Details of the Company's dividends paid are provided in note 5 to the Consolidated Financial Statements.

2. Directors and employees

Emoluments and interests

Details of directors' emoluments and interests are provided within the Directors' Remuneration Report on pages 79 to 104.

Employees

	2015	2014
Average monthly number	43	45

	2015 £m	Restated 2014 £m
Salaries	5.7	6.5
Social security	0.8	0.9
Contributions to defined contribution plans	0.4	0.4
Expenses related to defined benefit plans	3.6	3.5
	10.5	11.3

3. Tangible fixed assets

	Leasehold improvements 2015 £m	Plant and machinery 2015 £m	Total 2015 £m	Land and buildings 2014 £m	Plant and machinery 2014 £m	Total 2014 £m
Cost or valuation						
Beginning of year	0.8	1.3	2.1	0.8	1.6	2.4
Additions	–	0.7	0.7	–	0.2	0.2
Disposals	–	(0.6)	(0.6)	–	(0.5)	(0.5)
End of year	0.8	1.4	2.2	0.8	1.3	2.1
Accumulated depreciation						
Beginning of year	0.3	1.1	1.4	0.3	1.0	1.3
Depreciation charge for the year	0.1	0.1	0.2	–	0.1	0.1
Disposals	–	(0.6)	(0.6)	–	–	–
End of year	0.4	0.6	1.0	0.3	1.1	1.4
Net book value end of year						
Owned assets	–	0.8	0.8	–	0.2	0.2
Leasehold improvements	0.4	–	0.4	0.5	–	0.5
	0.4	0.8	1.2	0.5	0.2	0.7

	2015 £m	2014 £m
Land and buildings		
Short leasehold	0.4	0.5

4. Fixed asset investments

	2015 £m	Restated 2014 £m
Subsidiary undertakings		
Cost of shares		
Beginning of year	2,257.5	2,254.5
Additions	745.7	3.0
Disposals	(2.9)	–
End of year	3,000.3	2,257.5
Provisions for impairments		
At beginning of year	(28.4)	(28.4)
Provided in year	–	–
End of year	(28.4)	(28.4)
Net book value end of year	2,971.9	2,229.1

The additions of £745.7 million in the current year relate to an increase in the entity's investment in Balderton Aviation Holdings Limited.

The subsidiary undertakings of BBA Aviation plc are listed on page 170.

5. Derivative financial instruments

	2015 Current £m	2015 Non-current £m	2015 Total £m	2014 Current £m	2014 Non-current £m	2014 Total £m
Derivative financial assets						
Foreign currency forward contracts	5.8	0.8	6.6	2.3	0.4	2.7
Interest rate swaps	–	7.7	7.7	–	5.5	5.5
	5.8	8.5	14.3	2.3	5.9	8.2

	2015 Current £m	2015 Non-current £m	2015 Total £m	2014 Current £m	2014 Non-current £m	2014 Total £m
Derivative financial liabilities						
Foreign currency forward contracts	(1.9)	(0.4)	(2.3)	(2.2)	(0.3)	(2.5)
Interest rate swaps	(0.1)	(2.8)	(2.9)	(0.1)	(2.1)	(2.2)
	(2.0)	(3.2)	(5.2)	(2.3)	(2.4)	(4.7)

Details of the foreign currency forward contracts, interest rate swaps and cross-currency swaps are provided in note 16 to the Consolidated Financial Statements.

6. Debtors

	2015 £m	Restated 2014 £m
Prepayments relating to the Companies pension scheme, note 12	30.4	31.5
Debtors due after one year	30.4	31.5
Amounts owed by subsidiary undertakings	1,693.3	1,615.4
Other debtors, prepayments and accrued income	12.8	13.4
Debtors due within one year	1,706.1	1,628.8

Notes to the Company Financial Statements – continued

7. Creditors: amounts falling due within one year

	2015 £m	2014 £m
Borrowings (note 8)		
Bank loans and overdrafts	6.1	9.3
	6.1	9.3
Other		
Amounts owed to subsidiary undertakings	2,870.7	1,954.7
Corporate tax	5.4	4.7
Other taxation and social security	0.1	1.0
Other creditors	5.8	2.2
Accruals and deferred income	3.4	11.3
	2,885.4	1,973.9

8. Cash and borrowings

Borrowings summary	2015 £m	2014 £m
Medium-term loans		
Repayable between two and five years	80.9	169.5
Repayable in more than five years	262.4	327.6
Borrowings: due after more than one year	343.3	497.1
Short-term		
Overdrafts and borrowings repayable within one year (note 7)	6.1	9.3
Total borrowings	349.4	506.4
Cash at bank and in hand	(561.5)	(18.4)
Net (cash)/borrowings	(212.1)	488.0

Borrowings analysis	2015 £m	2014 £m
Unsecured		
Bank loans and overdrafts		
Sterling	5.8	3.6
US dollar	343.5	501.4
Other currencies	0.1	1.4
Total borrowings	349.4	506.4
Cash at bank and in hand	(561.5)	(18.4)
Net (cash)/borrowings	(212.1)	488.0

The interest rates on unsecured loans range from 0.5% to 5.9% per annum and repayments are due at varying dates up to 2026.

Operating lease commitments

Land and buildings	2015 £m	Restated 2014 £m
Within one year	0.4	0.4
One to five years	1.6	1.6
More than five years	0.5	0.9
	2.5	2.9

9. Provisions

	Beginning of year £m	Charged in year £m	Utilised in year £m	Released in year £m	End of year £m
31 December 2015					
Discontinued operations	1.3	–	(0.3)	–	1.0
Environmental provisions	1.0	–	(1.0)	–	–
	2.3	–	(1.3)	–	1.0
31 December 2014 (as restated)					
Discontinued operations	1.5	–	(0.2)	–	1.3
Environmental provisions	0.7	0.3	–	–	1.0
	2.2	0.3	(0.2)	–	2.3

Analysed as:	2015 £m	2014 £m
Current liabilities	0.2	–
Non-current liabilities	0.8	2.3
	1.0	2.3

10. Capital and reserves

Details of Company share capital, including the issuance of new shares in the year, are provided within note 20 to the Consolidated Financial Statements.

	2015 £m	Restated 2014 £m
Reserves attributable to equity interests		
Share premium account		
Beginning of year	415.1	415.0
Premium on shares issued	563.5	0.1
End of year	978.6	415.1
Revaluation reserve		
Beginning of year	3.5	3.5
Transfer to profit and loss account	(3.5)	–
End of year	–	3.5
Merger reserve		
Beginning and end of year	99.3	99.3
Capital reserve		
Beginning of year	156.3	155.8
Credit to equity for equity-settled share-based payments	1.8	4.5
Transfer to retained earnings on exercise of equity-settled share-based payments	(4.1)	(4.0)
End of year	154.0	156.3
Treasury reserve		
Beginning of year	(45.5)	(10.3)
Purchase of own shares	(14.4)	(45.6)
Transfer to profit and loss account	2.5	10.4
End of year	(57.4)	(45.5)

Notes to the Company Financial Statements – continued

10. Capital and reserves – continued

	2015 £m	Restated 2014 £m
Hedging reserve		
Beginning of year	2.8	2.1
Decrease in fair value of interest rate cash flow hedge	(1.2)	(1.8)
Transfer to income statement	1.3	2.5
End of year	2.9	2.8
Profit and loss account		
Beginning of year	640.8	78.5
Transfer from revaluation reserve	3.5	–
Transfer from capital reserve on exercise of equity-settled share-based payments	4.1	4.0
Transferred from treasury reserve	(2.5)	(10.4)
Tax on items taken directly to reserves	(3.9)	(2.8)
Actuarial gains/(losses)	4.6	(2.2)
Other items taken directly to/(from) reserves	1.7	0.9
(Loss)/profit for the year	(49.7)	617.4
Equity dividends	(50.1)	(44.6)
End of year	548.5	640.8

At 31 December 2015, 4,860,076 ordinary $29^{16}/_{21}$p shares (2014: 1,368,744 shares) with a nominal value of £1.4 million (2014: £0.4 million) and a market value of £9.2 million (2014: £4.9 million) were held in the BBA Employee Benefit Trust, a trust set up in 2006. EES Trustees International Limited, the Trustees of the BBA Employee Benefit Trust, has agreed to waive its dividend entitlement in certain circumstances. At 31 December 2014, 87,145 ordinary $29^{16}/_{21}$p shares with a nominal value of £nil million and a market value of £0.3 million were also held in the 1995 BBA Group Employee Share Trust. In 2014, 60,423 shares were dividend reinvested under the 1995 BBA Group Employee Share Trust and 55 shares were dividend reinvested under the Dividend Reinvestment Plan.

The profit and loss account includes £31.5 million (2014: £32.5 million) which is not distributable.

11. Share-based payments

Details of share-based payments are provided within note 21 to the Consolidated Financial Statements.

12. Pension and other post-retirement benefits

The Company operates a defined benefit pension scheme in the United Kingdom. Assets are held in a separate trustee-administered fund. Contributions to the scheme are made and pension cost is assessed using the projected unit method.

During the first half of 2014, the Group agreed a new long-term funding package with the Trustee of the IPP, following the sale of APPH Limited. This new funding package replaced the deficit contributions agreed with the Trustee as part of the 2012 triennial valuation of the IPP. As part of this funding package, an Asset-Backed Funding (ABF) structure was put in place. In accordance with the implementation steps of the structure the Company made a capital contribution to a newly formed partnership of £33 million. This has been re-classified as a prepayment following the adoption of FRS 101. This asset will unwind over the life of the ABF structure as contributions to the plan reduce the Plan deficit. The final cash contribution will be made by the ABF structure to the Plan in March 2034, at which point the prepayment will be fully unwound.

Details of the UK scheme are provided within note 18 to the Consolidated Financial Statements.

13. Contingent liabilities

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

Contingent liabilities:	2015 £m	2014 £m
Guarantees of subsidiary undertakings, overdrafts or loans and other guarantees	9.9	13.4

14. Explanation of transition to FRS 101

As stated in the accounting policies, these are the Company's first financial statements prepared in accordance with FRS 101.

These accounting policies have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014.

In preparing the FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position is set out in the following tables and notes that accompany the tables.

Transitional Balance Sheet

	Notes	UK GAAP 1 January 2014 £m	Effect of transition to FRS 101 1 January 2014 £m	FRS 101 1 January 2014 £m	UK GAAP 31 December 2014 £m	Effect of transition to FRS 101 31 December 2014 £m	FRS 101 31 December 2014 £m
Non-current assets							
Tangible fixed assets		1.1	–	1.1	0.7	–	0.7
Fixed asset investments	a	2,329.5	(103.5)	2,226.0	2,300.6	(71.5)	2,229.1
Derivative financial instruments		5.9	–	5.9	5.9	–	5.9
Other non-current assets	b	–	–	–	–	31.5	31.5
Deferred tax asset	c, d	–	7.2	7.2	–	6.3	6.3
		2,336.5	(96.3)	2,240.2	2,307.2	(33.7)	2,273.5
Current assets							
Derivative financial instruments		3.0	–	3.0	2.3	–	2.3
Other debtors	a, b, c	838.6	100.7	939.3	1,558.6	70.2	1,628.8
Cash at bank and in hand		3.8	–	3.8	18.4	–	18.4
		845.4	100.7	946.1	1,579.3	70.2	1,649.5
Current liabilities							
Creditors: amounts falling due within one year							
Borrowings and finance leases		(7.3)	–	(7.3)	(9.3)	–	(9.3)
Derivative financial instruments		(5.4)	–	(5.4)	(2.3)	–	(2.3)
Others		(1,881.3)	–	(1,881.3)	(1,973.9)	–	(1,973.9)
Net current liabilities		(1,048.6)	100.7	(947.9)	(406.2)	70.2	(336.0)
Total assets less current liabilities		1,287.9	4.4	1,292.3	1,901.0	36.5	1,937.5
Creditors: amounts falling due after more than one year							
Borrowings and finance leases		(376.3)	–	(376.3)	(497.1)	–	(497.1)
Derivative financial instruments		(6.2)	–	(6.2)	(2.4)	–	(2.4)
Retirement benefit obligations	d	–	(20.7)	(20.7)	–	(20.1)	(20.1)
Provisions		(2.2)	–	(2.2)	(2.3)	–	(2.3)
Total net assets		903.2	(16.3)	886.9	1,399.2	16.4	1,415.6
Capital and reserves							
Called up share capital		143.0	–	143.0	143.3	–	143.3
Share premium account		415.0	–	415.0	415.1	–	415.1
Other reserves	e	247.6	2.8	250.4	213.6	2.8	216.4
Profit and loss account	b, d	97.6	(19.1)	78.5	627.2	13.6	640.8
Equity shareholders' funds		903.2	(16.3)	886.9	1,399.2	16.4	1,415.6

Notes to the reconciliation of equity:

a Reclassify the balance included in fixed asset investments which relates to loans from subsidiary undertakings to debtors.
b Pensions prepayment relating to Asset Backed Funding Structure set up in 2014. Refer to Note 12 for details.
c Reclassification of deferred tax balance from current to non-current.
d Recognise defined benefit plan liability and the related deferred tax asset.
e Reserves reclassification.

Subsidiary and Associated Undertakings

The following is a list of the Group's subsidiary and associated undertakings as at 31 December 2015.

Subsidiary undertakings	Country of Incorporation or Registration	Principal Activity	% Holding
SFS Operations Antigua, Ltd	Antigua	Aviation	100%
ASIG Nassau Fueling Services Ltd	Bahamas	Aviation	100%
ASIG Holdings (Barbados) Limited	Barbados	Holding	100%
BBA Aviation (Barbados) Limited	Barbados	Holding	100%
BBA South América Ltda.	Brazil	Holding	100%
Dallas Airmotive Manutenção de Motores Aeronáuticos Ltda.	Brazil	Aviation	100%
ASIG Canada Ltd	Canada	Aviation	100%
ASIG Ground Handling Canada Ltd	Canada	Aviation	100%
SFS Operations Canada Ltd	Canada	Aviation	100%
Signature Canada FBO Services Inc. (CAN)	Canada	Aviation	75%
Signature Flight Support Canada Ltd	Canada	Aviation	100%
Signature Select Operations Canada, Ltd	Canada	Aviation	100%
BBA Financial Services (Cayman Islands) Ltd	Cayman Islands	Holding	100%
Air Hanson Ltd	England	Dormant	100%
ASIG (UK) Ltd	England	Dormant	100%
ASIG Ground Handling Limited	England	Aviation	100%
ASIG Holdings Limited	England	Holding	100%
ASIG Ltd	England	Aviation	100%
ASIG Manchester Limited	England	Aviation	100%
Aviation Consultancy Services Ltd	England	Dormant	100%
Balderton Aviation Holdings Limited	England	Holding	100%
Balderton Aviation Limited	England	Dormant	100%
BBA Aviation ASIG Europe Ltd	England	Holding	100%
BBA Aviation Business Support Centre – EMEA Limited	England	Finance	100%
BBA Aviation Finance	England	Holding	100%
BBA Aviation Life Benefits Trustee Limited	England	Dormant	100%
BBA Aviation Lynton Group Ltd	England	Holding	100%
BBA Aviation Scottish Limited Partnership	Scotland	Finance	100%
BBA Aviation Services Limited	England	Dormant	100%
BBA China Holdings No 1 Ltd	England	Dormant	100%
BBA Finance	England	Finance	100%
BBA Finance No 1	England	Holding	100%
BBA Finance No 2 Limited	England	Dormant	100%
BBA Finance No 3	England	Finance	100%
BBA Finance No 4 Limited	England	Holding	100%
BBA Finance No 5	England	Finance	100%
BBA Financial Services	England	Finance	100%
BBA Financial Services (UK) Limited	England	Holding	100%
BBA Five Ltd	England	Dormant	100%
BBA Four Ltd	England	Dormant	100%
BBA Group Leasing Ltd	England	Dormant	100%
BBA Group Limited	England	Dormant	100%
BBA Holdings Limited	England	Holding	100%
BBA Nominees Ltd	England	Dormant	100%
BBA One Ltd	England	Dormant	100%
BBA Overseas Holdings Limited	England	Holding	100%
BBA Pension Trustees Limited	England	Holding	100%
BBA Properties Limited	England	Holding	100%
BBA Six Limited	England	Dormant	100%
BBA Three Ltd	England	Dormant	100%
BBA Two Ltd	England	Dormant	100%
Boker Aeroclean Ltd	England	Dormant	100%
Bonetights Ltd	England	Dormant	100%
British Belting & Asbestos Ltd	England	Dormant	100%
CBS (Automotive & Industrial) Ltd	England	Dormant	100%
Coronet Aviation Services Ltd	England	Dormant	100%
Cresswells Asbestos Company Ltd	England	Dormant	100%
CSE Aviation Limited	England	Dormant	100%
CSE Bournemouth Limited	England	Aviation	100%
Dallas Airmotive (UK) Ltd	England	Dormant	100%
Dollar Air Services Ltd	England	Dormant	100%
Edinburgh Refuellers Ltd	England	Dormant	100%
European Helicopters Ltd	England	Dormant	100%
Execair (East Midlands) Ltd	England	Dormant	100%
Execair (Scotland) Ltd	England	Dormant	100%
Execair Aviation Services Ltd	England	Dormant	100%
Falcon Air Training School Limited	England	Dormant	100%
Falcon Aviation Training (UK) Limited	England	Dormant	100%
Falcon Aviation Training Limited	England	Dormant	100%

Subsidiary undertakings	Country of Incorporation or Registration	Principal Activity	% Holding
Frothgun (SA) Limited	England	Dormant	100%
Guthrie & Company (UK) Ltd	England	Dormant	100%
Guthrie International Ltd	England	Dormant	100%
Guthrie Overseas Holdings Ltd	England	Dormant	100%
Guthrie Overseas Investments Limited	England	Holding	100%
Guthrie Scottish Nominees (No 1) Ltd	England	Dormant	100%
Guthrie Scottish Nominees (No 3) Ltd	England	Dormant	100%
Guthrie Trading (UK) Ltd	England	Dormant	100%
Guthrie Trustees Ltd	England	Dormant	100%
Guthrint Ltd	England	Dormant	100%
H+S Aviation Limited	England	Aviation	100%
Hamsigh Ltd	England	Dormant	100%
Hants and Sussex Aviation Ltd	England	Dormant	100%
Husbang Ltd	England	Dormant	100%
Lintafoam (Manchester) Ltd	England	Dormant	100%
Lynton Aviation Aircraft Sales Ltd	England	Dormant	100%
Lynton Aviation Ltd	England	Dormant	100%
Lynton Corporate Jet Ltd	England	Dormant	100%
Mulcott Belting Co Ltd	England	Dormant	100%
Nonehay Limited	England	Dormant	100%
Notiontoken Ltd	England	Dormant	100%
Oilark Ltd	England	Dormant	100%
Okefab Ltd	England	Dormant	100%
Ontic Engineering & Manufacturing UK Limited	England	Aviation	100%
Oxford Aviation Holdings Limited	England	Dormant	100%
Oxford Aviation Properties Limited	England	Dormant	100%
PCCN 1997 Ltd	England	Dormant	100%
Salprep Ltd	England	Dormant	100%
SFS (Gatwick) Limited	England	Holding	100%
Signature Flight Support (Gatwick) Limited	England	Aviation	100%
Signature Flight Support Heathrow Limited	England	Aviation	100%
Signature Flight Support Limited	England	Finance	100%
Signature Flight Support London Luton Limited	England	Aviation	100%
Signature Flight Support Southampton Limited	England	Aviation	100%
Steamroles Ltd	England	Dormant	100%
Synterials Limited	England	Dormant	100%
TBL Ltd	England	Dormant	100%
Texidwarf Ltd	England	Dormant	100%
Texstar Limited	England	Dormant	100%
The Guthrie Corporation Limited	England	Holding	100%
The Park Spring Quarry Co Ltd	England	Dormant	100%
Valcove Ltd	England	Dormant	100%
Versil Ltd	England	Dormant	100%
BBA Holdings France SAS	France	Holding	100%
Signature Flight Support Paris SAS	France	Aviation	100%
BBA Holding Deutschland GmbH	Germany	Holding	100%
SFS Munich GmbH & Co KG	Germany	Aviation	90%
SFS Verwaltungs GmbH	Germany	Aviation	90%
Signature Flight Support Germany GmbH	Germany	Holding	100%
Signature Flight Support Athens SA	Greece	Aviation	100%
ASIG Guatemala S.A	Guatemala	Aviation	100%
BBA Aviation LM Finance Ltd	Ireland	Finance	100%
BBA Finance Ireland No 1 Ltd	Ireland	Finance	100%
BBA Investment Aviation Limited	Ireland	Holding	100%
BBA Luxembourg Finance No.2 Sarl Ltd	Ireland	Finance	100%
Signature Flight Support Cork Limited	Ireland	Dormant	100%
Signature Flight Support Dublin Ltd	Ireland	Aviation	100%
Signature Flight Support Irish Holdings Ltd	Ireland	Holding	100%
Signature Flight Support Shannon Ltd	Ireland	Aviation	85%
BBA Aviation Insurances Limited	Isle of Man	Finance	100%
Signature Flight Support Italy	Italy	Aviation	100%
BBA Financial Services (Jersey) Limited	Jersey	Finance	100%
Guthrie Estates Holdings Limited	Jersey	Finance	100%
BBA Aviation Finance Luxembourg No.10 Sarl	Luxembourg	Holding	100%
BBA Aviation LM Finance Sarl	Luxembourg	Finance	100%
BBA Aviation Sarl	Luxembourg	Finance	100%
BBA International Investments Sarl	Luxembourg	Holding	100%
BBA Luxembourg Finance Sarl	Luxembourg	Holding	100%
BBA Luxembourg Investments Sarl	Luxembourg	Holding	100%
BBA ROW Investments Sarl	Luxembourg	Holding	100%
BBA US Investments Sarl	Luxembourg	Holding	100%
Guthrie Investments NV	Netherlands Antilles	Dormant	100%
ASIG Panama S.A.	Panama	Aviation	100%

Subsidiary and Associated Undertakings – continued

Subsidiary undertakings	Country of Incorporation or Registration	Principal Activity	% Holding
ASIG Ground Handling Panama SA	Panama	Aviation	100%
Signature Flight Support Puerto Rico, Inc.	Puerto Rico	Aviation	100%
BBA Aviation Pensions (GP) Limited	Scotland	Finance	100%
BBA Aviation Pensions (Initial LP) Limited	Scotland	Finance	100%
Signature Flight Support UK Regions Limited	Scotland	Aviation	100%
Signature Refuelers Limited	Scotland	Aviation	100%
Aircraft Service International Group Asia-Pacific Pte Limited	Singapore	Aviation	100%
BBA Aviation Singapore Holdings Pte Limited	Singapore	Holding	100%
Dallas Airmotive Asia-Pacific Pte Limited	Singapore	Aviation	100%
Ontic Engineering and Manufacturing Asia-Pacific Pte Limited	Singapore	Aviation	100%
Signature Flight Support Asia - Pacific Pte. Limited	Singapore	Aviation	100%
Dallas Airmotive South Africa Pty Ltd	South Africa	Aviation	100%
Signature Flight Support Cape Town (Pty) Ltd	South Africa	Aviation	100%
Signature Flight Support South Africa (Pty) Limited	South Africa	Holding	100%
SFS Island Operations Ltd	St Kitts	Aviation	100%
Arrindell Aviation by Signature N.V.	St Maarten	Aviation	95%
SFS Trinidad Limited	Trinidad & Tobago	Aviation	100%
H+S Aviation Middle East LLC	United Arab Emirates	Aviation	100%
Aircraft Service International Group Inc	United States	Holding	100%
Aircraft Service International Inc	United States	Aviation	100%
ASIG Holdings Corp	United States	Holding	100%
ASIG Lounge Inc	United States	Aviation	100%
Barrett Turbine Engine Company	United States	Aviation	100%
BBA Aviation Insurance (Vermont) Inc	United States	Finance	100%
BBA Aviation USA Inc	United States	Aviation	100%
BBA Diagnostics LLC	United States	Dormant	90.6%
BBA US Holdings Inc	United States	Holding	100%
Dallas Airmotive Inc	United States	Aviation	100%
Endzone Inc	United States	Aviation	100%
Executive Beechcraft Inc	United States	Aviation	100%
International Airmotive Holding Co	United States	Holding	100%
International Governor Services LLC	United States	Aviation	100%
Ontic Engineering & Manufacturing Inc	United States	Aviation	100%
Page Avjet Corporation	United States	Aviation	100%
Ross Scotsdale LLC	United States	Aviation	100%
Salprep II Inc.	United States	Dormant	100%
Signature 7156 LLC	United States	Aviation	100%
Signature 8361 LLC	United States	Aviation	100%
Signature 8390 LLC	United States	Aviation	100%
Signature 8433 LLC	United States	Aviation	100%
Signature Combs Inc	United States	Aviation	100%
Signature Flight Support Acquisition Co LLC	United States	Aviation	100%
Signature Flight Support Corporation	United States	Aviation	100%
Signature Flight Support Holding Co, LLC	United States	Aviation	100%
Signature Flight Support of Nevada Inc	United States	Aviation	100%
Signature Flight Support Washington National Inc	United States	Holding	100%
Signature Select FBO Corporation	United States	Aviation	100%
Signature Tradewinds - Washington LC	United States	Aviation	80%
Signature VNY LLC	United States	Aviation	100%
Topeka Aircraft Inc	United States	Holding	100%

Joint Ventures	Country of Incorporation or Registration	Principal Activity	% Holding
Jacksonville Jetport LLC	United States	Aviation	50%
Page Avjet Fuel LLC*	United States	Aviation	50%

Associated Undertakings	Country of Incorporation or Registration	Principal Activity	% Holding
Aircraft Service International Group Holdings (Thailand) Ltd	Thailand	Holding	49.6%
ASIG (Thailand) Company Limited	Thailand	Aviation	49%
ASIG Tanking (Thailand) Limited	Thailand	Aviation	40%
Lider Taxi Aereo S.A Air Brasil	Brazil	Aviation	1.45%
Hong Kong Business Aviation Centre Limited	United States	Aviation	10%

* Page Avjet Fuel LLC – 50% – 500 shares (divided as 450 Class A voting shares and 50 Class B non-voting shares).

The Group has an interest in a partnership, the BBA Aviation Scottish Limited Partnership, which is fully consolidated into these Group financial statements. The Group has taken advantage of the exemption conferred by Regulation 7 of the Partnerships (Accounts) Regulations 2008 and has, therefore, not appended the accounts of the qualifying partnership to these financial statements. Separate accounts for the partnership are not required to be, and have not been, filed at Companies House.

Five Year Summary

	2015 $m	Restated 2014 $m	2013 $m	2012 $m	2011 $m
Income statement					
Revenue	2,129.8	2,289.8	2,218.6	2,178.9	2,136.7
Underlying operating profit (continuing operations)	202.0	201.2	200.1	192.7	194.5
Exceptional items	(74.7)	(20.0)	(25.3)	(32.7)	(6.6)
Underlying interest (net)	(32.0)	(28.8)	(29.6)	(34.9)	(33.1)
Profit before tax	95.3	152.4	145.2	125.1	154.8
Tax	(12.2)	10.1	(7.1)	(14.8)	(11.5)
Profit for the period	83.1	162.5	138.1	110.3	143.3
Non-controlling interests	0.1	0.3	0.4	0.3	0.3
Profit attributable to ordinary shareholders	83.2	162.8	138.5	110.6	143.6
Earnings per share					
Basic:					
Adjusted	20.1¢	21.9¢	30.5¢	27.9¢	27.1¢
Historical	30.9¢	30.7¢	30.5¢	27.9¢	27.1¢
Unadjusted	11.6¢	24.6¢	28.9¢	23.1¢	30.6¢
Diluted:					
Adjusted	20.0¢	21.8¢	30.1¢	27.5¢	26.4¢
Unadjusted	11.5¢	24.4¢	28.5¢	22.7¢	29.8¢
Dividends					
Dividends per ordinary share	13.53¢	16.20¢	15.40¢	14.65¢	13.94¢
Balance sheet					
Employment of capital					
Non-current assets	1,843.1	1,833.5	1,652.6	1,585.0	1,558.1
Net current assets	1,013.2	223.4	254.3	217.4	173.4
Total assets less current liabilities	2,856.3	2,056.9	1,906.9	1,802.4	1,731.5
Non-current liabilities	(574.3)	(862.0)	(711.0)	(671.8)	(638.9)
Provisions for liabilities and charges	(113.6)	(115.9)	(101.9)	(109.2)	(112.9)
Net assets	2,168.4	1,079.0	1,094.0	1,021.4	979.7
Capital employed					
Called up share capital	508.5	252.3	251.8	251.5	250.1
Reserves	1,664.7	831.7	846.9	774.4	733.5
Shareholders' funds	2,173.2	1,084.0	1,098.7	1,025.9	983.6
Non-controlling interests	(4.8)	(5.0)	(4.7)	(4.5)	(3.9)
	2,168.4	1,079.0	1,094.0	1,021.4	979.7
Capital expenditure	104.2	139.0	89.8	56.5	43.9
Number of employees, end of year	10,685	12,173	11,212	11,430	10,415

The note has been restated for the impact of the rights issue as set out in note 6 and the impact of the reclassification of provisions as set out in note 17.

Shareholder Information

Shareholdings

As at 31 December 2015 there were about 4,000 shareholders on the register of members.

Dividends

Shareholders will receive their dividend payment in sterling unless they have elected to receive it in US dollars. If you wish to receive your dividends in US dollars, your appropriate election must be received by Capita no later than 5.30 pm on 25 April 2016. Please note that if you have previously made a valid election, that election will cover all future dividend payments and a new election is not required. The dividend will be converted at a prevailing exchange rate on 26 April 2016 and this exchange rate will be announced on 27 April 2016.

Dividend Reinvestment Plan

A Dividend Reinvestment Plan is available, giving ordinary shareholders the option to buy shares in lieu of a cash dividend. Dividend Reinvestment Plan terms and conditions are available upon request from the Company's registrars via the registrars' helpline on 0871 664 0381 (calls cost 10p per minute plus network extras; lines are open 9.00 am to 5.30 pm, Monday to Friday) (overseas 44 (0)20 8639 3402), by e-mail: shares@capitaregistrars.com or visit www.capitashareportal.com.

Share dealing service

A share dealing service is available for UK shareholders from Capita Asset Services to either sell or buy BBA Aviation plc shares. For further information on this service, please contact www.capitadeal.com (on-line dealing) or 0371 664 0445 (telephone dealing). Calls cost 10p per minute plus network charges. Lines are open 8.00 am to 4.30 pm, Monday to Friday.

ShareGift

Shareholders with a small number of shares, the value of which makes it uneconomical to sell, may wish to consider donating them to charity through ShareGift, a registered charity (charity no. 1052686). Further information is available by visiting www.sharegift.org or by telephoning ShareGift on 020 7930 3737.

Key dates	Date payable
Financial calendar	
Dividend and interest payments	
Ordinary shares:	
final 2015	May
interim 2016	November
5% cumulative preference shares	February and August

	Date announced
Announcement of Group results	
Half-year result	August
Annual results	March
Report and accounts	Posted March

Share price information

The price of the Company's shares is available at www.bbaaviation.com.

For the purpose of Capital Gains Tax (CGT) calculations, the base cost of the old BBA Group plc shares held immediately before the demerger on 17 November 2006 has to be apportioned between BBA Aviation plc shares and Fiberweb plc shares. The ratio is BBA Aviation plc shares 84.73%: Fiberweb plc shares 15.27%. This is based on the respective market values on 17 November 2006, determined according to CGT rules at that time, of 281.155p for BBA Aviation plc shares and 170.5p for Fiberweb plc shares.

The Rights issue during the year was on the basis of six for five shares. The closing share price immediately prior to the rights issue at the close of business on 9 October 2015 was 277.9 pence. The theoretical ex-rights price was 198.8636 pence.

This information is provided as indicative guidance. Any person wishing to calculate their CGT should take their own financial advice from their accountant or other authorised financial adviser and if they are in any doubt about their taxation position they should obtain professional advice.

Company registrar

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone: 0871 664 0300
(calls cost 10p per minute plus network charges)
Lines are open 9.00 am to 5.30 pm, Monday to Friday
From outside the UK: 44 (0)20 8639 3399
e-mail: ssd@capitaregistrars.com
www.capitaassetservices.com

Please contact the registrar directly if you wish to advise a change of name, address or dividend mandate or wish to participate in the Dividend Reinvestment Plan or wish to elect to take your dividend in US dollars rather than receive it in the default currency of sterling.

You can access general shareholder information and personal shareholding details from our registrar's website. Our registrar provides a share portal through which you can view up-to-date information and manage your shareholding. You can register for this service via www.capitashareportal.com. You will require your Investor Code (IVC), which can be found on your share certificate or dividend tax voucher, to register for the share portal service or to access other information from the registrar's website.

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, not to the Company's registrar, Capita Asset Services, or to the Company.

Warning to shareholders – boiler room share scams

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or offered an inflated price for shares that investors already own. These calls come from fraudsters operating in "boiler rooms" that are mostly based abroad. BBA Aviation plc is aware that, in common with other companies, a small number of our shareholders have received unsolicited telephone calls concerning their investment in the Company, which may have been from fraudsters.

Callers can be very persistent and extremely persuasive. Shareholders are advised not to give details of their e-mail addresses or other personal details to any third party that they do not know. Further information can be found on the Company's website at www.bbaaviation.com under investors and shareholder information.

Table of information in compliance with Listing Rule 9.8.4C

Clauses	Reference
A statement of the amount of interest capitalised by the Group during the period under review with an indication of the amount and treatment of any related tax relief.	note 3 to the Consolidated Financial Statements
Details of any contract of significance subsisting during the period under review: (a) to which the listed Company, or one of its subsidiary undertakings, is a party and in which a director of the listed Company is or was materially interested; and (b) between the listed Company, or one of its subsidiary undertakings, and a controlling shareholder.	note 25 to the Consolidated Financial Statements
Details of any arrangement under which a shareholder has waived or agreed to waive any dividends, where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review.	note 20 to the Consolidated Financial Statements

Any matters not listed above are not applicable.

Registered office

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