GAMA AVIATION PLC
Company number 07264678

ANNUAL REPORT AND FINANCIAL STATEMENTS 2023

GAMA AVIATION PLC ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Our purpose

…is to provide aviation services that enable a decisive advantage.

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

Strategic Report

2023 HIGHLIGHTS

Gama Aviation Plc is pleased to announce the results for the year ended 31 December 2023.

Financial summary

Group total (continuing and discontinuing operations)	Statutory $m	
	Dec-23	Dec-22
Revenue[1]	**274.1**	285.6
Gross Profit[1]	**51.8**	55.0
Gross Profit %[1]	**18.9**	19.3
Statutory profit/(loss) for the year	**59.4**	(8.6)

Continuing operations

	Adjusted[2] $m		Statutory $m	
	Dec-23	Dec-22	**Dec-23**	Dec-22
Revenue	**147.2**	167.4	**147.2**	167.4
Gross Profit	**26.7**	29.3	**26.7**	29.3
Gross Profit %	**18.1%**	17.5%	**18.1%**	17.5%
EBITDA[3]	**7.9**	16.9	**5.3**	15.3
EBIT	**(3.0)**	7.5	**(14.6)**	2.7
Loss for the year	**(9.2)**	(1.4)	**(20.8)**	(6.2)

1 Group total figures include continuing and discontinuing operations.

2 The adjusting items are defined in Note 16 to the financial statements.

3 EBITDA represents earnings before interest, tax, depreciation, and amortisation. Adjusted EBITDA is Statutory EBITDA before adjusting items.

Financial highlights

Group results from continuing and discontinuing operations

- Total group revenue down 4% to $274.1m (2022: $285.6m), because of the loss of aircraft management contracts, partially offset by increased US MRO activity.
- Gross Profit down 6% to $51.8m (2022: $55.0m).
- Gross Profit Margin down by 0.4ppts at 18.9% (2022: 19.3%).
- Completed the sale of its US MRO business for an enterprise value of $131m and a profit on disposal of $83.3m.
- Statutory profit for the year was $59.4m (2022: loss of $8.6m) resulting from the profit on disposal of the US MRO business.
- Net Equity of the Group increased to $100.9m (2022: $34.2m) from the realisation of value from the sale of the US MRO business.
- Net cash inflow from operating activities of $3.6m (2022: net cash inflow of $31.4m) reflected lower operating cash flow and working capital movements.
- Net cash received from investing activities rose to $86.9m (2022: $21.2m) reflecting net proceeds received from the sale of the Group's US MRO business, partially offset by investment in capital expenditure.

- Net cash outflow from financing activities was $21.1m (2022: $40.8m) primarily relating to the repayment of the HSBC term loan.
- Group cash balances increased to $92.1m (2022: $22.4m) as at 31 December 2023. The increase in cash is because of the disposal proceeds and profit from the sale of the US MRO business.

Continuing operations

- Revenue from continuing operations down 12% to $147.2m (2022: $167.4m), because of the loss of aircraft management contracts.
- Gross Profit from continuing operations down 9% to $26.7m (2022: $29.3m).
- Gross Profit Margin up by 0.6ppts at 18.1% (2022: 17.5%) as we lost lower margin aircraft management contracts.
- Adjusted EBITDA down $9.0m to $7.9m (2022: $16.9m) as a result of lower contribution to management charges from the US MRO operations of $1.7m, adverse foreign exchange movements of $3.3m, additional one-off gains of $1.5m on sale of aircraft in 2022 compared to 2023, losses on a new MRO facility of $2.3m, an inflationary adjustment on a Special Mission contract in 2022 of $1.3m and additional staff costs of $1.3m, partially offset by receipt of legacy debt payments of $2.6m.
- Adjusted EBIT down $10.5m to a loss of $3.0m (2022: $7.5m profit) reflecting the lower EBITDA detailed above combined with additional depreciation on aircraft which were sold and leased back of $1.2m.

Strategic highlights

- On 3 November 2023 the Company completed the sale of US MRO for a headline price of $131m. This represents significant value realisation and the strengthening of the Group's balance sheet.
- Significantly strengthened the Special Mission portfolio with the addition of two new contracts with the Wales Air Ambulance Charity and an offshore oil and gas contract at the start of 2024.
- Added key contracts to the Special Mission air ambulance portfolio from Specialist Aviation Services on 31 January 2024.
- On 29 April 2024 the Company announced the return of up to £32.6 million to Shareholders by way of a tender offer and the cancellation of admission of Ordinary Shares trading. The tender offer of 95p/share represents a significant realignment of the ownership of the Company.
- On 24 May 2024 the Company announced that it had received valid tenders in respect of 25,168,934 Ordinary Shares, representing approximately 38.82 per cent of the issued share capital of Gama Aviation. As a result, £23.9m was returned to shareholders.

Chief Executive Officer's statement

Overview

Gama Aviation made significant progress in 2023, financially and operationally. In particular, we completed the disposal of Jet East, our US MRO business, for $131m and we won and initiated the mobilisation of two large, long term Special Mission contracts. We ended the year with a robust balance sheet and a strongly growing customer base which have provided us with a strong platform for further significant developments that we are implementing in 2024.

US MRO - Sale of Jet East

Jet East was formed in 2020 through the combination of our existing MRO activities in the United States with a strategic bolt-on acquisition. We supported a strong local management team and provided additional investment to grow the business rapidly into one of the leading MRO providers in North America. In recognition of its strong strategic market position and technical capabilities, the trade buyer ascribed a compelling valuation for the business. This allowed us to realise significant value which delivered very attractive returns on our investment. The proceeds have enabled us to considerably strengthen our balance sheet, return value to shareholders and provide funds for development of our other businesses.

Special Mission

The helicopter Special Mission contracts we won – one in emergency medical services and one in the offshore oil & gas sector – demonstrate our strong operating capabilities and ability to win profitable work in a highly competitive market. These contract wins bring long term, regular income whilst leveraging our fixed costs base. The highly strategic acquisition, in January 2024, of the trade and assets of Specialist Aviation Services which brought some £27m of annual revenue, three significant UK air ambulance charity contracts and six managed Leonardo AW169 aircraft. With two long term maintenance support contracts which Specialist services in the Middle East the acquisition also marks the SBU's first step into the international Special Mission market. This SBU is now a major contributor to Group profits and growth and, as one of the leaders in this sector, is very well positioned to capture further growth opportunities.

Business Aviation

Throughout 2023, greater focus has been placed on the FBO, MRO, Aircraft Management and Charter ("AM&C") lines of business. Each are now overseen by an MD with specific responsibilities to deliver higher performance and growth from these mature service offerings. The Group's FBO network has focussed on optimisation of high value and margin services such as hangarage, parking and handling to improve returns. We are delighted that the Jet East sale proceeds enable us to invest in the strategically important FBO facilities in Sharjah and Jersey which will deliver increased capacity against identified demand and strengthen our overall ability to win and maintain clients in the broader sector. Our AM&C and MRO businesses operate in competitive markets and are impacted by lower total fleet volumes, wage inflation and post-Brexit regulation changes. However, we see signs of a market correction and we are well advanced in our plans to establish a continental European operation.

Technology and Outsourcing

T&O continues to make steady progress with its suite of aviation focused technology solutions and highly skilled outsourcing services., enterprise resource planning software products. As the commercial aviation market has recovered almost to pre-pandemic levels, T&O's FlyerTech brand has seen increased activity in the helicopter, business jet and airline sectors. We continue to develop our software as a service (SaaS) brand, myairops, which is attracting strong interest from the US, the world's largest business aviation market. I have always believed in the strength of technology products and it is pleasing to see the business turning a corner.

Operating performance

The management of interdependencies across the SBU's has been a theme for this past year within our long term 'Fix & Optimise' programme. Efficiencies gained from further integration of systems and processes are resulting in an ever more resilient platform upon which the business now operates.

De-listing and Board Changes

In May 2024, we completed the return of £23.9m to shareholders by way of a tender offer and de-listed the business from AIM. This is delivering considerable cost savings and enhancing our flexibility to pursue our strategy of continuing growth, organically and by acquisition, in attractive aviation sectors where we can leverage our expertise, scale and entrepreneurial approach.

There were changes to the Board following the de-listing. I would like to thank our outgoing Chairman Peter Brown and his fellow non-executive directors, Stephen Mount and Simon To, for their significant contribution and sound counsel throughout their tenure. They have strengthened our governance processes, guided and supported the Executive whilst ensuring the appropriate level of challenge. I would also add a special thanks to our Chairman, who has been a prominent member our Board for over 10 years. Throughout, he has been a staunch advocate of the business whilst always safeguarding the best interests of our shareholders, customers and our people alike. I wish them all well for the future.

Balance sheet and group capital plans

We have a strong balance sheet (net cash of $42.4m as at 31 May 2024) and we are investing in our core businesses. This includes the build of the FBO and hangarage operations in Sharjah and Jersey, which we target to be complete by Q2 2025 and Q1 2026 respectively alongside continued investment in our other SBUs to support organic growth and strategic acquisitions.. This enhances our already strong market position.

Our People are the heart of our business.

Our resilience, success and longevity in a highly competitive and challenging service business is testament to the skill, professionalism, dedication and passion of our people who enable us to deliver our client's mission 24/7. As a service business our people are our greatest asset and are the beating heart of our business. We are fully cognisant of the cost-of-living and other challenges many of our people face and we will continue to support our people responsibly and align their interests to those of the business, its customers and its shareholders.

Outlook

The Board remains firmly focused on the continued execution of our strategy. Significant work remains to be done in continuing to optimise the operational and financial performance of the business and in capturing organic acquisitive growth opportunities. However, the prospects of us doing so have been significantly enhanced by our stronger balance sheet and liquidity resulting from the sale of Jet East. Furthermore, the de-listing will serve to release significant bandwidth and resource that will allow the leadership team to apply greater focus on the business and the management and mitigation of the inherent execution risk of a growth strategy.

We have an excellent platform upon which we can build the next stage of the Group's development and accelerate our growth to deliver value to shareholders. Accordingly, the Board believes that the Group is on track to deliver an improved performance and sustainable growth in 2025 and beyond.

Marwan Khalek

Chief Executive Officer

STRATEGY

FIVE-YEAR STRATEGY; FOCUS ON GROWTH

The Board believes there is considerable scope for margin improvement by more effective, focused delivery of highly valued services within the Business Aviation, Special Mission and T&O sectors in service areas where the Group has full management control and established competitive advantage.

Our focus for growth strategy will be underpinned by:

- **Focusing on our clients**

  Our clients rely on us to deliver, and they depend on us to remove the complexities and intricacies of aviation. In doing so we provide them with services, aviation platforms and availability that deliver a decisive advantage. We must therefore provide services that are relevant to their needs and enables their mission, now and in the future.

- **Focusing on our business model**

  Several of the Group's businesses operate on tight margins, with operational gearing helping to power the business model. Revenue losses, revenue leakage, bad debt provisions and unfocused spend all hinder our own performance and require focused management effort to contain, reduce and eliminate.

- **Focusing on our people**

  We are a service business, and the knowledge, integrity and dependency of our people is highly prized by our clients and the business. Therefore, our ability to drive margin improvement is predicated by our people's performance and the support the Group provides to allow them to perform effectively and delight our clients.

- **Focusing on our place in society**

  Aviation has challenges; however, it provides significant economic benefits to a wide variety of communities worldwide. In both respects, we must ensure we maintain the highest standards and ethics while adapting and encouraging the use of the latest technologies to improve our world. Further information regarding the Group's non-financial and sustainability information is contained in the Group's Environmental, Social and Governance Report on pages 20 to 29 of this report.

2024 IMPERATIVES

Business Aviation (BA)

The Business Aviation SBU is focused on providing our private and corporate clients with the services needed to safely enable their private jet travel requirements. The SBU's strategic business imperatives are to:

- **Expand our UK and European maintenance reach to support our volume clients.** Foster the large jet base maintenance business in Bournemouth, extend our portfolio of services to include AOG, line maintenance, components and parts;
- **Deliver a world class aircraft management service.** Reinvigorate, through a new management team, the Group's aircraft management business focusing on Europe and the Middle East, stabilising the number of aircraft in the fleet and the margins attained from that business;
- **Support our clients with charter solutions.** Develop the charter business to respond to the trends in customer demand from sectors that include specialist cargo, entertainment tours, band tours and the travel needs of high-net-worth individuals; and
- **Enhance our FBO offer, our network and performance.** Ensure that the maximum opportunity is gained from aircraft transitioning through our FBOs and strategically review new opportunities that consolidate or enhance our network.

Special Mission

The Special Mission SBU is focused on providing services to governments and corporations which rely on aviation assets to perform a specialised, often time critical, mission. Strategic imperatives for the SBU are to:

- **Penetrate the UK charity Air Ambulance market.** Prosecute and capture opportunities in the UK charity Air Ambulance market through the displacement of incumbent providers;
- **Build market share in UK government programmes.** Prosecute and capture opportunities with the UK Government, particularly within the Ministry of Defence and Home Office;
- **Expand our presence via the Bond Helicopters joint venture in the Energy and Offshore market**. Prosecute and capture further offshore oil and gas, wind and related offshore energy opportunities through the displacement of incumbent providers; and
- **Develop an unmanned aerial systems (UAS) capability.** Develop the required capabilities to provide UAS solutions to complement the use of existing aviation systems to deliver Intelligence, Search and Reconnaissance (ISR) missions across several sectors.

Technology & Outsourcing

The Technology and Outsourcing SBU is focused on the delivery of advisory, technology and outsource services to aviation clients who seek to gain a decisive advantage using real and near real time intelligence. Strategic imperatives for the SBU are to:

- **Provide the Enterprise Resource Planning ("ERP") technology that powers the business aviation market.** Focus on the operational needs of the business aviation market particularly with regard to the complexity of FBO and flight operations and the regulatory requirements of continued airworthiness management;
- **Offer outsourcing solutions to remove customer costs.** Capitalise on outsourcing opportunities and larger competitors exiting the business aviation market by growing share and extending the competency towards the regional airline market;
- **Build high value/high margin advisory services.** Seek to maximise fleet availability and regulatory compliance while safely reducing maintenance costs for airlines and business aviation fleet operators; and
- **Build the ISR products of the future.** Develop the data management component of the "intelligence as a service" using the ISR platforms deployed by the Special Mission SBU.

FINANCE REVIEW

Group total

	Statutory $m	
	Dec-23	**Dec-22**
Statutory profit/(loss) for the year	**59.4**	(8.6)

Continuing operations

	Adjusted[1] $m		Statutory $m	
	Dec-23	Dec-22	**Dec-23**	Dec-22
Revenue	**147.2**	167.4	**147.2**	167.4
Gross Profit	**26.7**	29.3	**26.7**	29.3
Gross Profit %	**18.1%**	17.5%	**18.1%**	17.5%
EBITDA[2]	**7.9**	16.9	**5.3**	15.3
EBIT	**(3.0)**	7.5	**(14.6)**	2.7
Loss for the year	**(9.2)**	(1.4)	**(20.8)**	(6.2)

1 The Adjusted Performance Measures (APMs) are defined in Note 16 to the financial statements and reconciled to the nearest International Financial Reporting Standards (IFRS) measure. APMs include Adjusted EBITDA and Adjusted EBIT.

2 EBITDA represents earnings before interest, tax, depreciation, and amortisation. Adjusted EBITDA is Statutory EBITDA before adjusting items.

Sale of US MRO activities

On 3 November 2023 the Group completed the sale of its US MRO business for a headline price of $131m and the Group recognised a net profit of $83.3m.

The results associated with the Group's US MRO operations have been separated out from the review of ongoing operations in order to facilitate an analysis of the underlying business post transaction.

Cash flow movements

The Group has reported net cash inflow from operating activities before working capital of $7.3m compared with $16.7m in 2022, reflecting lower EBITDA. Net cash inflow from operating activities was $3.6m (2022: inflow of $31.4m) reflecting the lower operating performance combined with investment in working capital movements.

Net cash received from investing activities rose to $86.9m (2022: $21.2m) reflecting net proceeds received from the sale of the Group's US MRO business, partially offset by investment in capital expenditure.

Net cash outflow from financing activities was $21.1m (2022: $40.8m) primarily relating to the repayment of the HSBC term loan. Interest on finance leases and loans were largely offset by proceeds from borrowings associated with the Close Brothers loan and further draw downs on the Great Rock RCF.

Financing

As at 31 December 2022 the Group's credit facilities comprised a £20m term loan from HSBC (which had a maturity date of 31 January 2023) and recently secured credit facilities with a US lender Great Rock Capital LLC. The Great Rock facilities were secured by the Group's wholly owned US operating subsidiary, Gama Aviation (Engineering) Inc. The $25.0m facilities were for a term of four years and comprise a combination of a RCF and up to $6.5m of term loans. A total of $20.0m was available immediately, with a further $5.0m available contingent on future trading performance.

On 25 January 2023, the Group repaid its £20m term loan from HSBC in full utilising funds received from the repayment of the Company's intercompany loan with its US subsidiaries, together with cash realised from the sale and leaseback of helicopters in September 2022.

On 3 March 2023, the Group received $11.6m from Close Brothers Aviation and Marine by way of a loan secured by a mortgage over the Group's owned aircraft. The loan was used to fund the investment capital expenditure and other working capital requirements of the non-US business.

In conjunction with the completion of the sale of the Group's US MRO activities on 3 November 2023, the Company repaid in full the Great Rock facility of $15.9m.

The Group is in advanced negotiation with lenders regarding new facilities to support the strategic plans and investments of the businesses.

Liquidity

The Group liquidity as at 31 December 2023 comprised cash of $92.1m. As at 31 December 2022 the Group had $22.4m of cash and $9.0m of its $15.0m RCF with Great Rock Capital was undrawn.

The Group transitioned from a net debt position of $66.4m as at 31 December 2022 to a net cash minus debt position of $7m as at 31 December 2023 reflecting net proceeds received from the sale of the Group's US MRO activities.

These figures include $73.9m (2022: $52.7m) of lease obligations. The increase reflects new leases for aircraft used in Special Mission activities, partially offset by leases disposed of on sale of the US MRO operations.

Collection of receivables

Following the litigation update provided in the Company's 2022 Annual Report and 2023 Interim release, the Group continues to pursue the recovery of its long-standing trade receivables through enforcement actions both in the UK and in other jurisdictions. The Group has made progress through court proceedings in the UK, which has resulted in material collections in 2023. It remains the Board's expectation that other than the provisions already made against these claims, no further provisions will be required.

Impairments

During 2017, the Group entered into a Build-Operate-Transfer and Service Concession agreement (BOT) with the Sharjah Airport Authority (SAA) under which the Group is committed to construct a Business Aviation Centre (BAC) at Sharjah Airport. Completion of this project was frustrated by various factors including funding constraints and the pandemic and as a result the Company had recognised $15.3 million of impairment charges associated with this project as at 31 December 2022. A further $0.7 million of construction related costs were incurred in 2023 and whilst the Board has approved the construction of the BAC these further costs have been impaired pending finalisation of precise funding structure of this project. The Board remains confident that the Group will finalise these arrangements, at which time all these impairments may reverse.

In addition, expenditure of $0.5m incurred during the year on the Jersey FBO project has been impaired. Whilst the Group is reviewing alternative options to secure the necessary funding for the project, the Board considers that it is appropriate to recognise an impairment loss in respect of this expenditure until profits can be forecast with greater certainty.

The Company also recognised an impairment of $5.5m associated with its T&O cash generating unit reflecting lower than expected growth in this segment.

Finally, the Group recognised an impairment of $1.9m relating to the costs of standing up an MRO contract based in the UK, following lower than expected levels of activity at this facility.

Other than the above and following a diligent review of the carrying value of investments, the Board does not believe there is a need for any other impairments.

Finance income and expense

Finance income increased to $1.3m (2022: $0.1m) reflecting interest on deposit accounts following the sale of the US MRO and interest on long-standing trade receivables.

Finance expenses of $7.5m (2022: $9.1m) primarily comprise foreign exchange movements on cash and intercompany balances, loan interest expenses and interest on leases. The overall value has fallen year on year due to foreign exchange losses on borrowings recorded in 2022 which were not repeated following the repayment of the sterling denominated loans with HSBC.

Taxation

There is a statutory and adjusted taxation charge for the year of $98,000 (2022: credit of $59,000), refer to Note 14 for further details.

Dividend

The Board does not recommend a dividend for 2023 (2022: nil pence per share). On 29 April 2024 the Company announced the return of up to £32.6 million to Shareholders by way of a tender offer at 95p per share. This was approved at an Extraordinary General Meeting held on 15 May 2024. On 24 May 2024 the Company announced that it had received valid tenders in respect of 25,168,934 Ordinary Shares, representing approximately 38.82 per cent of the issued share capital of Gama Aviation. As a result, £23.9m was returned to shareholders.

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management

During 2023, the Group continued to operate a risk register as a system of internal control. Risk appetite and mitigation strategy are overseen by the Board, with the support of the Audit Committee, which reviews and considers the effectiveness of the processes that underpin risk assessments and our system of internal control. The Executive Directors meet regularly to review the financial and operational risks in the business, as summarised in the risk register and the internal and external political, economic, social, technological, legal, environmental, and potential reputational risks which may affect or influence the execution of the Group's strategy. The scope of the review includes consideration of the regulatory frameworks and compliance obligations applicable to the Group's businesses.

The Group's risk register is the result of a bottom-up collection of risk reviews undertaken across all SBUs and internal support functions. These are created following workshops which identified a wide range of risks, including those associated with the delivery of the respective strategic plans. Management identifies and implements risk mitigation plans. Newly emerging risks identified within the business are reviewed as they arise and the risk register is updated, with mitigating action taken when required. Discussion of any new material risks are an agenda item discussed by all Directors at Board meetings. Business unit leaders report progress on risk management activities via quarterly business reviews, which are chaired by the Chief Executive Officer. Safety related risks identified during this process, or requiring additional action, are escalated to the Safety Review Board.

Internal audit

KPMG provided internal audit services in 2022 but due to the board's and finance team's focus on refinancing, sale of the US MRO business and fixing and optimising a range of finance processes this programme was not continued in 2023. The Company intends to recommence specific risk focused assignments, based on feedback from the external audit process and guidance from the Directors in 2024.

Principal risks

The Directors consider the principal risks to the business to be as follows:

- Inadequate funding and liquidity constraints to deliver the strategy and to support the investment needs of the business
- The standing up and integration of new contracts recently won or acquired by the Group and existing contract underperformance
- Inferior financial performance resulting from gross profit margin erosion and/or an increasing overhead cost base within the business
- The potential impact resulting from pandemics such as COVID-19, environmental catastrophes stemming from climate change and from significant adverse changes to the political or economic landscape
- Cyber threats and associated challenges to the Group's information security environment
- Reliance on, and challenges in retaining, key individuals who are important to the evolution and measured development of the organisation
- The supply and recruitment of appropriate staff and skilled personnel
- Health and safety failures or an air accident which damage the Group's reputation
- An increasing regulatory burden and potential breach in a highly compliance-driven environment
- Failure of business processes and/or business and financial reporting systems to provide timely, complete and accurate information to enable effective management of SBU and Group functions

Inadequate funding and liquidity constraints to deliver the strategy and to support the investment needs of the business

Liquidity and ensuring the Group has sufficient financial resources to operate the business and to make the appropriate strategic investments is a principal risk which the Directors continually monitor and assess. The Directors assess the business requirements in terms of investment capital and funding of start-up costs and lines of business which are trading unprofitably. The delivery of appropriate funding lines to enable the strategy and operational effectiveness of the Group is continually assessed by the Directors. If appropriate facilities are not in place, the operational effectiveness of the business and investment requirements of the business can be adversely affected. In November 2023, the Group sold the US MRO business releasing significant value to the business to reward shareholders and invest in the remaining businesses. The Directors have identified that additional financing is likely to be required to support larger capital-intensive related opportunities whilst also considering any potential increases in the cost of debt financing resulting from evolving macro-economic factors.

Details of the Directors considerations regarding going concern are contained in note 3 to the financial statements.

The standing up and integration of new contracts recently won or acquired by the Group and existing contract underperformance

Operational performance risk may arise from the start up and the integration of new contracts. This can be affected by inadequacies in the supply chain and in new equipment and aircraft acquired. The integration of new staff into the group can represent a risk in terms of adherence to group policies and adoption of group systems, standards, and processes. This risk can result in additional costs being incurred and revenue being deferred and held back. Contract delivery failure can result in unrecovered costs and ultimately the loss of a major contract.

Financial underperformance

Robust financial performance is a key imperative for the Group; however financial performance has in recent years been below what was targeted, significantly impacted by the COVID-19 pandemic and certain other factors. The 2021 restructuring of the organisation into SBU segments has enabled the Directors and senior management to more easily identify opportunities to grow gross margin within the major trading components of the Group. Additionally, the sale of our US MRO business in 2023 is enabling the Group to focus resources on the competitiveness and growth opportunities of our remaining business with delivery of gross margin improvement being a key element of the Group’s Fix & Optimise initiative. The Directors are also closely monitoring the fixed cost base of the organisation which is partially impacted by the increasing costs of aviation and corporate compliance related expenditure.

Impact of pandemics, climate change and significant changes in the political or economic landscape

The global aviation industry was significantly impacted by the COVID-19 pandemic. This has had both negative but also some positive effects on different aspects of the Group’s activities, at different times, in different territories and across different service lines. The Directors remain highly alert to the potential impact from the evolving pandemic impacted landscape and take active measures to offset any potential challenges caused by COVID-19.

The Group pays particular attention to the impact that the pandemic has had on its staff and implemented measures to support colleagues during this challenging time. The ongoing financial and commercial review of the short and long-term impact of the pandemic on different segments of the Group’s service offerings has been made more effective due to the 2021 re-organisation within the Group and the move to focus on SBU’s.

The Directors are also monitoring and reviewing possible implications of climate change, a changing political and economic landscape, including the impact of the conflict in Ukraine and Middle East, liaising with relevant internal and external stakeholders where possible and appropriate.

Where the Group is exposed to inflationary cost pressures greater than those which can be contractually mitigated against, the Directors remain conscious of the levers available to them by flexing discretionary spend and other such actions as may be required.

Cyber threat and information security

In common with most businesses, the Group is exposed to the threat of cyber security breaches, which could result in data loss, reputation damage, and have financial ramifications. Throughout 2023, the Group maintained its commitment to bolstering its defences against such risks. Building upon its Cyber Essentials Plus accreditation, the Group dedicated resources to aligning with ISO27001 standards. This initiative has enabled the Group to strengthen its controls, implement proactive monitoring across critical IT infrastructure, and completely revise Information Security policies. Additionally, the Group has introduced a fully managed computer-based user awareness training service. The Group continues to place a very high degree of importance on this area of potential risk.

Reliance on and retaining key individuals

People are a key ingredient to the Group's future success. The Group operates a formal talent and succession planning framework, with software that supports this HR led process, which enables managers to identify key team players and assess the flight risk of those individuals. The system also supports the identification of high potential team members and supports the creation of a development plan to guide anticipated future growth of the individual.

The supply and recruitment of appropriate staff and skilled personnel

The supply of staff and skilled personnel proving challenging post Brexit and COVID-19. It has impacted the Group's ability to recruit from within and outside the UK and the cost to the Group in salaries and employee benefits are increasing beyond inflationary levels. The shortage of candidates is an ongoing risk in engineering, technology and support services such as finance, legal and IT.

The risk of safety incidents and accidents

The Group recognises the importance and benefits of having a fully integrated Safety Management System (SMS) that proactively seeks to identify and eliminate hazards before they cause incidents or accidents. Therefore, the Group has a highly proficient and fully resourced Safety Department, utilising industry leading tools and techniques proactively, to identify and eliminate or mitigate safety risks before they lead to damage or harm. All staff are actively encouraged to report hazards and near misses, including the self-reporting of errors and mistakes within a fair culture that seeks to educate and improve safety for everyone. The SMS is actively promoted through SMS training, monthly safety newsletters and safety bulletins, where staff are provided feedback on reports that they have submitted and how their reports have made a difference. Safety is discussed and reviewed at every level in the Company, from shop floor "toolbox talks" and Safety Action Groups to the Safety Review Board chaired by the Accountable Manager and attended by senior management.

Regulatory compliance

To ensure very high levels of safety, the aviation industry has significant and complex regulation to cover training, engineering, safety and operations. Breaches of regulations, including recent regulations pertaining to Russia, are likely to lead to sanctions such as suspension of operations or other restrictions. The Directors believe that the regulatory burden is likely to increase over time and have members of staff dedicated to liaising with the various regulatory bodies. These colleagues form part of the Compliance & Assurance functional service line, established in 2021 following the Group's strategic review which aimed to enhance focus on our regulatory compliance thereby improving the service to customers and driving service excellence. The Compliance & Assurance team is responsible for the governance and leadership of the compliance framework, including the provision of training and appraisals to ensure understanding and compliance. In addition, the Group has a Corporate Compliance Officer who, working closely with the Group legal function, is tasked with leading the evolution and development of the corporate compliance landscape across the Group.

Failure of business processes and financial reporting systems

The Group recognises the importance of having appropriate and efficient business processes to ensure that issues are promptly identified and resolved. Therefore, the Group utilises standard accounting and reporting packages and employs appropriately qualified individuals to administer and operate these systems and processes.

Approval

This report was approved by the Board of Directors on 12 June 2024 and signed on its behalf by:

Michael Williamson
Chief Financial Officer

SECTION 172 STATEMENT

The global aviation services market performed to expectation during 2023 as the industry edged towards the 2019 (pre-pandemic) levels of air travel. In response to market changes, the focus of the company moved towards investing in its long-term goals for business aviation management, providing turnkey mission solutions and operational efficiencies through the application of technology and flight support as well as maintenance solutions for customers across a wide range of sectors.

The source of funding during 2023 provided a challenge for the company as lending institutions raised interest rates in response to market pressures and the Directors navigated the sourcing of investment for future growth with securing the best terms for its credit facility. The directors focus on the conflicting requirements bearing in mind their duties under s.172 of the Companies Act 2006 as outlined below.

s. 172(a) Likely consequence of any decision in the long term

Directors remained mindful of the long-term consequences of their decisions, evaluating the risks involved in the Company's business propositions, the objectives and views of its key shareholders, as well as any impact on employees, suppliers, the community and the environment before making a final decision that they believe to be in the best interests of the Company. With this in mind, decisions were taken to:

- Delay investment in certain projects pending more sustainable sources of funding;
- A change of focus of business areas, to move away from contracts and assets that had failed to realise adequate returns on the investments in those areas;
- Managing and building long term business relationships with key suppliers to achieve mutual advantages;
- The re-financing and acquisition of assets on leasing arrangements to preserve the liquidity required for alternative investments;
- Partnership with a company to help deliver business solutions for the off-shore markets; and
- Building up and rationalising the Jet East business culminating in its disposal to West Star in November 2023 thereby providing the funding capital for long-term investment projects of the Company.

s. 172(b) The Interest of the Company's employees

The Directors consider the Company's employees as key assets for fulfilling our customer requirements and strive to preserve employee engagement and attract talent to the business. The focus on inspiring and developing a diverse workforce is delivered through:

- Engaging with employees to solicit their opinion and taking these into account in decision making to shape the future of the Company;
- Providing regular updates and having regular dialogues with employees including the provision of email updates, webinars and publications on the Company's intranet;
- Providing the opportunities for recruiting and developing talent, upskilling and developing leadership skills with a diverse and inclusive culture;
- The commitment of our leadership to keeping our employees safe and supporting our employees in the maintenance of mental health and wellbeing, and particularly directing employees to sources of support and assistance through challenging times such as family loss, stress and depression;
- Recognition of employees' contribution to the business through pay and bonus awards based on set performance criteria;
- Creating a forum to discuss topical issues relating to challenges at and outside work;
- Analysis of comments, feedback and metrics obtained through the employee voice app to track and review progress made on matters raised by employees;

- Engaging external consultants to enable the simplification and efficiency of the employees' workload (e.g. the simplification of the Company's chart of accounts that has reduced the workload of the finance team);
- Continuing focus on employee wellbeing and work-life balance by enabling medical insurance cover, mental health support, financial well-being advice and supporting hybrid working arrangements; and
- Ensuring the safety of employees through recognised safety and compliance measures.

The engagement with employees is based on the premise that the complex technological and engineering challenges are dependent on the skill and commitment of the employees and the Company's need to attract and retain a committed workforce. This commitment is underpinned by the policies, guidelines and support tools outlined in the Employee Handbook that enable management to lead on and foster a safe and inclusive culture and enable performance within a safe and inclusive culture.

s. 172 (c)The need to foster business relationships with suppliers, customers and others

The Company's activities affect a wide variety of individuals and organisations and the Directors engage with stakeholders and assess the differing needs and priorities through engagement within the sub-committees and use stakeholder input and feedback to inform its decision making.

The Company aims to build enduring relationships with government regulators, customers, suppliers and communities in the regions where it operates. The Company considers the safety of its employees, customers and the wider clientele utilising its services paramount and in view of the increase in contracts for the supply and operation of air ambulances, the Company has engaged with industry experts and invested to improve aircraft design and features to promote health and safety on medivac transportation and to inspire confidence in its services.

The Company's Procurement Charter has been developed to encourage efficient and sustainable supply chains that act responsibly and comply with ethical and legal compliance on matters such as modern slavery and human rights, employment practices, anti-corruption, intellectual property protection, data protection and cyber security, health and safety, diversity and inclusion and last, but by no means least, on ensuring environment and sustainability within its supply chain. With these considerations in mind, the Company focuses on training its employees involved in procurement to assess the efficacy and ethical standards adopted by its suppliers and to monitor performance throughout the life cycle of its dealings.

The Company's management regularly meet with their key customer counterparts to obtain feedback to improve on the services and through contractual negotiations and performance, customers are encouraged to consider options that drive efficiencies and to adopt measures that ensure compliance though persuasion, example and encouragement.

The Company's management systems (ISO 45001 for safety and ISO 14001 for environment) are monitored and where required externally audited and accredited to ensure that the needs and expectations of stakeholders, including investors, shareholders, customers, suppliers, and employees, are fully understood and acted upon.

s. 172 (d) The Impact of the Company's operations on the community and the environment

The Company supports local communities and works with charities and local organisations through a commitment of time, resources and fund-raising activities, including providing internships and apprenticeship opportunities across the UK locations. To facilitate this, the Company's employees are offered 'time off in lieu' to enable their donation of time and effort towards charitable and environmental causes and it continues its commitment to the Armed Forces through the formal registration of an Armed Forces Covenant Pledge with the UK Government.

The Directors also consider the impact on the environment through technological advancement in design and in their selection of assets (e.g. aircraft for purchase or lease).

Since 2018 the Group has commissioned an independent external organisation, Carbon Footprint Ltd, that continues to assess its annual Greenhouse Gas ("GHG") Emissions. The 2023 status on the matter is set out in the Corporate Social Responsibility section of this Annual Report.

The Company's strategy targeted at achieving Net Zero by 2050 is updated every year based on the Group's GHG performance and any prevailing changes in the macro political, technological or legislative environment that may affect that target. Additionally, waste recycling schemes are implemented throughout the Company's operations and electric car leasing options are sourced through preferred suppliers to enable employee participation in limiting environmental impact and for the Company to drive progress on climate ambitions and emission reduction.

s. 172 (e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Company remains committed to maintaining the highest standards of integrity, honesty, and fairness in our dealings with all our stakeholders. This corporate culture based on shared values and behaviours expected of our employees, partners, consultants and workers based on the Employee Handbook and Code of Ethics (the "Code"). The Code underpins the Company's values and the way it conducts business. Employees are required to formally confirm their compliance with the Code through an annual compliance declaration whilst the contractual compliance is required of the Company's partners, consultants and suppliers.

The Company devotes significant resources to ensure full compliance with laws and regulations and in 2023 had in place and re-evaluated the compliance measures in relation to:

- The Data Protection Act 2018
- UK Bribery Act 2010 (and Foreign Corrupt Practices Act in the US)
- The Sanctions and Anti-Money Laundering Act 2018 (including associated regulations applicable to the United States and the European Union)
- Cyber security policies
- Health & Safety legislation relevant to the aviation industry, and
- all applicable Air Operations, Airworthiness and Engineering regulations, including UK and EASA, including regulations relating to offshore operations.

The Company maintains an online whistleblowing service available for employees to report any wrongdoing and regularly audits compliance in all its operations.

s. 172 (f) The need to act fairly between members of the Company

The Company, through its Directors, recognised the importance of acting fairly between all the shareholders and managing any potential conflicts of interest during its decision-making process in 2023.

All decisions (strategic, transactional, financial or otherwise) were reached following the Board's objective and careful appraisal of whether a particular course of action would benefit shareholders as a whole and with a view to maximising shareholder return on investment. Objectivity and conflicts of interest that may have arisen between major shareholders, were maintained through the advice and guidance of the Independent Non-Executive Directors, as well from its external advisors.

Governance

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Group is committed to managing its business responsibly across a wide range of stakeholders by recognising and mitigating the environmental impact of the Group's business activities. This requires the Group to explore every avenue where the business can drive and implement change to the benefit of employees, customers, shareholders, and to the wider stakeholder groups from the local communities, of which it is a part.

Employees

As a service organisation, the Group's employees are the backbone to its business model. Nurturing and developing those teams is therefore a primary concern and as such, the Group makes every effort to maintain a safe, caring, and balanced, high-performance culture. To achieve this the Group takes, amongst other things, a:

- Rigorous approach to safety and occupational health (both physical and mental health),
- Keen interest in the personal development of our employees through training and education,
- Proactive approach to developing people's careers; developing a clear understanding of their development goals and allowing them to access opportunities available within our global organisation, and
- Proactive approach to vitality, providing regionally appropriate employee benefits that encourage our people to maintain their overall wellbeing.

Ethical business practices and good governance

Good ethical practice and governance requires continual attention. The standard the Group expects from employees, its business operations and supply chain should not only comply with the spirit, but also the letter, of the legislation that is in effect across those jurisdictions in which the Group resides. As such, the Group operates, amongst other things:

- Regular review of our processes, policies, and controls,
- Risk management framework to ensure risks are identified and appropriate controls are implemented across the business,
- A Procurement Charter which seeks to encourage good Social Value behaviours through our supply chain, particularly regarding employment and labour practices,
- Comprehensive legal compliance framework and audit schedule to ensure compliance obligations are met, and
- Programme of development to ensure business continuity and responsible growth based on ethical business practices and associated codes of conduct.

Environmental footprint

The Group seeks to undertake its business activities in an environmentally responsible manner. As such, the Group aims to comply with the letter, and spirit, of the prevailing environmental legislation in order that our business operations do not have a significant adverse effect on the natural environment. In view of this, we support:

- The UK government's Streamlined Energy and Carbon Reporting (SECR) and Energy Savings Opportunities Scheme (ESOS) requirements,
- The development of ground and flight procedures to minimise noise, carbon, and nitrogen oxide emissions, while maintaining the highest safety standards,
- A Procurement Charter which seeks to encourage good Social Value behaviours through our supply chain particularly regarding environmental and greenhouse gas reduction practices,
- The continual mission to remove single-use plastics and engaging in waste and paper recycling schemes throughout our operations, limiting our environmental impact as best we can, and
- Employee volunteering days that support local environmental projects and other community causes.

Supporting communities

The Group plays an active role in a variety of communities; whether creating new employment opportunities through our growth or developing new supply chains with local business. The Group looks to create closer links with community members via a range of social, economic, and environmental activities which include:

- The provision of apprenticeships and work experience in non-sensitive areas of our business,
- The employment of ex-service personnel. The Group is a proud signatory of the Armed Forces Covenant and is expected to reach the standard of the Silver Award within the next 18 months,
- Participation with local enterprise councils and chambers of commerce,
- Charitable sponsorship and support at national and local level, and
- Active participation within regional and national trade bodies.

The Group's Task Force on Climate-related Financial Disclosures (TCFD)

Since our first greenhouse gas emissions audit in 2018, we have sought to introduce greater transparency and accountability into the Group. Despite operating in an acknowledged hard to abate industry we are making progress and are optimistic of attaining our goals.

Alignment Status

The following table provides a summary of our current alignment with TCFD recommendations.

TCFD pillar	Recommended disclosure	Current Status	Alignment
Governance	Board's oversight of climate-related risks and opportunities.	Provided within the Group Risk Register, such that the Board have full oversight of the potential commercial, reputational and operational impact of those risk and the cost to mitigate.	Fully aligned but evolving in line with the Group's wider strategy.
	Management's role in assessing and managing climate-related risks and opportunities.	Provided within the Group and contract risk registers. Mitigation is outlined within Group and contract business continuity plans. Business continuity plans will be revised in 2024 with the support of our insurers.	Aligned and evolving.
Strategy	Climate-related risks and opportunities identified over the short, medium, and long term.	Recognised and acted upon particularly with the Group's shift away from traditional business aviation services (aircraft management) into a larger Special Mission and support services business.	Aligned and evolving.
	Impact of climate on the organisation's businesses, strategy, and financial planning.	Understood and developing. Mitigating steps have been made in the shift of centre of gravity for the Group.	Aligned and evolving within the five-year strategy.
	Resilience of the strategy, taking into consideration different climate-related scenarios.	Tactically this is being considered at the business continuity planning level. The inherent mobility of operations does allow for greater resilience however more work is being undertaken to review supply chain impacts.	Aligned and evolving within the five-year strategy.

Risk Management	Processes for identifying and assessing climate-related risks.	Currently reviewed at the micro and macro level. Further work is required on the forecasting / trend analysis for risks and opportunities i.e. the effect of wildfires and smoke. Trend analysis of these risks will be commenced in 2024 using industry and open-source data.	Evolving
	Processes for managing climate-related risks.	Established and mature processes that integrate climate risks into the wider risk register and overall risk management.	Aligned
	How such processes are integrated into overall risk management.		
Metrics & Targets	Metrics used by the organization to assess climate-related risks and opportunities.	Metrics are contained at the contract level (some clients) and at the Group level through our published Journey to Net Zero carbon reduction plan. The metrics are evolving according to UK legislation, changes in Social Value policy and the maturity / availability of mitigating technologies.	Evolving
	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions.	GHG emissions have been benchmarked since 2018 using the SECR methodology. The Group have determined to use the SECR methodology across all operations including non-UK business entities.	Aligned
	Targets used by the organisation to manage climate-related risks and opportunities.	Our targets are set through our Journey to Net Zero carbon reduction plan. These targets are evaluated annually and aligned to our five-year strategic planning cycle. Additionally, it is common to have specific contractual KPIs for UK government contracts using the Social Value construct.	Aligned

Governance
Our governance of climate-related matters is delegated, closely following the Group's established model. Roles and responsibilities are defined as below:

- Board of Directors: Reviews the corporate risk register and approves mitigating strategies and overall risk appetite. This includes those related to sustainability and climate. Due to the lack of available Committee time, the Board has delegated the role of the Corporate Social Responsibility (CSR) Committee to EXCO (at the behest of the EXCO members), this was ratified on the 2 December 2023.
- Chief Executive Officer: Is the sponsor of our sustainability and climate-related strategy. Actions relating to mitigating strategies are delegated to the Chief Compliance Officer and the strategic business unit Managing Directors. The CEO chairs EXCO.
- Chief Compliance Officer. Is the owner of the Group Risk Register, providing the oversight and delegation of responsibility to mitigate risks. Updates the Board in relation to all risks including material sustainability and climate issues and decisions. Reports to the CEO and Board.
- EXCO team. Led by the CEO, the team contains the strategic business unit MDs and Group Function heads. The team has responsibility for implementing strategy, company targets, including climate-related targets, and reporting on progress to the CEO.
- Chief Marketing Officer. Sets the strategic direction for Project Element Six. Leads environmental and social value related proposals at the EXCO and contract level. Reports to the CEO.

- Head of Safety. Is responsible for ISO14001:2019 compliance of the Group's environmental management systems which include those relating to sustainability and climate issues. Reports to the CCO.

Strategy

In 2019, the Group set the following aims in its Carbon reduction plan, Journey to 2050. From the start we acknowledged that while our business has cause to address its own emission profile, substantial work would need to be undertaken to move the needle in scope 3 emissions related to our clients' use of their aircraft.

This remains the case and unless legislation forces a more immediate change, innovations in fuel technology, fleet replacement cycles and substitute technologies remain central to our ability to realise our Net Zero ambition.

The three pillars of our strategy are as below.

Change our behaviour and lead by example.

- Reduce our own Group's Scope 1,2 and 3 GHG emissions, mitigating those that remain by using responsible environmental and/or community schemes that work in accordance with our ESG goals.

Influence the behaviour of our clients.

- Reduce, wherever possible, customer demand-initiated Scope 3 GHG emissions through the incorporation of changes in flight operations, ground operations or any other areas that may reduce fuel burn without compromise to safety.
- Use environmental and/or community schemes to mitigate customer demand-initiated Scope 3 GHG emissions, should the prevailing technologies of the planning period be unable to provide the reduction in $C0_2$e forecast.

Support and enable substitute technologies.

- Positively influence and encourage the adoption of new, enabling technologies, that are commercially available / feasible to reduce customer demand-initiated Scope 3 GHG emissions.
- Support new and enabling technologies that seek to reduce GHG emissions across the wider aviation sector.

Delivering change. Project Element Six

The Board acknowledges the efforts by the Business Leadership to adapt to a low GHG emission environment in line with our published Carbon Reduction Plan, Journey to 2050. For the Leadership to continue to deliver Project Element Six with the agility required, the CSR Committee has devolved its responsibilities (ratified on 2 December 2023) to the Executive Committee (EXCO).

The EXCO is formed by the Executive plus the leadership of the SBUs and Group functions. Over the course of 2024 the EXCO will continue, via Project Element Six, to:

- Improve audit accuracy and data such that the Group has, in the future, a near real time view of carbon emissions which is reported through the current quarterly business review cycle.
- Fix, optimise or add policies/processes and changes in procurement practice that seek to lower the Group's scope one, two and three emissions through change.
- Further promote the ability to mitigate GHG emissions for all charter flights booked with us.
- Include as standard, the option to mitigate all GHG emissions within all new aircraft management contracts.
- Include as standard, the option to mitigate all GHG emissions within all UK Government contracts and /or use Project Element Six as the delivery mechanism to achieve this.
- Review, aid and partner with low carbon technologies (fuels, engines, systems) that may substitute current technologies to achieve a low carbon future.

Risk management

Being a 40-year-old business and operating within a safety critical environment, the Group has a mature process for managing risks and opportunities, through which climate related risks have been adopted. As such, climate-related risks and opportunities are included as part of the formal review of the Group Risk Register, as conducted by the Chief Compliance Officer. Any deviation is then reported at the quarterly Board meetings. Inputs include, but are not limited to, the following:

- Internal process requires all contracts to be assessed on a quarterly basis. During these quarterly business reviews risks are reviewed alongside mitigating actions. Depending on severity and trend these may be elevated to the Group Risk Register.
- Safety Review Board sits to assess primarily aviation safety on the ground and in the air. Climate change induced weather events are understood, particularly their effect on mission viability, ground infrastructure, logistics, etc.
- Compliance and Assurance team's monitoring of legislation, particularly that associated with air operations issued by the Civil Aviation Authority. The team also monitors changes in the approvals provided by aircraft and engine manufacturers with respect to SAF fuels and blend ratios. Both are critical to manage the risks surrounding airworthiness of our clients' aircraft.

Climate risk assessment

Our evaluation of strategic risks is based on a rolling five-year timeline corresponding to the strategic planning cycle of the business. Our risk climate risk forecast can be summarised in the following way:

Principle risk status	Risk overview
Low but increasing	• Climate related weather effects increase insurance premiums for ground infrastructure due to the threat of flooding, high winds or other storm damage. • Movement of people and supply chain across the UK due to weather effects. Delays lead to erosion of aircraft availability which is often a contractual KPI of which penalties may apply. • Legislative environment shifts increasing taxation on business aviation movements prior to there being credible alternate fuels or technologies. • The delivery of the interim SAF fuel technologies is delayed through a lack of demand from major airlines, leading to poor availability for sub-scale volume users.

Climate risk as a subset of risk management

Our policy is to consider climate-related risks in the same way as any other risk type. This allows all risks to be evidenced and evaluated using the following evaluation process.

- Impact to the business.
- Likelihood of occurrence.
- Relative risk weighting.
- Likely mitigating actions to prevent the risk occurring or reduce the observed risk.
- Cost of those actions.
- Impact to the business having taken the mitigating action.

Climate-related risks are not associated as an area per se (the primary areas being Commercial, Financial, Legal & Contractual, Technical, Operational and Safety) but are treated as identifiable risks within these areas. For example, in Operational, the risk would be a facility suffering localised flooding.

Resilience management

Climate change induced weather events will have a primary effect on business continuity planning (BCP). This has implications for:

- Aviation operations, particularly those within the special mission strategic business unit.
- Ground infrastructure, due to wind, flooding and snow.
- Logistics and the weather's effect on the global supply chain.

The Group recognises these emerging risks and is improving its resilience management through:

- Regular reviews of business continuity planning at a contract level.
- A review of the Group's current business continuity plan with the co-operation of the Group's insurers.

Metrics and targets

Our climate-related metrics are summarised below and published each year in our streamlined energy and carbon report (SECR) as well as our energy savings opportunity scheme (ESOS) and Carbon Reduction Plan. Journey to 2050 (as available on our website).

- Total CO_2 emissions (tonnes) (scope 1, 2 & 3 including client emissions)
- Total CO_2 emissions (tonnes) (scope 1, 2 & 3 excluding client emissions)
- Total energy consumption
- Tonnes of CO_2e per employee

Additionally,

- Maintenance of our ISO 14001:2019 accreditation and reduction of annual audit findings.
- Adherence to the objectives, actions and requirements of the Social Value Act as required within our UK government contracts.
- Carbon Reduction Plan targets to achieve Net Zero.

TCFD: Streamline Energy & Carbon reporting

The Group has appointed Carbon Footprint Ltd, a leading carbon and energy management company, to assess independently its GHG emissions in accordance with the UK Government's "Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance".

The Group's definition of its carbon footprint for SECR

For the purposes of the SECR report, the Group has defined its carbon footprint as a measure of the impact its activities have on the environment in terms of the amount of greenhouse gases produced, measured in units of carbon dioxide equivalents (CO_2e). The Group's carbon footprint is therefore made up of two parts, direct and indirect emissions.

Direct emissions

Direct emissions are produced by sources which are owned or controlled by the reporting organisation and include electricity use, burning oil or gas for heating, and fuel consumption because of business travel or distribution. Direct emissions correspond to elements within scopes 1, 2 and 3 of the World Resources Institute GHG Protocol, as indicated below.

Footprint	Activity	Scope
Direct	Electricity, heat or steam generated on-site	1
	Natural gas, gas oil, LPG or coal use attributable to Company-owned facilities	n/a
	Company-owned vehicle travel	1
	Production of any of the six GHGs (CO_2, CH_4, N_2O, HFCs, PFCs and SF_6)	1
	Consumption of purchased electricity, heat steam and cooling	2
	Employee business travel (using transport not owned by the Company)	3

Indirect emissions

Indirect emissions result from a company's upstream and downstream activities. These are typically from outsourced/contract manufacturing, and products and the services offered by the organisation. Indirect emissions correspond to scope 3 of the World Resources Institute GHG Protocol excluding employee business travel (these are included within direct emissions controlled by the reporting organisation).

Footprint	Activity	Scope
Indirect	Employee commuting	3
	Transportation of an organisation's products, materials or waste by another organisation	3
	GHG emissions from waste generated by the organisation but managed by another organisation	3
	GHG emissions from the use and end-of-life phases of the organisation's products and services	3
	GHG emissions arising from the production and distribution of energy products, other than electricity, steam and heat, consumed by the organisation	3
	GHG emissions from the production of purchased raw or primary materials	3
	GHG emissions arising from the transmission and distribution of purchased electricity	3

The data has been collected on a best endeavours basis for 2023 based on fluctuations in staffing, facilities and other factors due to the ongoing integration of the two operations. On 18th October 2023 the Group announced the divestment of the Jet East business after which CO_2 emissions reporting was curtailed.

Based on the above classifications the Group's GHG emissions have been assessed by Carbon Footprint Ltd following ISO 14064-1:2018, using the 2022 emission conversion factors published by Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Business, Energy & Industrial Strategy (BEIS).

Although not required to meet the SECR legislation, the Group is reporting CO_2 emissions for scope one and two as well as reporting additional scope three emissions (the scope two assessment follows the location-based approach for emissions from electricity usage). The Group's reporting extends to all operations of the business including its wholly owned business interests in the USA, UK, and Middle East.

Treatment of scope three, indirect emissions

Having received advice from Carbon Footprint Ltd, the Group's ISO14064-1:2018 audit partner, it has further delineated scope three, indirect emissions, into two broad categories these being:

- Scope three items indirectly associated with the delivery or growth of the Group's operations (business travel, home working, etc). The Group believes these items are directly related to its business activities and therefore should be included within our carbon footprint assessment even if that is beyond the current SECR requirement, and
- Scope three items associated directly with demand instigated by a customer, this being mainly downstream aircraft fuel consumption. The Group recognises and records these CO_2 emissions and will, given the limitations of the current engine, fuel and associated technologies, work with its customers to limit and mitigate these emissions through its best endeavours.

2023 Greenhouse Gas emissions

As the balance of the business alters away from, a large Business Aviation managed fleet to a smaller Special Mission fleet, subsequent Scope 3 customer aircraft fuel consumption can be evidenced. Of the Special Mission fleet, all aircraft (other than those allocated under the Bond Helicopters joint venture) are exempt from UK emissions legislation as they are performing air ambulance or national security roles. Although these aircraft are exempt, the Scope 3 customer aircraft fuel consumption does recognise their emissions.

GHG emissions for reporting year: 1 January 2023 to 31 December 2023 and comparatives

Scope	Activity	T CO_2e 2023	T CO_2e 2022	TCO_2e 2021	TCO_2e 2020
Scope 1	Site gas oil	63	59	344	406
	Site gas	30	18	139	154
	Van travel and distribution	68	29	34	32
	Company vehicles	5.8	32	21	8
	Vehicle fuel	53	71	-	-
	Scope 1 Sub Total	**220**	**209**	**538**	**600**
Scope 2	Electricity generation	614	1,306	1,659	2,086
	Scope 2 Sub Total	**614**	**1,306**	**1,659**	**2,086**
Scope 3	Customer aircraft fuel consumption (downstream)	27,872	36,874	29,184	21,845
	Business travel	2,257	251	344	210
	Home workers (UK only)	0.2	3	23	144
	Electricity transmission and distribution	298	126	90	114
	Other[1]	1,330	1,360	69	55
	Scope 3 Sub Total	**31,757**	**38,614**	**29,710**	**22,368**
Total		**32,591**[2]	**40,129**[2]	**31,907**[2]	**25,054**

[1] Includes commuting, grey fleet, hotel stays, hire cars, air freight, taxi, rail, lorry freight, scope 1 & 2 WTT.

[2] The data for Jet East, which was purchased by the Group in January 2021, has been collected on a best endeavours basis since its incorporation into the Group. On October 18th 2023, Jet East was divested from the Group and all US GHG reporting was curtailed.

Total scope 1,2 and 3 including customer aircraft fuel consumption for 2023

Consumption / emissions	2023
Total tonnes of CO_2e	32,591
Total Energy Consumption (kWh)[1]	109,549,643
Tonnes of CO_2e per tonne of jet fuel	6.8
Tonnes of CO_2e per £m turnover[2]	147.3

Scope 1,2,3 excluding customer aircraft fuel consumption

Consumption / emissions	2023
Total tonnes of CO_2e excl. customer aircraft fuel consumption	4,719
Tonnes of CO_2e per employee[3]	2.74

[1] Total Energy Consumption includes Electricity, Site Gas, Site Gas Oil, Company Owned Vehicles, Grey-Fleet and Customer Aircraft Fuel Consumption.

[2] 32,591 / (Revenue of $274.4m)/1.24) (includes revenue from discontinued operations)

[3] Average of 1400 full-time employees to 1 November 2023 (not including contractors or temporary staff). This figure was reduced by c800 employees on the sale of Jet East.

Primary intensity ratio comparator

Companies complying with SECR must include at least one intensity ratio in their report. An intensity ratio is a way of defining your emissions data in relation to an appropriate business metric, such as tonnes of CO_2e per sales revenue, or tonnes of CO_2e per total square metres of floor space. This allows comparison of energy efficiency performance over time and with other similar types of organisation.

The Group has determined that it will use tonnes of CO_2e per employee as its primary intensity ratio going forward. Tonnes of CO_2e will use scope 1 and scope 2 plus the previously defined treatment of scope 3 that excludes customer aircraft fuel consumption.

	2023	2022	2021	2020
Tonnes of CO_2e[1] per employee[2]	**3.37**	2.64	2.42	4.41

[1] Based on the total tonnes of CO_2e excluding customer aircraft fuel consumption.

[2] Average of 1400 full-time employees to 1 November 2023 (not including contractors or temporary staff). This figure was reduced by c800 employees on the sale of Jet East.

Group energy consumption

Total energy consumed by the Group in scopes 1 and 2 is expressed within the table below:

Total energy consumed per emissions scope

Activity	**2023**	2022	2021	2020
UK Operations Scope 1 & 2 energy consumed (kWh)	**4,001,003**	3,530,697	3,180,807	5,754,805
Total Scope 1 & 2 energy consumed (kWh)	**4,908,762**	5,679,332	7,542,746	8,779,550
Total energy consumed (all scopes) (kWh)	**109,549,643**	137,172,478	115,207,192	97,009,229

TCFD: Energy savings opportunity scheme (ESOS)

The Group has appointed Carbon Footprint Ltd, a leading carbon and energy management company, to assess independently its energy savings opportunity in accordance with the UK Government's requirements. The ESOS audit was carried out in accordance with the BS EN 16247-1 2012 guidelines and applies to Gama Aviation's UK based operations only.

Opportunity	Up-front cost	Potential energy savings (kWh/ann.)	Potential cost savings (£/ann.)	Payback time
Single-engine taxi	Negligible	>280,000	>£40,000	<1 year
FEGP	Negligible	35,000	£5,000	<1 year
Optimisation of Flap Settings	Negligible	25,000	£3,600	<1 year
Optimisation of take-off speed	Negligible	25,000	£3,600	<1 year
Fuel Optimisation	Negligible	<705,000	<£100,000	<1 year
Record hours/mileage data for aircraft efficiency	£10,000	<705,000	<£100,000	<1 year
Luggage Storage Service	Negligible	<70,500	<£10,000	<1 year
Total	**£10,000+**	**Approx. 1.8m kWh**	**Approx £260,000**	**<1 year**

Note: Safety remains the overriding priority for the Group. While the above are noted those items that are related to flight are to be fully reviewed prior to implementation. Once implemented, the Captain will retain full operational control of all phases of the flight and may determine for safety purposes not to implement the opportunities as stated above due to external environmental conditions.

TCFD: CORSIA and ETS commitment

Under the UK and EU ETS, airlines are required to report, verify, and offset their emissions by submitting carbon allowances to the relevant Environment Agencies. Due to changes in the structure of the business, most flight hours are conducted via our Special Mission strategic business unit. These flights are for the purpose of delivering air ambulance or UK Government missions and are currently exempt from the UK ETS scheme.

Business Aviation flying (charter and aircraft management) remains under the threshold for procuring carbon credits or procuring SAF (as a substitute to carbon credits).

We did not incur a liability under CORSIA which remains in its pilot phase.

TCFD: statement on the use of offset schemes

In previous years the Board have agreed to the offsetting of emissions (excluding customer aircraft fuel consumption) through a variety of offshore reduction schemes. In 2023, a review took place of that policy by the Leadership team to determine better ways to alleviate the Group's GHG emissions while developing our ambitions in Project Element Six, specifically the review, aid and partner with low carbon technologies (fuels, engines, unmanned systems) that may substitute current technologies to achieve a low carbon future.

As a consequence of that review, the following actions have taken/are taking place which are audited under ISO14001:2019:

- The CSR committee for 2024 has been devolved from the Board to the Leadership. The committee will be chaired by an Executive and will be comprised of EXCO members.
- Project Element Six (workstreams 1 – 5) are to be embedded into Special Mission contract bids from 1 January 2024. On winning the bid, Project Element Six will be embedded into the delivery of that service for the period of the contract (typically 5 to 7 years).
- Improvements in GHG data will be provided to clients within Quarterly Business Reviews as will progress on workstreams 1 – 5 of Project Element Six.
- Offsetting schemes will no longer be continued, with a greater focus being placed on local community schemes, local environmental improvements and providing habitats and pollinators to improve ecological diversity.

DIRECTORS' REPORT

The Directors present their report together with the audited Consolidated Financial Statements for the year ended 31 December 2023.

Gama Aviation Plc (the "Company") is incorporated, registered, and domiciled in England in the United Kingdom. The address of the registered office of the Company is 1st Floor, 25 Templer Avenue, Farnborough, Hampshire, England, GU14 6FE.

The review of the business, future developments, and outlook are contained within the Strategic Report and are incorporated into the Directors' Report by cross reference.

Information about the use of financial instruments by the Company and its subsidiaries, and financial risk management policies, are given in note 37 to the Consolidated Financial Statements.

Principal activities

The Group delivers a comprehensive array of high value aviation services through three distinct market facing strategic business units being Business Aviation, Special Mission, and Technology & Outsourcing. These services include aviation design, operational management, charter and air ambulance services, fixed based operations, maintenance, software, and trip planning and support.

The Directors believe that, by promoting the Company's key values, which are innovation, commitment, care for people, responsibility, pragmatism, execution, ambition and resilience, the Company can continue to build customer confidence and ensure safety that are considered essential elements in the transformation and execution of the Company's strategy.

The provision of essential services to the healthcare industry, and connecting people, businesses and countries, enables the Company to provide the jobs, prosperity, cultural and community benefits that air transportation enhances. Several new initiatives and projects were launched during the year to achieve the growth of the Company and the sale of the Jet East business in the United States will provide the Company with the wherewithal to invest further in its Special Mission, Technology & Outsourcing and Business Aviation strategic business units.

Employees

Our people, which includes contractors as well as direct employees, are at the heart of the Company's business and are a key resource to delivering the strategy and vision. The average monthly number of employees during the year ended 31 December 2023 was 1,450 (2022: 1,233).

In addition to the company's investment in recruitment, the Company continues to improve on and retain talent within the organisation through its recruitment process, and encourages the culture of learning, development and career advancement of our employees through training and mentoring initiatives.

In 2023, the Company was able to promote 5 employees through their mentoring and development programmes.

The Company's policies ensure equal opportunities designed to ensure that all job applicants capable of performing the role advertised are treated equally regardless of their age, sex, race, disability, sexual orientation or any other personal characteristic that could be considered a form of discrimination and all employees are treated equally in terms of training, career development and promotion. Where employees develop a disability during their employment the Company will actively seek to retain them wherever possible by adjusting their work content and environment, or by retraining them to undertake new roles.

Effective communication of Group-wide information and recognition of employee contributions are facilitated via the Company's intranet and email systems as well as through regular local management and Town Hall meetings to enable the flow of information and the sharing of skills and ideas through different departments and regions and to help ensure employee engagement.

The Company also provides a variety of employee incentives such as performance-related bonus arrangements and long-term share option plans for qualifying staff, which serve to encourage staff interest in the Group's performance in addition to Wellbeing initiatives that include medical insurance and mental health support as well as financial wellbeing and retirement planning initiatives for employees.

A confidential reporting procedure is available for employees to report any concerns.

Engagement with employees and wider stakeholders

The Section 172 statement provide further details on engagement with employees on pages 16 to 18.

The Company has also taken into account and fostered its relationships with wider stakeholders including investors, customers, suppliers, in its principal decisions during the financial year. Further details on the Company's engagement with and decision making influenced by its wider stakeholders has been included within the Section 172 statement on pages 16 to 18.

Directors

The Directors who held office during the year and up to the date of this report, unless otherwise stated, were as follows:

M Khalek

S Wright

M Williamson

Chi Keung (Simon) To (resigned 29 May 2024)

P Brown (resigned 31 May 2024)

S Mount (resigned 31 May 2024)

Our Directors' powers are determined by UK legislation and our Articles of Association, which contain rules about the appointment and replacement of Directors

Qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 236 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

The indemnification for Directors provided by the Company has been arranged in accordance with the Company's Articles and the Companies Act 2006. As far as is permitted by legislation, all officers of the Company are indemnified out of the Company's own funds against any liability incurred while conducting their role in the Company, unless such liability is to the Company or an associated company.

The Company has appropriate Directors' and Officers' Liability insurance cover in place in respect of any legal action against, among others, its Directors.

Going concern

The Director's considerations and assessment in relation to going concern are contained in note 3 to the financial statements.

Dividends

The Board does not recommend a dividend for 2023 (2022: nil pence per share).

On 29 April 2024 the Company announced the return of up to £32.6 million to Shareholders by way of a tender offer at 95p per share. This was approved at an Extraordinary General Meeting held on 15 May 2024. On 24 May 2024 the Company announced that it had received valid tenders in respect of 25,168,934 Ordinary Shares, representing approximately 38.82 per cent of the issued share capital of Gama Aviation. As a result, £23.9m was returned to shareholders.

Post balance sheet events

These are detailed in note 40 of the Consolidated Financial Statements.

Future business developments

Further details on these are set out in the Strategic Report on pages 1 to 18.

Streamlined Energy and Carbon Report

The Group's Streamlined Energy and Carbon Report for 2023 is contained within the Environmental, Social and Governance section of this Annual Report on pages 20 to 29.

Charitable and political donations

Group donations to charities worldwide were $5,246 (2022: $3,954).

No political donations were made during the year (2022: $nil).

Research and development

The Group carries out research and development activities to support its suite of business aviation software solutions.

Financial risk management

The Group's financial risk management objectives and policies, including its use of financial instruments, are set out in note 37 to the Group's Consolidated Financial Statements.

The existence of branches outside the United Kingdom

The Group's activities in overseas jurisdictions are carried out through subsidiary companies. The Company does not have any branches outside the United Kingdom.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Group and Parent Financial Statements for each financial year. Under that law, they are required to prepare the Group Financial Statements in accordance with U.K. adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law. The Directors have elected to prepare the Parent Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company, and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- Select suitable accounting policies, and then apply them consistently,
- State whether the Group Financial Statements have been prepared in conformity with U.K. Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006,
- State whether the Parent Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law) in conformity with the requirements of the Companies Act 2006,
- Make judgements and estimates that are reasonable, relevant, and reliable,

- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company, or to cease operations, or have no realistic alternative but to do so. As explained in note 3 of the Consolidated Financial Statements, the Directors believe the going concern basis to be appropriate and the Financial Statements have been prepared on that basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each Director in office at the date the Directors' Report is approved confirm that, to the best of their knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Parent Company and the undertakings included in the consolidation taken as a whole, and
- The Strategic Report and Directors' Report include 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.

Statement on disclosure to Auditors

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information, that would be needed by the Group's and Parent Company's Auditors in connection with preparing their Audit Report (which appears on pages 35 to 38), of which the Group's and Parent Company's Auditors are not aware, and
- In accordance with Section 418(2) of the Companies Act 2006, he has taken all reasonable steps that he ought to have taken as a Director to make him aware of any such information, and to ensure that the Group's and Parent Company's Auditors are aware of such information.

Auditors

The auditor, Crowe U.K. LLP, will be proposed for appointment by the members of the Company in accordance with Section 489 of the Companies Act 2006.

Approval of Directors' Report

This Directors' Report was approved for and signed on behalf of the Board by:

Michael Williamson

Director

12 June 2024

Financial statements

Independent Auditor’s Report to the Members of Gama Aviation Plc

Opinion

We have audited the financial statements of Gama Aviation Plc (the “Parent Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2023, which comprise:

- the Consolidated income statement and Consolidated statement of comprehensive income for the year ended 31 December 2023;
- the Consolidated and Parent Company balance sheets as at 31 December 2023;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, including material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. 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, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2023 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. We focused on those laws and regulations that have a direct impact on the financial statements. These included the Companies Act 2006 and the significant country-specific laws and regulations associated with operating in the aviation sector, such as those issued by the Civil Aviation Authority.
- As part of our audit planning process, we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made with management and those charged with governance concerning both whether they had any knowledge of any actual or suspected fraud and their assessment of the susceptibility to fraud. We considered the risk to be greater in areas involving override of controls by management, inappropriate revenue recognition and significant management estimation or judgement, including the use of alternative performance measures, and estimates or judgements impacting impairment of goodwill, or which could impact on management bonuses and remuneration. Based on this assessment we designed audit procedures to focus on these specific areas.
- We held discussions with Divisional Management, the Group Legal and Compliance team, and other staff members outside of the finance function to gain an understanding of areas of fraud risk and any instances of non-compliance with laws and regulations. We also obtained and inspected correspondence between the Group and regulatory bodies.
- We assessed the design and implementation of controls over significant audit risks and obtained an understanding of the Group's financial reporting processes.
- We tested the appropriateness of journal entries throughout the year by vouching a risk-based sample of journals to supporting documentation and explanations.
- A detailed review of the Group's year end adjusting entries was performed. Any items that appeared unusual in nature or amount were vouched to supporting documentation.

- We obtained an understanding of the business rationale of significant one-off transactions that are outside the normal course of business or that otherwise appear to be unusual, including but not limited to the disposal of the US MRO business.
- We communicated relevant procedures to the component auditors to address the risks of management override, risk of fraud in revenue recognition, and compliance with laws and regulations in our group audit instructions. We reviewed their reporting on these matters and held discussions on their conclusions.
- We performed a detailed review of financial statements disclosures to ensure these were complete, having regard to the explanations and information received in the course of the audit.
- We obtained a list of related parties from management and performed audit procedures to identify undisclosed related party transactions.
- We utilised external confirmations to confirm cash balances, and as part of our revenue testing procedures. We also obtained letters from the Group's external counsel.
- We considered the narrative and presentation of matters in the front section of the annual report, including the Group's use of Alternative Performance Measures and the reconciliation of these items to GAAP measures.

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

Use of our report

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

Nick Jones (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

12 June 2024

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 2023			Year ended 2022		
		Adjusted result[1]	**Adjusting items[1]**	**Statutory result**	Adjusted result[1]	Adjusting items[1]	Statutory result
		$'000	**$'000**	**$'000**	$'000	$'000	$'000
Continuing operations:							
Revenue	**5**	**147,217**	**–**	**147,217**	167,392	–	167,392
Cost of sales		**(120,507)**	**–**	**(120,507)**	(138,138)	–	(138,138)
Gross profit		**26,710**	**–**	**26,710**	29,254	–	29,254
Administrative expenses		**(30,961)**	**(11,606)**	**(42,567)**	(26,606)	(4,887)	(31,493)
Other operating income	**6**	**1,274**	**–**	**1,274**	4,827	126	4,953
Earnings before interest and taxation	**8**	**(2,977)**	**(11,606)**	**(14,583)**	7,475	(4,761)	2,714
Finance income	**12**	**1,331**	**–**	**1,331**	91	–	91
Finance expense	**13**	**(7,459)**	**–**	**(7,459)**	(9,035)	(75)	(9,110)
Loss before taxation		**(9,105)**	**(11,606)**	**(20,711)**	(1,469)	(4,836)	(6,305)
Taxation	**14**	**(98)**	**–**	**(98)**	59	–	59
Profit/(loss) from continuing operations		**(9,203)**	**(11,606)**	**(20,809)**	(1,410)	(4,836)	(6,246)
Profit/(loss) after tax from discontinued operations	**7**	**–**	**80,223**	**80,223**	–	(2,334)	(2,334)
Profit/(loss) for the year		**(9,203)**	**68,617**	**59,414**	(1,410)	(7,170)	(8,580)
Attributable to:							
Owners of the Company		**(8,784)**	**68,617**	**59,833**	(1,691)	(7,168)	(8,859)
Non-controlling interests	**34**	**(419)**	**–**	**(419)**	281	(2)	279
		(9,203)	**68,617**	**59,414**	(1,410)	(7,170)	(8,580)

[1] Adjusting items are defined in Note 16 of the notes to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 2023 $'000**	Year ended 2022 $'000
Loss for the year from continuing operations		**(20,809)**	(6,246)
Profit/(loss) for the year from discontinued operations		**80,223**	(2,334)
Profit/(loss) for the year		**59,414**	(8,580)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		**7,196**	(5,158)
Other comprehensive profit/(loss) for the year, net of income tax		**7,196**	(5,158)
Total comprehensive profit/(loss) for the year		**66,610**	(13,738)
Total comprehensive profit/(loss) is attributable to:			
Owners of the Company from continuing operations		**(13,194)**	(11,683)
Owners of the Company from discontinued operations		**80,223**	(2,334)
Non-controlling interest	**34**	**(419)**	279
		66,610	(13,738)

CONSOLIDATED BALANCE SHEET

COMPANY NUMBER 07264678

AS AT 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Non-current assets			
Goodwill	17	18,083	19,176
Other intangible assets	18	4,458	13,170
Total intangible assets		22,541	32,346
Property, plant and equipment	19	17,836	21,794
Right-of-use assets	20	57,075	38,194
Trade and other receivables	23	5,123	1,413
Deferred tax asset	15	657	6,100
Total non-current assets		103,232	99,847
Current assets			
Inventories	22	4,432	7,278
Trade and other receivables	23	35,282	58,271
Cash and cash equivalents	24	92,052	22,406
Total current assets		131,766	87,955
Total assets		234,998	187,802
Current liabilities			
Trade and other payables	25	(35,932)	(46,770)
Current tax liabilities	26	(26)	(533)
Obligations under leases	27	(10,676)	(11,053)
Provisions	30	(2,078)	(2,250)
Borrowings	28	(914)	(31,225)
Deferred revenue	31	(9,717)	(9,214)
Other financial liabilities	29	–	(335)
Total current liabilities		(59,343)	(101,380)
Total assets less current liabilities		175,655	86,422
Non-current liabilities			
Borrowings	28	(10,241)	(4,883)
Provisions	30	(706)	(885)
Obligations under leases	27	(63,188)	(41,628)
Trade and other payables	25	–	(3,663)
Deferred tax liabilities	15	(596)	(1,206)
Total non-current liabilities		(74,731)	(52,265)
Total liabilities		(134,074)	(153,645)
Net assets		100,924	34,157

CONSOLIDATED BALANCE SHEET

COMPANY NUMBER 07264678

AS AT 31 DECEMBER 2023

	Note	**2023 $'000**	2022 $'000
Shareholders' equity			
Share capital	**32**	**958**	958
Share premium	**32**	**63,712**	63,712
Other reserves	**32**	**34,950**	34,987
Foreign exchange reserve		**(22,684)**	(29,880)
Accumulated earnings		**24,035**	(35,992)
Total shareholders' equity		**100,971**	33,785
Non-controlling interest	**34**	**(47)**	372
Total equity		**100,924**	34,157

The financial statements on pages 39 to 104 were approved by the Board of Directors and authorised for issue on 12 June 2024 and are signed on their behalf by:

Michael Williamson
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital $'000	Share premium $'000	Other reserves $'000	Foreign exchange reserve $'000	Accumulated profit/(loss) $'000	**Total shareholders' equity $'000**	Non-controlling interest $'000	**Total equity $'000**
Balance at 1 January 2022	**954**	**63,502**	**34,997**	**(24,722)**	**(27,301)**	**47,430**	**93**	**47,523**
(Loss)/profit for the year	–	–	–	–	(8,859)	**(8,859)**	279	**(8,580)**
Other comprehensive loss	–	–	–	(5,158)	–	**(5,158)**	–	**(5,158)**
Total comprehensive (loss)/profit for the year	–	–	–	(5,158)	(8,859)	**(14,017)**	279	**(13,738)**
Shares issued in the year	4	210	–	–	–	**214**	–	**214**
Cost of share-based payments (Note 36)	–	–	158	–	–	**158**	–	**158**
Transfer for lapsed options	–	–	(168)	–	168	**–**	–	**–**
Balance at 31 December 2022	**958**	**63,712**	**34,987**	**(29,880)**	**(35,992)**	33,785	**372**	34,157
Profit/(loss) for the year	–	–	–	–	59,833	**59,833**	(419)	**59,414**
Other comprehensive profit	–	–	–	7,196	–	**7,196**	**–**	**7,196**
Total comprehensive profit/(loss) for the year	**–**	**–**	**–**	**7,196**	**59,833**	**67,029**	**(419)**	**66,610**
Cost of share-based payments (Note 36)	–	–	157	–	–	**157**	–	**157**
Transfer for lapsed options	–	–	(194)	–	194	**–**	–	**–**
Balance at 31 December 2023	**958**	**63,712**	**34,950**	**(22,684)**	**24,035**	**100,971**	**(47)**	**100,924**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 2023 $'000	Year ended 2022 $'000
Cash flows from operating activities			
Profit/(loss) for the year[1]		**59,414**	(8,580)
Adjustments for:			
Tax credit		**(774)**	(885)
Finance income		**(1,331)**	(108)
Finance costs		**9,658**	9,945
Amortisation of intangible assets	**18**	**3,746**	3,396
Depreciation of property, plant and equipment	**19**	**4,900**	5,870
Depreciation of right-of-use assets	**20**	**6,548**	6,001
Impairment of goodwill	**17**	**2,160**	787
Impairment of intangible assets	**18**	**3,341**	
Impairment of property, plant and equipment	**19**	**1,167**	2,640
Impairment of contract assets		**1,923**	–
Gain on disposal of property, plant and equipment	**6**	**(238)**	(1,741)
Gain on disposal of discontinued operations	**7**	**(83,329)**	–
Forgiveness of PPP loan		**–**	(1,000)
Share-based payments	**36**	**157**	372
Operating cash inflow before movements in working capital		**7,342**	16,697
Unrealised foreign exchange movements		**1,481**	(2,107)
(Increase)/decrease in gross inventories		**(1,429)**	1,063
Increase in inventory obsolescence		**100**	65
(Increase)/decrease in gross receivables		**(1,470)**	2,083
Decrease in loss allowance for receivables		**(2,056)**	(299)
Increase/(decrease) in payables and deferred consideration		**(314)**	11,615
Increase in deferred revenue		**503**	1,190
Increase/(decrease) in provisions		**(368)**	1,164
Working capital movements		**(3,553)**	14,774
Cash generated by operations		**3,789**	31,471
Tax paid on operating activities		**(208)**	(96)
Net cash generated by operating activities		**3,581**	31,375

1. Profit/(loss) for the year includes continuing and discontinued operations

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 2023 $'000**	Year ended 2022 $'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(20,571)**	(4,011)
Purchases of intangibles		**(2,148)**	(1,829)
Proceeds on disposal of property, plant and equipment		**15,057**	27,079
Net proceeds on disposal of discontinued operations		**94,534**	–
Net cash received in investing activities		**86,872**	21,239
Cash flows from financing activities			
Lease payments		**(10,774)**	(11,832)
Interest paid		**(2,050)**	(1,272)
Proceeds from borrowings, net of loan arrangement fees[1]		**16,014**	18,690
Repayment of borrowings[2]		**(25,544)**	(46,525)
Lease payment received		**–**	91
Interest received		**1,222**	70
Net cash used in financing activities		**(21,132)**	(40,778)
Net increase in cash and cash equivalents		**69,321**	11,836
Cash and cash equivalents at the beginning of year		**22,406**	10,243
Effect of foreign exchange rates		**325**	327
Cash and cash equivalents at the end of year	**24**	**92,052**	22,406

1. Proceeds from borrowings represents actual monies received of $16.5m (2022: $19.0m) less arrangement fees paid of $0.5m (2022: $0.3m).

2. Repayment of borrowings represents total repayments of $41.4m less repayments made as part of disposal of US MRO operations of $15.9m.

1. General information

As at 31 December 2023, Gama Aviation Plc (the "Company") was a public limited company (company number 07264678) whose shares were listed on the Alternative Investment Market (AIM) of the London Stock Exchange under the ticker symbol GMAA. As approved by shareholders on 15 May 2024 the Company's shares were formally delisted on 31 May 2024, as part of a wider process which saw 25,168,934 Ordinary Shares, representing approximately 38.82 per cent. of the issued share capital, participate in a tender offer to redeem their shares for an offer price of 95 pence per ordinary share.

The Company is incorporated and domiciled in England in the United Kingdom. The address of the registered office is 1st Floor, 25 Templer Avenue, Farnborough, Hampshire, England, GU14 6FE.

The Company, together with its subsidiaries and other related undertakings (the "Group"), is involved in the provision of aviation services, including aviation design, maintenance, operational management, charter, software and facilities expertise.

2. Subsidiaries and other related undertakings

Details of the Company's subsidiaries and other related undertakings held directly or indirectly at 31 December 2023 are as follows:

Name	Place of incorporation and operation	Proportion of voting and ownership interest 2023	Proportion of voting and ownership interest 2022	Nature of business	Registered address
Airops Software Limited[1]	England and Wales	100%	100%	Aviation software	Head Office
Aravco Limited[1]	England and Wales	100%	100%	Dormant	Head Office
FlyerTech Limited[1]	England and Wales	100%	100%	Airworthiness management	Head Office
Gama Aviation (Asset 2) Limited[1]	England and Wales	100%	100%	Dormant	Head Office
Gama Aviation (Engineering) Limited[1]	England and Wales	100%	100%	Aviation design and engineering	Head Office
Gama Aviation (UK) Limited[1]	England and Wales	100%	100%	Aviation management	Head Office
Gama Group Limited	England and Wales	100%	100%	Holding company	Head Office
Gama Support Services Limited[1]	England and Wales	100%	100%	Dormant	Head Office
Hangar 8 Management Limited	England and Wales	100%	100%	Dormant	Head Office
International JetClub Limited	England and Wales	100%	100%	Dormant	Head Office
Gama Aviation (Beauport) Limited[1]	Jersey	100%	100%	Aviation management	Jersey Office
Gama Aviation (Engineering) Jersey Limited[1]	Jersey	100%	100%	Aviation design and engineering and FBO	Jersey Office
Gama Aviation FZC[1,2]	SAIF Free Zone, United Arab Emirates	49%	49%	Aviation management	SAIF Suite Z-21, P.O. Box 122389, Sharjah, UAE
Gama Group Mena FZE	United Arab Emirates	100%	100%	Holding company	SAIF Office Q1-09-067/C, P.O. Box 122464, Sharjah, UAE
Gama Holdings FZC	United Arab Emirates	100%	100%	Dormant	SAIF Lounge P.O. Box 121954, Sharjah, UAE
Gama Support Services FZE[1]	United Arab Emirates	100%	100%	Aviation design and engineering and FBO	SAIF Desk Q1-05-123/B, P.O. Box 122553, Sharjah, UAE
Gama Aviation SPV Limited (Plc)[1]	United Arab Emirates	100%	100%	Aviation management	2428 Res Co-work 03 Level 24, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE
Gama Aviation (Management) Inc.[1]	Delaware, USA	100%	100%	Non-trading	Delaware Office

Name	Place of incorporation and operation	Proportion of voting and ownership interest 2023	Proportion of voting and ownership interest 2022	Nature of business	Registered address
Gama Aviation Engineering (HK) Limited[1]	Hong Kong	100%	100%	Aviation design and engineering	Hong Kong Office
Gama Aviation Hutchison Holdings Limited[1]	Hong Kong	100%	100%	Holding company	Hong Kong Office
Gama Aviation (HK) Limited[1]	Hong Kong	100%	100%	Aviation management	Hong Kong Office
Gama Group (Asia) Limited	Hong Kong	100%	100%	Holding company	Hong Kong Office
Star-Gate Aviation (Proprietary) Limited	South Africa	100%	100%	Holder of South African AOC	151 Monument Road, Aston Manor 1619 South Africa
Hangar 8 Nigeria Limited[3]	Nigeria	100%	100%	Applicant of Nigerian AOC	[6]
Gama Aviation (Cayman) SEZC	Cayman Islands	100%	100%	Aviation Management	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
FlyerTech Europe Sp. Z.o.o.	Poland	100%	100%	Airworthiness management	ul. Komitetu Obrony Robotnikow 62, 2nd Floor, 02-146 Warsaw, Poland, NIP: 7831827059
GB Aviation Holdings LLC[4]	Delaware, USA	50%	50%	Joint venture – non-trading	Delaware Office
Gama Aviation Hutchison Technical Service (Beijing) Limited[1]	China	100%	100%	Non-trading	Room 250, 2nd Floor, Building 1, No. 56, Zhaoquanying Section, Changjin Road, Shunyi District, Beijing
Bond Helicopters Limited[1,5]	England and Wales	50%	–	Joint venture	Compass House, Lypiatt Road, Cheltenham, England, GL50 2QJ

1 Indicates indirect holding.

2 Gama Aviation Plc holds a 49% shareholding in Gama Aviation FZC. The results of Gama Aviation FZC are fully consolidated within the financial statements because Gama Aviation Plc is exposed to variable returns from its involvement and has the ability to affect the returns through its power over these companies. Refer to Note 34 for further details.

3 Gama Aviation Plc holds 11% of the share capital in Hangar 8 Nigeria Limited, a company established in Lagos, Nigeria. Whilst the Group does not have legal control of this entity, the Directors and officers comprise only management from the Group who have the ability to adopt, amend and control the operating and financial policies of the entity. Local regulations prevent the Group holding a legally controlling shareholding and therefore 89% of the share capital is held on behalf of the Group by Tinubu Investment Company Limited. Accordingly, the entity has been treated as a wholly owned subsidiary in these financial statements.

4 GB Aviation Holdings LLC is the entity jointly held with Signature Aviation plc.

5 Bond Helicopters Limited is the entity jointly held with Peter Bond. Gama Aviation Plc holds 50% of the share capital, however it has been determined that the Gama Group controls Bond Helicopters Limited, because it has the casting vote on the Board and is able to use this to control business decisions of the JV entity. As such the results of the joint venture are fully consolidated into the Group's financial statements.

6 The registered office address of this company is available upon request at the Company's Head Office at the above address.

The addresses for the specified offices are:
Head Office: 1st Floor 25 Templer Avenue, Farnborough, Hampshire, England, GU14 6FE
Jersey Office: Beauport House, L'Avenue De La Commune, St Peter, Jersey, JE3 7BY
Delaware Office: Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, USA
Trenton Office: 18 West Piper Ave, Trenton, New Jersey 08628, USA
Hong Kong Office: 7th Floor, 81 South Perimeter Road, Hong Kong International Airport, Lantau, Hong Kong

During the year ended 31 December 2023, the Company disposed of the following undertakings held directly or indirectly at 31 December 2022:

Name	Place of incorporation and operation	Proportion of voting and ownership interest 2023	Proportion of voting and ownership interest 2022	Method of disposal	Registered address
Gama Aviation (Engineering) Inc.[1]	Delaware, USA	–	100%	Sold	Delaware Office
Jet East Aviation Corporation, LLC[1]	Pennsylvania, USA	–	100%	Sold	Trenton Office
Gama Group Inc.	Delaware, USA	–	100%	Sold	Delaware Office
Gama (Engineering) Limited[1]	England and Wales	–	100%	Dissolved	Head Office
Ronaldson Airmotive Limited[1]	England and Wales	–	100%	Dissolved	Head Office

[1] Indicates indirect holding.

3. Accounting policies

Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with UK adopted International Accounting Standards, in conformity with the requirements of the Companies Act 2006.

The Consolidated Financial Statements have been prepared on a going concern basis and under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (USD), rounded to the nearest thousand (USD'000) unless otherwise stated.

Climate Change

In preparing the Consolidated Financial Statements the Group has informally considered the impact of climate change, particularly in the context of the disclosures included in our Corporate Social Responsibility report. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment.

Going concern

To support their assessment of going concern, the Directors have reviewed detailed cash flow projections for the Group for the period from the date of approval of these financial statements to 31 December 2025. The Directors have also considered the outlook for the business beyond 31 December 2025 based upon its five-year strategic plan.

The analysis takes account of the following, amongst other, relevant considerations:

- Projected revenue, profit performance, working capital levels and the conversion of profits into cash flows,
- The $11.2m loan from Close Brothers that completed on 3 March 2023, and which is secured on owned aircraft,
- Net current assets of $72.4m as at 31 December 2023,
- Net assets of $100.9m as at 31 December 2023,
- Cash of $92.1m as at 31 December 2023,
- The tender offer involving the return up to 95p a share to certain shareholders, and
- Availability of financing and other income sources.

The Directors have also considered a severe but plausible downside scenario in which EBITDA is lower and working capital outflows, funding costs and corporation tax rates are higher than base case projections.

In both the base case scenario and the severe but plausible downside scenario, the Directors are satisfied that the Group has sufficient headroom to ensure that the Group will remain solvent and be able to pay its debts as they fall due during a period of at least 12 months from the date of approval of these financial statements.

Accordingly, after making appropriate enquiries, the Directors have, at the time of approving these financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, consequently, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

Changes in accounting policies and practices

In the preparation of these Consolidated Financial Statements, the Group followed the same accounting policies and methods of computation as compared to those applied in the previous period, except for the adoption of new standards and interpretations and revision of the existing standards noted below.

New and amended standards adopted by the Group in 2023 or not yet adopted

There were no amendments to existing standards and interpretations that were effective in the year ended 31 December applicable nor had material impact on the Group. The Directors do not expect the adoption of new accounting standards and interpretations to have a material impact on the Consolidated financial statements.

Material accounting policies

The material accounting policies adopted in the preparation of these Consolidated Financial Statements are set out below.

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and the subsidiaries controlled by the Company for the years ended 31 December 2023 and 31 December 2022. The Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The subsidiary financial statements are prepared for the same reporting period as the Parent Company and are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profit arising from them are eliminated in full.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of any acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed and included within adjusting items.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Goodwill is initially recognised at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest, over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether assets or liabilities of the acquisition are assigned to those units.

Where goodwill forms part of a CGU, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint ventures are initially recognised in the Consolidated Balance Sheet at cost. Subsequently, joint ventures are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income (except for losses in excess of the Group's investment in the joint venture, unless there is an obligation to make good those losses).

Revenue from contracts with customers

The Group recognises revenue from the following major sources:

- Business Aviation:
  - Managed aircraft contracts and specific air services
  - Charter services
  - Maintenance of aircraft

    - Fixed base operations
- Special Mission:
    - Mission solutions and expertise with aviation assets
- Technology & Outsourcing (T&O):
    - Airworthiness services
    - Software solutions
- Branding fees

Revenue is measured based on the fair value of the consideration received or receivable, taking into account contractually-defined terms of payment in relation to when the performance obligation is met, and excludes amounts collected on behalf of third parties.

The transaction price represents the price to which the Group expects to be entitled, consistent with contractually defined terms, in return for delivering goods and/or services to its customers. Revenue from contracts with customers is recognised when the Group transfers control of a product or service to a customer or when it meets the performance obligations specified or implied in the contract.

Managed aircraft contracts and specific air services

Services provided by the Group under managed aircraft contracts include flight training, cost management, flight planning and scheduling, crew management, maintenance oversight and regulatory compliance. Services under managed aircraft contracts fall into one or more of the following contract components:

- Pre-delivery services and services prior to aircraft's entry into service
- Management services
- Variable fees based on flying hours and related rechargeable costs

These services are distinct services as the customer can benefit from each service on its own and the Group's promise to provide the service is separately identifiable from other promises in the contract. The three contract components are therefore deemed to be separate performance obligations.

Revenue for the provision of pre-delivery services and services prior to aircraft's entry into service are recognised at a point in time when control of the services has transferred to the customer, being at the point the services have been performed. Payment for the provision of pre-delivery services and services prior to aircraft's entry into service are not due from the customer until the activities are complete.

Revenue relating to management services are recognised over time on a straight-line basis over the term of the contract, as the customer simultaneously receives and consumes the benefits provided by the Group.

Payment for management services is mostly in the form of quarterly or monthly advance payments from customers. A contract liability is recognised for revenue relating to management services at the time of receipt of the funds from the customer. The contract liability represents the Group's obligation for services still to be performed.

Revenue relating to variable flying hours revenue is recognised monthly at a point in time based upon actual flight information and other relevant information held on the internal billing system. Payment for revenue related to variable flying hours is not due from the customer until the activities are complete.

Rechargeable costs are recognised gross, as revenue and related cost of sales, at a point in time based upon either actual rechargeable costs or estimated costs to be recharged. Payment for revenue arising from rechargeable costs is not due from the customer until the activities are complete.

The Group has considered whether it is acting as agent or principal in the context of its managed aircraft contracts and has concluded that it is the principal in relation to the entirety of these contracts. Rechargeable costs are recognised gross because the Group controls the services before they are transferred to customers and they are linked to wider management services.

Charter services

The Group provides both managed fleet and sub-contracted charter services. Revenue relating to charter services is recognised over time based on the stage of completion of the service. The stage of completion is determined as the proportion of the total duration of the charter that has elapsed at the end of the reporting period. Payment for charter services is not due from the customer until the charter services are complete. Consequently, a contract asset is recognised over the period in which the charter services are performed, representing the Group's right to consideration for the services performed to date.

The Group has considered whether it is acting as agent or principal in the context of its sub-contracted charter services and has concluded that it is the principal.

Maintenance of aircraft

The Group provides both base and line maintenance services. Base maintenance relates to the planned maintenance that is required by the aircraft manufacturer or component supplier. This work is complex, highly regulated and location specific. Line maintenance covers irregular maintenance activities, component failure or simple wear and tear. Both types of services are provided on a fee or contract basis.

Revenue relating to maintenance services is recognised over time based on the stage of completion of the contract. The stage of completion is determined as the proportion of the total labour hours expected to perform the service that have been expended at the end of the reporting period. Payment for higher value base maintenance services is mostly in the form of stage payments from customers. To the extent that the value of the stage payment exceeds the revenue recognised at the end of the reporting period based on the stage of completion, a contract liability is recognised. The contract liability represents the Group's obligation for services still to be performed.

As part of the maintenance activities, the Group sells parts to customers. Revenue from the sale of parts is recognised at a point in time when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer.

Fixed base operation

The Group provides fixed base operation activities in the Jersey, the UK, and the Middle East. These activities include hangar parking, apron parking, provision of fuel, and handling activities.

Revenue for the provision of fuel is recognised at a point in time when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Revenue for all other fixed base operation activities is recognised over time as the service is provided.

Mission solutions and expertise with aviation assets

Revenue includes fixed contract fees and variable fees such as revenue earned with reference to flying hours or other support services. In addition, the Group undertakes certain equipment design and modification activities for some customers.

Revenue relating to fixed contract fees are recognised over time on a straight-line basis over the term of the contract. Payment for fixed contract fees is mostly in the form of annual or quarterly advance payments from customers. A contract liability is recognised for revenue relating to fixed contract fees at the time of receipt of the funds from the customer. The contract liability represents the Group's obligation for services still to be performed.

Revenue relating to variable fees is recognised over time based on the stage of completion of the contract. The stage of completion is determined as the proportion of the total hours expected to perform the service that have been expended at the end of the reporting period. Payment for variable fees is not due from the customer until the activities are complete. Consequently, a contract asset is recognised over the period in which the activities are performed, representing the Group's right to consideration for the services performed to date.

Revenue relating to equipment design and modification activities is recognised over time based on the stage of completion of the related design and modification work. The stage of completion is determined as the proportion of the total labour hours expected to perform the service that have been expended at the end of the reporting period. Payment for equipment design and modification activities are not due from the customer until the activities are complete. Consequently, a contract asset is recognised over the period in which the activities are performed, representing the Group's right to consideration for the services performed to date.

Payment for some higher value equipment design and modification activities is in the form of stage payments from customers. To the extent that the value of the stage payment exceeds the revenue recognised at the end of the reporting period based on the stage of completion, a contract liability is recognised. The contract liability represents the Group's obligation for services still to be performed.

Airworthiness services

The Group provides continuing airworthiness management and airworthiness review certification services for business aviation, military, and commercial airline operators. Revenue from these activities includes fixed contract fees and variable fees, such as revenue earned with reference to ad-hoc services.

Revenue relating to fixed contract fees are recognised over time on a straight-line basis over the term of the contract. Payment for fixed contract fees is mostly in the form of monthly advance payments from customers. A contract liability is recognised for revenue relating to fixed contract fees at the time of receipt of the funds from the customer. The contract liability represents the Group's obligation for services still to be performed.

Revenue relating to variable fees is recognised over time based on the stage of completion of the contract. The stage of completion is determined as the proportion of the total hours expected to perform the service that have been expended at the end of the reporting period. Payment for variable fees is not due from the customer until the activities are complete. Consequently, a contract asset is recognised over the period in which the activities are performed, representing the Group's right to consideration for the services performed to date.

Software solutions

The Group has developed a suite of business aviation products deployed as “Software as a Service” and mobile application solutions for flight and aircraft management, maintenance tracking, ground operations and crew scheduling and operations.

Revenue relating to the use of these software products are recognised over time on a straight-line basis over the term of the contract. Payment for use of the software products is mostly in the form of annual or monthly advance payments from customers. A contract liability is recognised for revenue relating to the use of the software products at the time of receipt of the funds from the customer. The contract liability represents the Group's obligation for services still to be performed.

Branding fees

The Group received a branding fee from Gama Aviation LLC for the continued use of the Gama Aviation Signature brand. Revenue relating to the branding fee is recognised over time (as the customer simultaneously receives and consumes the benefits provided by the Group) on a straight-line basis over the remaining term of the contract.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are reported in US Dollars, which is the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All resulting differences are taken to the Consolidated Income Statement. Foreign currency fluctuations on monetary items that are financing in nature, being foreign currency borrowings, are presented in finance income or expenses. All other foreign currency fluctuations on monetary items are presented within earnings before interest and taxation.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in US Dollars using the exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Leases

The Group as lessee

The Group assesses whether a contract is, or contains, a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (determined to be those with an initial discounted total obligation of less than $5,000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable,
- The amount expected to be payable by the lessee under residual value guarantees,
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options,
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate,
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used),
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Consolidated Balance Sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Impairment of property, plant and equipment and intangible assets excluding goodwill” policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Rent free concessions granted during the COVID-19 pandemic have been credited to the income statement in the year they were granted, with a resulting reduction in the lease obligation.

The Group as lessor

The Group enters into lease agreements as a lessor for some of its property included within its right-of-use assets.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Finance income

Finance income is recognised as interest accrues using the effective interest method. The effective rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Finance income also includes foreign currency exchange gains on the retranslation of loans.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profits or losses for the year. Taxable profit or loss differs from net profit or loss as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Use of alternative performance measures (APMs)

The performance of the Group is assessed and discussed on an "adjusted" basis, using a variety of APMs, including Adjusted Gross Profit, Adjusted Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA), Adjusted Earnings Before Interest and Tax (EBIT), Organic Revenue Growth and Net debt.

The term "Adjusted" refers to the relevant measure being reported for continuing operations before "Adjusting items".

"Adjusting items" are the income statement items that are excluded from the Statutory results. Adjusting items include exceptional items, amortisation of acquired intangibles, equity-settled share-based payment charges, other long-term employee benefits, and tax related to Adjusting items. These items are defined and explained in more detail as follows:

Exceptional items

Exceptional items are items of income or expenditure that are not considered to reflect in-year operational performance of the continuing business. These are recorded in accordance with the policy set out below:

- Transaction costs – arising on acquisitions, disposals, and debt refinancing,
- Integration and business re-organisation – legal and professional fees and non-recurring operating costs arising from significant acquisition integration or business re-organisation activities. Non-recurring operating costs means those costs that are related to a specific integration or re-organisation event that will not be repeated because they are unique to the event and which are not expected to follow a consistent level of expense from one accounting period to the next,
- Litigation – legal costs (which may be incurred in more than one accounting period) are treated as exceptional if they relate to specific commercial legal events that are not in the normal course of trading activity in respect of one-off or related series of cases and are not expected to follow a consistent level of expense from one accounting period to the next,
- Impairment – arising from significant losses identified from impairment reviews,
- Other items – other non-recurring items that are non-trading in nature.

Amortisation of acquired intangible assets

Exclusion of amortisation of acquired intangibles accounted for under IFRS 3 from the Group's results assists with the comparability of the Group's profitability with peer companies. In addition, charges for amortisation of acquired intangibles arise from the purchase consideration of separate acquisitions. These acquisitions are portfolio investment decisions that took place at different times over several years, and so the associated amortisation does not reflect current operational performance.

Equity-settled share-based payments

The Group treats share-based payments as an Adjusting item because share-based payments are a significant non-cash charge driven by a valuation model that references Gama's share price and each new share award is subject to volatility when it is measured at the grant date.

Other long-term employee benefits

Other long-term employee benefits agreed as part of the Jet East acquisition and contractually linked to ongoing employment as well as business performance are accrued over the period in which the related services are received and are recorded as an Adjusting item.

Tax related to Adjusting items

The elements of the overall Group tax charge relating to the above Adjusting items are also treated as Adjusting. These elements of the tax charge are calculated with reference to the specific tax treatment of each individual Adjusting item, taking into account its tax deductibility, the tax jurisdiction concerned, and any previously recognised tax assets or liabilities.

The Directors believe that adjusted profit and earnings per share measures provide additional and more consistent measures of underlying performance to shareholders by removing certain trading and non-trading items that are not closely related to the Group's operating cash flows or non-recurring in nature. These and other APMs are used by the Directors for internal performance analysis and incentive compensation arrangements for employees. The term "Adjusted" is not defined under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. Where applicable, segmental measures are calculated in accordance with Group measures.

The Group's Consolidated Income Statement identifies trading results before Adjusting items. The Directors believe that presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance, as Adjusting items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of the trading results of the Group. In determining whether an event or transaction is treated as an Adjusting item, management consider quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually or more frequently if there is an indication of impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

Impairment of goodwill is determined by assessing the recoverable amount of the CGU to which the goodwill relates. If the recoverable amount of the CGU is less than the carrying value of the CGU to which the goodwill has been allocated, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying value of each asset in the CGU.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Internally generated intangible assets arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Costs associated with the configuration and customisation of Software as a Service arrangements are capitalised as intangible assets only where control of the software exists.

The Group has no indefinite life intangible assets.

A summary of the amortisation policies applied to the Group's other intangible assets is as follows:

- Licences — 10% per annum, straight line method
- Brands — 20% per annum, straight line method
- Customer relations — 10% per annum, straight line method
- Computer software — 20%-33% per annum, or life of licence if shorter, straight-line method
- The life of each internally generated intangible asset is assessed individually.

The useful life of intangible assets is reviewed at each reporting date and, if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets under construction for production, supply, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognised to write-off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

• Helicopters	5% per annum and 25% residual value (on the original cost)
• Leasehold improvements	Life of lease and no residual value
• Aircraft and refurbishments	The higher of 20 years less the age of aircraft at purchase, and 5 years (20% per annum). A 25% residual value (on the original cost) is in place where engines are on an engine maintenance programme as this is considered to support a residual value
• Furniture, fixtures and equipment	20% to 33% per annum and no residual value
• Motor vehicles	20% per annum and no residual value

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future post tax cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. As most rates which are observable in the market, including inputs into the weighted average cost of capital formula, are on a post-tax basis, a post-tax discount rate is used to discount estimated future 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 profit or loss.

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 only to the extent 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 immediately in profit or loss to the extent that it eliminates part or all of the impairment loss which has been recognised for the asset in prior years.

Contract assets

A contract asset is recognised when costs which relate directly to a contract; those the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost for each class of inventory is determined as follows:

- Raw materials and consumables: purchase cost calculated using the first-in-first-out basis
- Work in progress: cost of direct materials and labour

Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. In addition, the Company provides for inventories on a sliding scale over the preceding eight years. As a result, inventory older than eight years is written off in full.

In line with industry practice, the Group recognises rotable stock as inventory. Rotable stock are inventory items that can be repeatedly and economically restored to their fully serviced condition, in which already-repaired equipment is exchanged for defective equipment, which in turn is repaired and kept for future exchange. These items have extensive life expectancy through repetitive overhaul process. The cost associated with refurbishing rotable stock is recognised in inventory.

Cash and cash equivalents

The Group's cash and cash equivalents in the Consolidated Balance Sheet comprise cash on hand, cash at bank, and short-term, highly liquid investments with original maturity of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting 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 the present value of those cash flows when the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured reliably.

From time to time the Group receives claims and threats of claims against it. Appropriate disclosures are made except where the Board concludes that the likelihood of any such claim being successful is remote, immaterial or where disclosure would be prejudicial. Appropriate provisions are made unless the Board concludes that the claims are not likely to have a material impact on the Group's financial position.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, which is generally the same as invoiced amount, and subsequently measured at amortised cost, or their recoverable amount. Trade receivables are predominantly short-term and so the effects of the time-value of money are not considered material.

Where there are sub-participation arrangements, sub-participation proceeds are offset against the financial asset provided that the sub-participation meets all pass-through conditions, namely, there is no recourse to the transferor, and the transferor does not retain any significant risks and rewards of ownership of the financial asset.

Impairment of financial assets

The impairment model applies to the Group's financial assets that are debt instruments measured at amortised costs as well as the Group's lease receivables, contract assets and issued financial guarantee contracts. The Group applies the simplified approach for measuring expected credit losses for its trade receivables, accrued income and contracts assets as permitted by IFRS 9.

Expected credit losses are calculated based on the historical credit loss experience and adjusted for forward looking factors specific to the receivables and economic environment.

The amount of expected credit losses is updated at each reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Borrowings and other financial liabilities, including loans, are initially measured at fair value, net of transaction costs.

Deferred consideration is recognised at amortised cost at acquisition date within the cost of investment, with a corresponding entry to other financial liabilities. Changes to the value of the financial liability resulting from the unwinding of discount at each subsequent reporting date are recognised in the Consolidated Income Statement.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cost based on the original award terms continues to be recognised over the original vesting period and an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification.

The financial effect of awards by the Parent Company of options over its equity shares to employees of subsidiary undertakings is recognised by the Parent Company in its individual financial statements as an increase in its investment in subsidiaries with a credit to equity equivalent to the IFRS 2 cost in subsidiary undertakings. The subsidiary, in turn, recognises the IFRS 2 cost in its income statement with a credit to equity to reflect the deemed capital contribution from the Parent Company.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, including anticipated future events and market conditions, that are relevant and available when the Consolidated Financial Statements were prepared. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Sharjah Business Aviation Centre

In June 2017, the Group entered into a non-cancellable Build Operate & Transfer Agreement and a Concession Agreement with Sharjah Airport Authority under which it is committed to construct a Business Aviation Centre ("BAC") at Sharjah Airport. The agreement runs from June 2017 until June 2052 following the exercise of the ten-year extension option in 2021.

As of 31 December 2022, assets under construction ($6.7m) and right-of-use assets associated with this project ($8.3m) were fully impaired. The impairment initially arose due to uncertainties arising in part from the COVID-19 pandemic, and subsequently due to the uncertainty about securing funding to continue the project.

During the current year, additional expenditure of $0.7m on the project has also been impaired. This is based on the Directors' judgement that whilst the Group is actively progressing the project the final funding sources are still under review and the build phase has not yet been completed and therefore, the Board considers that it would be inappropriate to reverse impairments relating to the BAC project until the profits associated with this project can be forecast with greater certainty.

Classification of items of cost or income as exceptional items

Exceptional items are items of income or expenditure that are not considered to reflect in-year operational performance of the continuing business. Classification of costs and income as exceptional items requires judgement as the Group's view of what qualifies as an exceptional item may differ from similar judgements made by others. Exceptional items are treated as Adjusting items to enable more relevant and reliable financial information to be presented. Note 16 describes the exceptional items that have been recorded in the Consolidated Income Statement.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a materially different outcome to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of property, plant and equipment and intangible assets

Where there are indicators of impairment, or on an annual basis, management performs an impairment test. Recoverable amounts for a CGU is the higher of value-in-use and fair value less cost of disposal.

Value-in-use is calculated using a discounted cash flow model from cash flow projections based on the Group's 2024 updated Strategic Plan.

In measuring value-in-use, management have:

- Based cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of intangible assets, property, plant and equipment, and right-of-use assets.
- Based cash flow projections on the Group's 2024 updated Strategic Plan. These forecasts cover a period of five years.

- Estimated cash flow projections beyond the period of five years by extrapolating the projections based on the forecasts using an estimate of long-term growth rates for subsequent years. This rate reflects the average of the long-term growth rate for the countries in which the CGU operates. In estimating cash flow projections for each CGU, management have used the "single most likely cash flow" approach to estimate the cash flows associated with a range of economic conditions that may exist over the next five years. The "single most likely cash flow" approach differs from the "expected cash flow" approach in that it does not use all expectations about possible cash flows.

In estimating the single most likely cash flow for each CGU, management have used the cash flow forecasts contained in the Group's five-year plan as the base case scenario.

Several other reasonably plausible scenarios have been considered but have not been adjusted for. Instead, the impact of these scenarios has been evaluated through the sensitivity analysis.

Estimated future cash flows reflect assumptions that are consistent with the way the discount rate is determined. Consequently, estimates of future cash flows include income tax receipts or payments as the discount rate is determined on a post-tax basis.

The discount rate for each CGU is estimated from the Group's weighted average cost of capital using the Capital Asset Pricing Model, after considering the risk-free rate, beta, equity market risk premium, country risk premium, small stock premium, pre-tax cost of debt, tax rates, and the debt to capital ratio applicable to the CGU.

The terminal value for each CGU has been estimated by applying the Gordon Growth formula to the forecasted cash flows using the respective discount rate and long-term growth rate.

The recoverable amount is most sensitive to the discount rate, the expected future cash inflows, and the growth rate used for extrapolation purposes.

The carrying amount of each CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined. Consequently, the carrying amount of each CGU includes goodwill allocated to each CGU at inception, other intangible assets (including deferred tax related to the uplift to fair value recognised on acquisition), property, plant and equipment, right-of-use assets, working capital balances, corporate income taxes, obligations under leases, and corporate assets allocated to each CGU.

The key assumptions and estimates used to determine the recoverable amount for different CGUs, together with sensitivities, are disclosed in Note 21.

Valuation of inventories

In measuring the net realisable value of inventory, the Group uses reasonable and supportable forward-looking information, which is based on assumptions regarding the change in customer demand or obsolescence of certain inventory lines.

Inventory valuation is sensitive to management's assessment of obsolescence of certain line items. The significant estimation uncertainty arises from the wide range and nature of inventory held, each with different demand and opportunity to utilise. Whilst no specific inventory line has material estimation uncertainty in its valuation, there is risk across all lines in aggregation.

An analysis of the inventories and inventory obsolescence allowance is provided in Note 22.

Assessment of lease terms

The Group has applied judgement to determine the lease term for those lease contracts that include a renewal or break option. The assessment of whether the Group is reasonably certain to exercise a renewal option or not to exercise a break option significantly impacts the value of lease liabilities and right-of-use assets recognised on the balance sheet.

During the year the Group completed the sale and leaseback of two helicopter assets. Under the terms of these arrangements the Group was obligated to deliver two helicopters in exchange for consideration from the counterparty. Having reviewed the terms of this agreement, management has concluded that they meet to five step revenue recognition requirements defined by IFRS15. Accordingly, these transactions have been recognised as sales in the financial statements for the year ended 31 December 2023.

Following the sale of the helicopters the Company entered into a lease agreement with the same counterparty. These lease agreements contain initial periods of 87 and 89 months together with a re-purchase option. In assessing whether the Group is reasonably certain, at the lease commencement date, to exercise the re-purchase option, the Group has considered the following factors and circumstances:

(a) contractual terms and conditions for the optional periods compared with market rates, including: (i) the amount of payments for the lease in the optional period; (ii) the amount of any variable payments for the lease or other contingent payments; (iii) the terms and conditions of the options that are exercisable after the initial optional periods;

(b) significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract that are expected to have significant economic benefit for the Group when the option to extend the lease becomes exercisable;

(c) costs relating to the termination of the lease, including the costs of identifying another underlying asset suitable for the Group's needs and the costs associated with returning the helicopters in a contractually specified condition or to a contractually specified location;

(d) the importance of the helicopters to the Group's operations; and

(e) conditionality associated with exercising the option and the likelihood that those conditions will exist.

The term "reasonably certain" is not defined in IFRS, but it is considered a high probability (i.e. almost certain). Having considered the above factors and circumstances, the Group has concluded that, at the lease commencement date, it is not reasonably certain that the Group will exercise either the repurchase option for either helicopter. Consequently, the initial lease term has been assessed as 87 and 89 months for the two helicopters.

Calculation of expected credit loss allowance

When measuring expected credit loss, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring expected credit loss. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data including experience of recovering overdue amounts, assumptions and expectations of future conditions.

An analysis of the amounts receivable for the sale of services, together with sensitivities, is provided in Note 23.

Taxation

Recoverability of the Group's deferred tax assets, including timing, applicable corporate income tax rates and availability of future taxable profits against which deferred tax assets could be utilised, is the most critical estimate which may have a material impact on the financial statements.

The estimation uncertainty arises because the Group operates in a complex national and international tax environment. The areas of uncertainty can include, inter alia, transfer pricing arrangements relating to the Group's operating activities and the deductibility of management recharges.

Further uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income available against which deferred tax assets could be utilised. The carrying value of tax assets and liabilities could therefore be impacted by changes in tax legislation and availability of future taxable profits for which the impact can be significant.

5. Revenue (continuing operations)

An analysis of the Group's revenue is as follows:

	Year ended 2023 $'000	Year ended 2022 $'000
Sale of services	**147,217**	**166,767**
Branding fees	**-**	**625**
Statutory revenue	**147,217**	**167,392**

	Year ended 2023 $'000	Year ended 2022 $'000
Business Aviation	**70,624**	82,855
Special Mission	**2,788**	3,743
Revenue recognised at a point in time	**73,412**	86,598
Business Aviation	**16,388**	23,197
Special Mission	**52,461**	51,759
T&O	**4,956**	5,213
Branding fee	**–**	625
Revenue recognised over time	**73,805**	80,794
Statutory revenue	**147,217**	167,392

All revenues, except branding fees, relate to contracts with customers.

Revenue recognised over time relates to the following operating divisions:

- Special Mission has contract revenue of $225.4m to be earned over the next five years, with $52.5m (2022: $51.8m) of revenue having been recognised in the year
- Within Technology & Outsourcing, myairops® recognised contract revenue of $1.5m (2022: $1.7m) during the year in relation to the provision of software services, with $1.6m due over the next four years

Revenue from discontinued operations was $126.9m (2022: $118.3m) of which $82.8m (2022: $81.4m) was recognised at a point in time, and $44.1m (2022: $36.8m) was recognised over time.

Revenue totalling $22.6m (2022: $19.9m), which is greater than 10% of Group revenue, has been recognised in 2023 in respect of a single customer and is included within the Special Mission reporting segment. Revenue received at a point in time was $2.4m and revenue received over time was $20.1m.

The Group has not separately disclosed revenue by destination country because this is not tracked internally and because management track revenue by SBU.

6. Other operating income (continuing operations)

	Year ended 2023 $'000	Year ended 2022 $'000
Foreign currency translation on trading monetary items	**(173)**	3,086
Gain on disposal of subsidiary	**–**	126
Post-disposal income from US MRO Business	**202**	–
Indemnities received	**1,007**	–
Gain on disposal of property, plant and equipment (Note 19)	**238**	1,741
Total other operating income	**1,274**	4,953

7. Discontinued operations

On 3 November 2023, the Group announced that it had completed the sale of its US MRO Business, to West Star Aviation Enterprises, LLC for a value of approximately $131m on a cash free/debt free basis with normalised working capital.

Following repayment of various fees by the buyer and repayment of debt the Company received cash consideration of $98.9m and anticipates receipt of $1.7m of deferred consideration. The net assets of discontinued operations at the date of disposal were $14.6m and the Company incurred $2.7m of additional incremental costs of sale resulting in a profit on disposal of $83.3m.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	Year ended 2023 $'000	Year ended 2022 $'000
Revenue	**126,923**	118,250
Cost of sales	**(101,809)**	(92,517)
Gross profit	**25,114**	25,733
Administrative expenses	**(26,907)**	(28,075)
Operating profit/(loss)	**(1,793)**	(2,342)
Profit on sale of subsidiary	**83,329**	-
Earnings before interest and taxation	**81,536**	(2,342)
Finance income	**–**	17
Finance expense	**(2,186)**	(835)
Profit/(loss) before taxation	**79,350**	(3,160)
Taxation	**873**	826
Loss after tax	**80,223**	(2,334)
Net cash generated by operating activities	**625**	3,837
Net cash used in investing activities	**(3,232)**	(4,090)
Net cash from financing activities	**4**	7,186

Effect of disposal on the financial position of the Group balance as at 3 November 2023 was as follows:

	At 3 November 2023 $'000
Other intangible assets	**4,132**
Property, plant and equipment	**5,548**
Right-of-use assets	**13,266**
Deferred tax asset	**5,800**
Inventories	**4,405**
Trade and other receivables	**24,456**
Cash and cash equivalents	**1,651**
Trade and other payables	**(16,312)**
Corporation tax payable	**(488)**
Obligations under leases	**(12,282)**
Borrowings	**(15,573)**
Net assets	**14,603**

8. Earnings before interest and taxation (continuing operations)

Earnings before interest and taxation has been arrived at after charging/(crediting):

	Year ended 2023 $'000	Year ended 2022 $'000
Amortisation of intangibles in administrative expenses	**3,125**	2,658
Depreciation of property, plant and equipment in administrative expenses	**1,088**	1,229
Depreciation of property, plant and equipment in cost of sales	**1,961**	2,699
Depreciation of right-of-use assets in administrative expenses	**610**	666
Depreciation of right-of-use assets in cost of sales	**4,002**	2,683
Net foreign exchange loss/(gain) on trading monetary items	**173**	(3,105)
Gain on disposal of property, plant and equipment (Note 6)	**(238)**	(1,741)
Impairment of goodwill (Note 17)	**2,160**	–
Impairment of other intangible assets (Note 18)	**3,341**	–
Impairment of property, plant and equipment (Note 19)	**1,167**	2,640
Impairment of contract asset	**1,923**	–
Cost of inventories recognised as an expense	**10,915**	13,416
Change in provision for inventory obsolescence	**385**	(582)
Staff costs (Note 9)	**54,074**	46,022
Impairment losses recognised on trade receivables	**389**	246
Recovery of previously impaired trade receivables	**(2,072)**	(6)
Auditors' remuneration (Note 10)	**1,352**	1,102

9. Staff costs (continuing operations)

The average monthly number of employees (including Executive Directors) was:

	Year ended 2023 Number	Year ended 2022 Number
Operations and administration	**260**	265
Pilots and cabin crew	**207**	149
Aircraft engineering	**216**	216
	683	630

Average staff numbers employed in discontinuing activities in the period to 3 November 2023 were 767 (2022: 603) comprising 197 (2022: 172) in operations and administration and 570 (2022: 431) in aircraft engineering.

Their aggregate remuneration comprised:

	Year ended 2023 £000	Year ended 2022 £000
Wages, salaries and benefits	**47,788**	40,761
Social security costs	**4,549**	3,665
Equity-settled share-based payments (Note 36)	**157**	197
Pension costs	**1,580**	1,399
	54,074	46,022

Total staff remuneration for employees involved in discontinuing activities in the period to 3 November 2023 were $82.3m (2022: $64.1m).

No share option transactions were approved during the year. Details of prior year share awards are included in note 36.

Retirement benefit schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees. As at 31 December 2023, contributions of $342,000 (2022: $273,000) due in respect of the current reporting period had not been paid over to the schemes. Details of the other long-term employee benefits accrual, relating to the Jet East long-term incentive plan, are contained in note 25.

Directors' emoluments

As all the directors are remunerated in Pounds Sterling, the disclosure has been presented in that currency. The remuneration of the Directors was as follows:

	Year ended 2023 £000	Year ended 2022 £000
Emoluments	**2,786**	1,377
Pension costs	**144**	122
	2,930	1,499

Discretionary bonus awards for 2022 were determined after the date of the 2022 financial statements. They were, therefore, not disclosed in the 2022 financial statements. However, the above figures have been updated to reflect these payments of $428,000.

Pension costs relate to 3 directors (2022:3) and include contributions to defined contribution schemes and cash paid in lieu of contributions.

The Group considers the directors of the Company to be the key management personnel.

The above amounts for remuneration include the following in respect of the highest paid director:

	Year ended 2023 £000	Year ended 2022 £000
Emoluments	**1,185**	580
Pension costs	**75**	73
	1,260	653

The highest paid director held 526,526 (2022:526,526) share options as at 31 December 2023. No share options were issued or exercised during the year (2022:Nil).

10. Auditor's remuneration

	Year ended 2023 $'000	Year ended 2022 $'000
Audit of the Group's and Company's financial statements	**955**	765
Audit of the financial statements of subsidiaries	**426**	337
Other non-audit services	**31**	-
	1,412	1,102

Auditor's remuneration above includes the audit of the US MRO business.

11. Leases (continuing operations)

Amounts recognised in income statement

The consolidated income statement shows the following amounts relating to leases:

	Year ended 2023 $'000	Year ended 2022 $'000
Depreciation charge of right-of-use assets		
Leasehold property	**2,725**	2,845
Fixtures, fittings and equipment	**43**	26
Aircraft	**1,785**	426
Vehicles	**59**	52
Total depreciation charge of right-of-use-assets	**4,612**	3,349
Interest expense (included in finance cost)	**2,817**	1,747
Expenses relating to short-term leases of twelve months or less	**736**	594
Loss on derecognition of leases	**20**	37

The Group has certain leases that include extension or termination options. Management exercises judgement in determining whether lease extensions and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payment relating to the period following the exercise date of extension and termination options that are not included in the lease term:

	Within five years $'000	More than five years $'000	Total $'000
Extension options expected not to be exercised	6,266	16,289	**22,555**
Termination options expected to be exercised	–	104	**104**

12. Finance income (continuing operations)

	Year ended 2023 $'000	Year ended 2022 $'000
Interest income on financial assets	**1,331**	91
Total finance income	**1,331**	91

In the current year, interest income on financial assets includes $667,000 (2022: $74,000) of interest received on the recovery of previously written-off receivables.

13. Finance expense (continuing operations)

	Year ended 2023 $'000	Year ended 2022 $'000
Foreign currency translation on intercompany balances	**1,697**	2,306
Foreign currency translation on borrowings	**1,931**	3,604
Interest on borrowings	**875**	1,283
Discounting on provisions (Note 30)	**13**	16
Interest on lease liabilities (Note 27)	**2,817**	1,747
Amortisation of loan arrangement fees	**25**	151
Other similar charges payable	**101**	3
Total finance costs	**7,459**	9,110

14. Taxation (continuing operations)

	Year ended 2023 $'000			Year ended 2022 $'000		
	Adjusted result	**Adjusting items**	**Statutory result**	Adjusted result	Adjusting items	Statutory result
Corporation tax:						
Current tax charge:						
Current year charge	**18**	**–**	**18**	21	–	21
Adjustment in respect of prior years	**11**	**–**	**11**	(38)	–	(38)
Current tax charge/(credit)	**29**	**–**	**29**	(17)	–	(17)
Deferred tax charge:						
Current year charge/(credit)	**2**	**–**	**2**	(49)	–	(49)
Adjustment in respect of prior years	**67**	**–**	**67**	7	–	7
Deferred tax (credit)/charge (Note 15)	**69**	**–**	**69**	(42)	–	(42)
Total tax charge/(credit) for the year	**98**	**–**	**98**	(59)	–	(59)

The tax charge for the year relating to discontinuing activities was a credit of $873,000 (2022: credit of $826,000) of which a charge $163,000 (2022: charge of $107,000) related to current tax and a credit of $1,036,000 (2022: credit of $933,000) related to deferred tax.

The tax charge for the year, based on the tax rate in the United Kingdom, can be reconciled to the profit per the income statement as follows:

	Year ended 2023 $'000			Year ended 2022 $'000		
	Adjusted result	**Adjusting items[2]**	**Statutory result**	Adjusted result	Adjusting items[2]	Statutory result
Loss before tax	**(9,105)**	**(11,606)**	**(20,711)**	(1,469)	(4,836)	(6,305)
Tax at the corporation tax rate of 23.52% (2022: 19%)	**(2,142)**	**(2,729)**	**(4,871)**	(279)	(919)	(1,198)
Effects of:						
Other expenses not deductible/income not taxable	**(1,003)**	**502**	**(501)**	87	234	321
Foreign exchange differences on consolidation	**648**	–	**648**	(419)	–	(419)
Profits exempt from tax in overseas jurisdiction	**(409)**	**106**	**(303)**	(373)	83	(290)
Group relief with discontinued operations	**1,116**	–	**1,116**	–	–	–
Non-deductible – share-based payments	**(35)**	–	**(35)**	(55)	–	(55)
Adjustment in respect of prior years	**78**	–	**78**	(30)	–	(30)
Effect of tax rates in different jurisdictions	**460**	**239**	**699**	(35)	545	510
Effects of change in tax rate[1]	**1**	–	**1**	–	–	–
Tax losses in the year not recognised in deferred tax	**1,384**	**1,882**	**3,266**	1,045	57	1,102
Total tax (credit)/charge for the year	**98**	–	**98**	(59)	–	(59)

1 The UK Finance Act 2021 enacted a change in the UK corporation tax rate from 19% to 25% from 1 April 2023.

2 The Adjusting items reflects the tax effect of Adjusting items disclosed within the Adjusted Items column of the consolidated income statement and explained in further detail in Note 16.

15. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Acquired intangibles $'000	Fixed asset and other temporary differences* $'000	Deferred consideration on US Air Associate temporary differences $'000	Tax losses $'000	Total $'000
(Liabilities)/assets at 1 January 2022	(1,590)	37	161	5,310	3,918
Credit/(charge) in year (Note 14)	384	590	(161)	163	976
(Liabilities)/assets at 31 December 2022	(1,206)	627	–	5,473	4,894
Credit/(charge) in year	184	(909)	–	225	(500)
Disposals	1,022	(253)	–	(5,102)	(4,333)
(Liabilities)/assets at 31 December 2023	–	**(535)**	–	**596**	**61**

* Includes $61k of deferred tax assets and $596k of deferred tax liabilities.

Acquired intangibles represent the value of the deferred tax liability which arises on the fair value of acquired intangibles. The liability is valued at the tax rate applicable to the jurisdiction where the intangibles are located.

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023 **$'000**	2022 $'000
Deferred tax asset due after more than one year	**657**	6,100
Deferred tax liability	**(596)**	(1,206)
Net deferred tax asset	**61**	4,894

Estimation uncertainty

The Group has recognised deferred tax assets on both timing differences and on taxable losses. In recognising these assets, management have reviewed the future expected profitability of the business in each tax jurisdiction and the ability to utilise existing taxable losses.

The Group has the following tax losses, which are subject to relevant regulatory review and approval as applicable to the relevant jurisdiction:

	2023 Recognised $'000	2022 Recognised $'000	**2023 Unrecognised $'000**	2022 Unrecognised $'000	**2023 Total $'000**	2022 Total $'000
UK	**2,384**	2,124	**8,474**	26,863	**10,858**	28,987
US federal	–	18,466	–	16,240	–	34,706
US state	–	17,444	–	–	–	17,444
Poland	–	–	**529**	262	**529**	262
HK	–	–	**6,064**	5,684	**6,064**	5,684
Tax losses	**2,384**	38,034	**15,067**	49,049	**17,451**	87,083

The above losses represent the following value at tax rates applicable at the balance sheet date:

	2023 Recognised $'000	2022 Recognised $'000	**2023 Unrecognised $'000**	2022 Unrecognised $'000	**2023 Total $'000**	2022 Total $'000
UK	**596**	531	**2,118**	6,716	**2,714**	7,247
US	–	4,942	–	3,410	–	8,352
Poland	–	–	**101**	50	**101**	50
HK	–	–	**1,001**	938	**1,001**	938
Potential tax benefit of tax losses	**596**	5,473	**3,220**	11,114	**3,816**	16,587

Losses in the UK carried forward indefinitely. Tax losses in Poland can be carried forward for 5 years. Carry forward of losses in the US are subject to local state level rules.

A deferred tax asset in respect of tax losses has been recognised in the UK to the extent that it offsets deferred tax liabilities in other UK entities. A deferred tax asset has not been recognised in respect of the remaining UK tax losses due to uncertainty with regards to timing and amount of future taxable profits against which the tax losses could be utilised.

In Poland the entity is a start-up and until the business is established, future profits are uncertain hence the asset has not been recognised. In Hong Kong, management have not recognised deferred tax assets on losses as the current business is not operating.

16. Adjusting items (continuing operations)

Adjusting items relating to discontinued activities are disclosed in note 7. The Adjusted result relating to continued activities has been arrived at after the following Adjusting items:

	Year ended 2023 $'000	Year ended 2022 $'000
Exceptional items:		
– Transaction income	**–**	(126)
– Transaction costs	**1,368**	654
– Integration and business re-organisation costs	**428**	–
– Legal costs	**324**	206
– Onerous contract provision (Note 30)	**300**	900
– Impairment of assets under construction (Note 19)	**1,167**	2,516
– Impairment of goodwill (Note 17)	**2,160**	–
– Impairment of other intangible assets (Note 18)	**3,341**	–
– Impairment of contract assets	**1,923**	–
Total exceptional items	**11,011**	4,150
Other Adjusting items:		
Equity-settled share-based payments expense	**157**	175
Amortisation of acquired intangible assets	**438**	436
Adjusting items in loss before interest and taxation	**11,606**	4,761
Exchange differences on forgiveness of loans	**–**	75
Adjusting items in loss before interest and taxation	**11,606**	4,836
Tax related to Adjusting items	**–**	**–**
Adjusting items in loss for the year	**11,606**	4,836

Transaction income

Transaction income during the prior period was in relation to the gain on disposal of Gama International Saudi Arabia.

Transaction costs

Transaction costs during the year relate to corporate activity of the Group.

Integration and business re-organisation costs

Integration and business re-organisation costs relate to system and process optimisation activity.

Legal costs

Legal costs in the current and prior year principally relate to professional fees in relation to ongoing litigation in respect of legacy cases, mainly relating to the Group's collection of trade receivables and other non-recurring legal matters.

Onerous contract provision

The provision for onerous contract costs relates to potential penalty payments under certain long-term arrangements.

Impairment of assets under construction

The impairment loss in the current year relates to the impairment of further development costs incurred during the period in respect of the Business Aviation Centre at Sharjah International Airport in the UAE of $0.7m (2022: $2.1m) and impairment of development costs in Jersey of $0.5m (2022: $0.4m).

Impairment of goodwill and other intangible assets

The impairment loss in the current year relates to impairment associated with T&O CGU, see note 21 for further details.

Impairment of contract assets

The impairment loss in the current year relates to impairment associated with contract under performance in the Group's MRO activities.

Equity-settled share-based payments

Equity-settled share-based payment charges relate to share options issued to employees.

Amortisation of acquired intangible assets

Amortisation charges in respect of acquired intangible assets.

Exchange differences on forgiveness of loans

The prior year charge relates to foreign exchange losses arising on forgiveness of intercompany loans and the impairment of intercompany loans.

Tax related to Adjusting items

The tax on Adjusting items reflects the deferred tax on deductible items before any non-recognition of deferred tax.

17. Goodwill

	$'000
Cost	
At 1 January 2022	47,514
Exchange differences	(4,417)
At 31 December 2022	**43,097**
Disposals	(3,108)
Exchange differences	2,071
At 31 December 2023	**42,060**
Accumulated impairment losses	
At 1 January 2022	25,278
Impairment loss	787
Exchange differences	(2,144)
At 31 December 2022	23,921
Disposals	(3,108)
Impairment loss	2,160
Exchange differences	1,004
At 31 December 2023	**23,977**
Carrying amount	
At 31 December 2023	**18,083**
At 31 December 2022	19,176

The impairment loss of $787,000 in the prior year relates to the goodwill associated with the paint and interior completion operation at Fort Lauderdale Executive Airport that was closed during the year-ended 31 December 2022. The impairment loss of $2,160,000 in the current year relates to the goodwill in Technology & Outsourcing CGU. The current year disposals are in relation to the disposal of the US MRO Business which was announced on the 3 November 2023.

The recoverable amount of goodwill is allocated to the following cash-generating units (CGUs):

	2023 **$'000**	2022 $'000
Carrying amount		
Business Aviation	**7,591**	**7,191**
Special Mission	**10,492**	**9,941**
Technology & Outsourcing	–	**2,044**
	18,083	**19,176**

Impairment review

Goodwill, together with other non-current assets, is assessed for impairment in Note 21.

18. Other intangible assets

	Licences and brands $'000	Customer relations $'000	Computer software $'000	Total $'000
Cost				
At 1 January 2022	1,181	20,838	12,706	34,725
Additions	–	–	1,974	1,974
Foreign exchange differences	–	(463)	(1,399)	(1,862)
At 31 December 2022	**1,181**	**20,375**	**13,281**	**34,837**
Additions	–	–	2,064	2,064
Disposals	(1,181)	(5,216)	–	(6,397)
Foreign exchange differences	–	217	788	1,005
At 31 December 2023	–	**15,376**	**16,133**	**31,509**
Amortisation and accumulated impairment losses				
At 1 January 2022	227	14,542	4,302	19,071
Amortisation	236	938	2,222	3,396
Foreign exchange differences	–	(288)	(512)	(800)
At 31 December 2022	**463**	**15,192**	**6,012**	**21,667**
Amortisation	199	860	2,687	3,746
Impairment	–	–	3,341	3,341
Disposals	(662)	(1,603)	–	(2,265)
Foreign exchange differences	–	164	398	562
At 31 December 2023	–	**14,613**	**12,438**	**27,051**
Carrying amount				
At 31 December 2023	–	**763**	**3,695**	**4,458**
At 31 December 2022	718	5,183	7,269	13,170

The carrying amount of customer relationships relate to:

- Business Aviation MRO US: $nil (2022: $4.0m)
- Business Aviation excluding MRO US: $0.4m (2022: $0.5m)
- Technology & Outsourcing: $0.4m (2022: $0.6m)

Computer software costs comprise purchased software, such as operational and financial systems and the costs of configuration and customisation of Software as a Service arrangements where control of the software exists.

Impairment review

Other intangible assets do not generate cash inflows from continuing use that are largely independent of those from other assets or groups of assets. Consequently, recoverable amount for these assets is determined for the CGU to which they belong.

Other intangible assets, together with other non-current assets, are assessed for impairment in Note 21.

19. Property, plant and equipment

	Helicopters $'000	Leasehold improvement $'000	Aircraft and refurbishments $'000	Fixtures, fittings and equipment $'000	Motor vehicles $'000	Asset under construction $'000	Total $'000
Cost							
At 1 January 2022	28,863	19,611	12,518	14,425	3,220	4,609	83,246
Additions	–	155	–	2,172	348	2,516	5,191
Disposals	(23,025)	–	–	(96)	(126)	–	(23,247)
Exchange differences	(5,838)	(1,718)	(1,328)	(677)	(29)	–	(9,590)
At 31 December 2022	**–**	**18,048**	**11,190**	**15,824**	**3,413**	**7,125**	**55,600**
Additions	13,367	1,850	241	3,633	90	1,167	20,348
Disposals	(13,367)	(4,747)	(128)	(9,700)	(2,960)	–	(30,902)
Exchange differences	–	787	626	370	20	–	1,803
At 31 December 2023	**–**	**15,938**	**11,929**	**10,127**	**563**	**8,292**	**46,849**
Accumulated depreciation and impairment							
At 1 January 2022	1,932	6,812	4,538	9,566	2,300	4,609	29,757
Charge for the year	840	1,122	1,342	2,097	469	–	5,870
Disposals	(2,272)	–	–	(75)	(116)	–	(2,463)
Impairment	–	124	–	–	–	2,516	2,640
Reclassification[1]	–	(29)	–	29	–	–	–
Exchange differences	(500)	(539)	(516)	(427)	(16)	–	(1,998)
At 31 December 2022	**–**	**7,490**	**5,364**	**11,190**	**2,637**	**7,125**	**33,806**
Charge for the year	–	1,284	1,448	1,582	586	–	4,900
Disposals	–	(2,910)	(91)	(5,922)	(2,847)	–	(11,770)
Impairment	–	–	–	–	–	1,167	1,167
Exchange differences	–	300	342	253	15	–	910
At 31 December 2023	**–**	**6,164**	**7,063**	**7,103**	**391**	**8,292**	**29,013**
Carrying amount							
At 31 December 2023	**–**	**9,774**	**4,866**	**3,024**	**172**	**–**	**17,836**
At 31 December 2022	–	10,558	5,826	4,634	776	–	21,794

[1] Reclassifications relate to corrections in the categorisation of property, plant and equipment.

No borrowing costs were capitalised during the current and prior year.

In the prior year, on 27 September 2022, the Group completed the sale and leaseback of its helicopter assets resulting in cash proceeds of $27.0m and a gain on disposal of $1.7m. The cash proceeds of $27.0m included $4.2m of additional financing raised in the transaction.

The Group has entered into the aircraft sale and purchase agreement for two helicopters on 5 April 2023 which were delivered on 25 August 2023 and 27 October 2023. This resulted in $13.4m helicopter additions, during the year, which included $12.1m of purchase costs and $1.3m of additional costs capitalised. The Group has also completed the sale and lease back transaction for these two helicopters as soon as these were delivered, resulting in cash proceeds of $15.1m and gain on disposal of $0.2m. The cash proceeds of $15.1m included $1.3m of additional financing raised in the transaction.

The assets under construction relate to the investment in the Sharjah Business Aviation Centre ("BAC") project and the Jersey Fixed Based Operations ("FBO") project.

The Sharjah BAC project was fully impaired in the beginning of the financial year and additional expenditure of $0.7m, which was incurred on the project during the current year, has also been impaired.

Expenditure of $0.5m incurred during the year on the Jersey FBO project has been impaired due to the uncertainty about securing the necessary funding for the project.

Total impairment costs of assets under construction of $1.2m (2022: $2.5m) were recognised in the year.

Impairment review

The other classes of property, plant and equipment do not generate cash inflows from continuing use that are largely independent of those from other assets or groups of assets. Consequently, recoverable amount for these assets is determined for the CGU to which they belong.

Property, plant and equipment, together with other non-current assets, is assessed for impairment in Note 21.

20. Right-of-use assets

	Leasehold property $'000	Fixtures, fittings and equipment $'000	Aircraft $'000	Vehicles $'000	Total $'000
Cost					
At 1 January 2022	63,843	136	–	319	64,298
Additions	8,056	224	3,341	198	11,819
Disposals	(9,205)	(5)	–	(101)	(9,311)
Exchange differences	(3,484)	(8)	403	(15)	(3,104)
At 31 December 2022	59,210	347	3,744	401	63,702
Additions	4,114	–	33,023	283	37,420
Disposals	(20,867)	(129)	–	(342)	(21,338)
Exchange differences	1,740	12	209	13	1,974
At 31 December 2023	**44,197**	**230**	**36,976**	**355**	**81,758**
Accumulated depreciation and impairment					
At 1 January 2022	27,776	18	–	121	27,915
Charge for the year – admin expenses	638	25	–	3	666
Charge for the year – cost of sales	4,779	27	426	103	5,335
Disposals	(7,374)	(5)	–	(73)	(7,452)
Exchange differences	(937)	(2)	(11)	(6)	(956)
At 31 December 2022	24,882	63	415	148	25,508
Charge for the year – admin expenses	620	55	–	3	678
Charge for the year – cost of sales	3,974	10	1,785	101	5,870
Disposals	(7,806)	(61)	–	(195)	(8,062)
Exchange differences	617	2	65	5	689
At 31 December 2023	**22,287**	**69**	**2,265**	**62**	**24,683**
Carrying amount					
At 31 December 2023	**21,910**	**161**	**34,711**	**293**	**57,075**
At 31 December 2022	34,328	284	3,329	253	38,194

The aircraft additions during the current and prior years relate to the sale-and-leaseback transaction involving the Group's helicopters which is further described in Note 19 to the financial statements.

Impairment review

Right-of-use assets do not generate cash inflows from continuing use that are largely independent of those from other assets or groups of assets. Consequently, recoverable amount for these assets is determined for the CGU to which they belong.

Right-of-use assets, together with other non-current assets, are assessed for impairment in Note 21.

21. Impairment of non-current assets

The Group has identified three specific Cash Generating Units (CGU's) which are as follows:

- The Business Aviation CGU which provides services provided to our private and corporate clients to safely enable their private jet travel requirements.
- The Special Mission CGU which provides services to governments, charities and other bodies which rely on aviation assets to perform a specialised, often time critical, mission.
- The Technology & Outsourcing CGU represents advisory, technology, and outsourcing services to aviation clients who seek to gain a decisive advantage using real and near real time intelligence.

As detailed in note 17 all three CGU's have goodwill allocated to them and the specific amounts can be found there. As a result, an impairment review was required for all three CGU's.

Value-in-use calculations

The carrying value of all three CGU's was considered in comparison to its value-in-use calculations. These calculations were derived as follows:

- Cash flow projections are based on the most recent financial forecasts, being the Group's 2024 updated Strategic Plan. These forecasts cover a period of five years.
- The Group also considered the impact of Climate Change in determining operating assumptions applicable to the forecast cash flows.
- The discount rate reflects the current market assessment of the risks specific to each CGU and is estimated from the weighted average cost of capital using the Capital Asset Pricing Model, after considering the risk-free rate, equity market risk, beta, country risk, small stock premium, pre-tax cost of debt, tax rates, and the debt to capital ratio applicable to each CGU.
- The terminal value for each CGU is estimated by applying the Gordon Growth formula to the forecast cash flows using the respective discount rate and long-term growth rate. The long-term growth rate reflects the average of the long-term growth rate for the countries in which the CGU operates.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.

Business Aviation

The recoverable amount of the Business Aviation CGU was determined based on its value-in-use using discounted cash flow projections from the Group's five-year internal forecasts. The post-tax discount rate applied to the cash flow projections is 12.6% (2022: 12.0%) and cash flows beyond the four-year period are extrapolated using a 2.0% (2022: 1.6%) growth rate. The equivalent pre-tax discount rate would be 13.9% (2022: 14.9%).

The results of this impairment review confirmed that no impairment charge is required. In addition, the Group has considered a number of reasonably possible changes in key assumptions, which could cause the carrying amount to exceed the recoverable amount for the BA CGU. These include changes in EBITDA, the discount rate and the long-term growth rate. The Group did not identify any reasonably possible scenarios which would result in an impairment charge.

Special Mission

The recoverable amount of the Special Mission CGU was determined based on its value-in-use using discounted cash flow projections from the Group's five-year internal forecasts. The post-tax discount rate applied to the cash flow projections is 12.6% (2022: 11.3%) and cash flows beyond the five-year period are extrapolated using a 1.6% (2022: 0.8%) growth rate. The equivalent pre-tax discount rate would be 15.6% (2022: 14.7%).

The results of this impairment review confirmed that no impairment charge is required. In addition, the Company has considered a number of reasonably possible changes in key assumptions, which could cause the carrying amount to exceed the recoverable amount for the Special Mission CGU. These include changes in EBITDA, the discount rate and the long-term growth rate. The Company did not identify any reasonably possible scenarios which would result in an impairment charge.

Technology & Outsourcing

The recoverable amount of the Technology and Outsourcing CGU was determined based on its value-in-use using discounted cash flow projections from the Group's five-year internal forecasts. In the prior year the recoverable value was determined based on fair value less cost of disposal. The post-tax discount rate applied to the cash flow projections is 12.6% and cash flows beyond the five year period are extrapolated using a 1.6% growth rate. The equivalent pre-tax discount rate would be 15.3%.

The results of this impairment review resulted in an impairment charge of $5.5m (2022: $Nil) being recognised in the year.

22. Inventories

	2023 **$'000**	2022 $'000
Raw materials and consumables	**8,918**	12,667
Work in progress	**–**	4
Provision for obsolescence	**(4,486)**	(5,393)
	4,432	7,278

The Directors consider that the carrying value of inventories is approximately equal to their fair value.

Estimation uncertainty

The key source of estimation uncertainty at the reporting date, that may have a significant risk of causing a materially different outcome to the carrying amounts of inventories within the next financial year, relates to a change in the net realisable value due to change in customer demand or obsolescence of certain inventory lines. The Company provides for inventories on a sliding scale over the preceding eight years. As a result, inventory older than eight years is written off in full. At 31 December 2023, the Board considers its assessment of net realisable value to be appropriate based on best information available. If the provision rates applied to inventory aged between one and seven years increased by 10ppts, the loss for the year would increase by $332,000.

23. Trade and other receivables

	2023 **$'000**	2022 $'000
Financial assets		
Amounts receivable for the sale of services	**15,490**	35,987
Loss allowance for expected credit losses	**(938)**	(4,045)
	14,552	31,942
Accrued income[1]	**13,732**	21,320
Loss allowance for expected credit losses	**(598)**	(595)
	13,134	20,725
Financial lease receivable	**–**	916
Total financial assets	**27,686**	53,583
Non-financial assets		
Prepayments	**6,422**	4,056
Other debtors[2]	**6,297**	2,045
Total non-financial assets	**12,719**	6,101
Total trade and other receivables	**40,405**	**59,684**
Current	**35,282**	58,271
Non-current	**5,123**	1,413
Total trade and other receivables	**40,405**	59,684

1 Includes contract assets which are described in further detail below.

2 Includes deferred consideration of $1.7m in relation to the US disposal, see note 7.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Amounts receivable for the sale of services

Amounts receivable for the sale of services are non-interest bearing and are generally on credit terms usual for the markets in which the Group operates. Where appropriate, the Group assesses the potential customer's credit quality and requests payments on account, as a means of mitigating the risk of financial loss from defaults.

In the Business Aviation SBU, the Group commonly obtains security in the form of contractual lien, parent company guarantee or a bank guarantee to support the trade receivables arising from aircraft management agreements. A similar contractual right of lien is contained within the General Terms and Conditions for MRO services and is also commonly contained within the terms and conditions of individual MRO services proposals where stage payments for higher value work programmes are the norm. Where considered appropriate, a requirement for full up-front payment is imposed.

At the year end, trade receivables within the Business Aviation SBU that are secured by contractual liens total $4.8m (2022: $5.7m).

Amounts receivable for the sale of services include amounts which are past due at the reporting date but against which the Group has not recognised a specific loss allowance for expected credit losses because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of amounts receivable for the sale of services, net of loss allowance for expected credit losses

	2023 $'000	2022 $'000
Not yet due	**2,267**	14,228
Less than 30 days	**2,536**	7,358
30-60 days	**1,305**	2,165
61-90 days	**980**	2,269
91-120 days	**1,506**	438
Greater than 120 days	**5,958**	5,484
Total	**14,552**	31,942

Loss allowance for expected credit losses

As there is no significant financing component to amounts receivable for the sale of services, the Group has elected to apply the IFRS 9 simplified approach to measuring expected credit losses, using a lifetime expected credit loss provision for amounts receivable for the sale of services, contract assets and accrued income. In arriving at the loss allowance for expected credit losses, the gross receivable amount is analysed according to risk and including a consideration of any credit insurance in place. 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 loss rates applied to each ageing bracket also reference historical credit loss experience, as well as current and future expected economic conditions. No loss allowance for expected credit losses is recognised in respect of other debtors.

The Group carries an expected credit loss allowance of $1.5m (2022: $4.6m), which relates to amounts receivable for the sale of services and accrued income.

Ageing of impairments on amounts receivable for the sale of services

	2023 $'000	2022 $'000
Not yet due	**117**	107
Less than 30 days	**48**	58
30-60 days	**56**	6
61-90 days	**33**	31
91-120 days	**309**	3
Greater than 120 days	**973**	4,435
Total	**1,536**	4,640

Movement in the loss allowance for expected credit losses

	2023 **$'000**	2022 $'000
At 1 January	**4,640**	6,182
Impairment losses recognised in income statement	**389**	278
Impairment reversal recognised in income statement	**(373)**	(53)
Recovery of previously written-off receivables	**(2,072)**	(1,015)
Amounts written off as uncollectible	**(1,193)**	(390)
Foreign exchange translation gains and losses	**145**	(362)
At 31 December	**1,536**	4,640

The $2.1m (2022: $1.0m) recovery of previously written-off in the current year relates to amounts recovered from overdue receivables in Business Aviation.

The $1.2m (2022: $0.4m) write-off in the current year relates to the settlement of overdue receivables in Business Aviation.

Sensitivity analysis on loss allowance for expected credit losses

The estimate of the loss allowance may vary from the actual amounts recovered if an individual becomes unable to pay or able to pay. If a portion of the impaired receivable balance for the sale of services was recovered there may be material credit to the income statement. Similarly, if the unimpaired receivable balance over 120 days of $5,958,000 was unable to be recovered, there may be a material charge to the income statement. However, as noted above, there are liens over the aircraft relating to certain unimpaired receivables over 120 days. If all remaining gross receivable balances relating to the sale of services were impaired by an additional 1% of the gross receivables balance, the loss allowance for expected credit losses would be increased by $161,000.

Accrued income

Accrued income is expected to be billed within the next twelve months, together with contract assets of $3,566,000 (2022: $5,099,000) comprising:

- Costs associated with a Fleet Maintenance programme in the UK on a long-term contract, contract assets of $707,000 (2022: $798,000).
- Cost associated with supporting North Sea oil and gas operations in the southern North Sea from Norwich Airport from 1 January 2024 using its fleet of four AW139 helicopters of $1,580,000 (2022: $Nil).
- Contract assets arising from design and modification projects of $Nil (2022: $1,634,000) in the UK.
- Cost associated with commencement of Helicopter Emergency Medical Services (HEMS) on behalf of the Scottish Ambulance Service on 1 June 2020 using its fleet of three Airbus H145 helicopters of $173,000 (2022: $588,000).
- Costs incurred to start up a maintenance contract at Luton Airport of $Nil (2022: $2,079,000).
- Cost associated with commencement of Helicopter Emergency Medical Services (HEMS) on behalf of the Welsh Air Ambulance Charity Trust on 1 January 2024 using its fleet of five Airbus H145 helicopters of $1,106,000 (2022: $Nil).

Financial lease receivable

In the prior year the Group sub-leased a proportion of its hangar and office facility at the Trenton-Mercer airport in New Jersey, USA. The Group designated the sub-lease as a finance lease because the sub-lease is for the whole of the remaining term of the head lease.

The table below sets out the maturity analysis of the financial lease receivables:

	2023 $'000	2022 $'000
Less than one year	–	306
One to two years	–	636
Two to three years	–	54
Total undiscounted lease payments receivable	–	996
Unearned finance income	–	(80)
Net investment in the lease	–	916

No operating profit or loss is made on the sub-lease of this facility.

24. Cash and cash equivalents

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Consolidated Cash Flow Statement can be reconciled to the related items in the Consolidated Balance Sheet as follows:

	2023 $'000	2022 $'000
Cash and bank balances in the Consolidated Balance Sheet	**92,052**	22,406

Cash and cash equivalents are denominated in the following currencies:

	2023 $'000	2022 $'000
United States Dollar	**17,978**	19,449
Sterling	**73,150**	2,622
Euro	**671**	130
United Arab Emirates Dirham	**234**	192
Other currencies	**19**	13
	92,052	22,406

25. Trade and other payables

	2023 $'000	2022 $'000
Financial liabilities		
Trade and other payables	**10,921**	15,118
Accruals	**15,854**	17,492
	26,775	32,610
Non-financial liabilities		
Other long-term employee benefits accrual	**–**	3,642
Other taxation and social security	**3,266**	5,750
Income received in advance	**5,891**	8,431
	9,157	17,823
Total trade and other payables	**35,932**	50,433

	2023 $'000	2022 $'000
Current	**35,932**	46,770
Non-current	**–**	3,663
Total trade and other payables	**35,932**	50,433

Trade payables

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Trade and other payables are non-interest bearing and are generally on credit terms usual for the markets in which the Group operates. The Group has financial risk management policies in place that target settlement within agreed credit terms.

The Directors consider that the carrying amount of trade payables is approximately equal to their fair value.

Other long-term employee benefits accrual

Other long-term employee benefits accrual in the prior year related to the Jet East long-term incentive plan, accounted for in accordance with IAS 19, with payments contractually linked to the continuing employment of executives of Jet East as well as the business performance of the Business Aviation MRO US business. A remuneration charge of $1.9m had been recognised within discontinuing operations for the current year (2022: $1.8m). The total value of this liability immediately prior to the sale of the US MRO stood at $5.5m. This obligation was discharged as part of the disposal of the Group's US MRO operations and therefore the balance was $Nil as at 31 December 2023.

Income received in advance

Income received in advance relates to advance payments for operating expenses incurred by the Group on managed aircraft prior to these expenses being billed to the customer. The outstanding performance obligations are expected to be fulfilled within the next twelve months. Income received in advance represents a contract liability.

26. Current tax payables

	2023 $'000	2022 $'000
Tax prepayments as of 1 January	–	27
Current tax liability as of 1 January	**(533)**	(574)
Net current tax liability as of 1 January	**(533)**	(547)
Tax credit/(charge) relating to prior periods	**(257)**	63
Current tax expense/(credit)	**65**	(154)
Payments during the year	**246**	66
Other taxes	**(31)**	21
Foreign exchange differences	**(4)**	18
Disposal of US MRO	**488**	–
Net current tax liability as of 31 December	**(26)**	(533)
Analysed as:		
Current tax liability as of 31 December	**(26)**	(533)

27. Obligations under leases

	Leasehold property $'000	Fixtures, fittings and equipment $'000	Aircraft $'000	Vehicles $'000	Total $'000
At 1 January 2022	**47,579**	**117**	**–**	**306**	**48,002**
Additions	4,662	224	7,894	198	12,978
Finance expense	2,400	12	113	18	2,543
Modifications and disposals	(810)	–	–	–	(810)
Lease payments	(6,874)	(64)	(1,377)	(123)	(8,438)
Exchange differences and other	(2,441)	(3)	984	(134)	(1,594)
At 31 December 2022	**44,516**	**286**	**7,614**	**265**	**52,681**
Additions	3,943	–	34,440	277	38,660
Finance expense	2,344	12	1,083	16	3,455
Modifications and disposals	(12,102)	(34)	–	(157)	(12,293)
Lease payments	(5,855)	(117)	(4,691)	(111)	(10,774)
Exchange differences and other	1,232	10	884	9	2,135
At 31 December 2023	**34,078**	**157**	**39,330**	**299**	**73,864**

The aircraft additions during the current year relate to the sale-and-leaseback transaction involving the Group's helicopters which is further described in Note 19 to the financial statements.

	2023 $'000	2022 $'000
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	**15,291**	10,787
One to five years	**46,322**	23,368
More than five years	**47,953**	53,035
Total undiscounted lease liabilities at 31 December	**109,566**	87,190
Lease liabilities included in the consolidated balance sheet at 31 December:		
Current	**10,676**	11,053
Non-current	**63,188**	41,628
Total lease liabilities at 31 December	**73,864**	52,681

Average incremental borrowing rates applied across the Group were:

	2023 %	2022 %
Leasehold property	**6.0**	5.8
Vehicles	**6.5**	4.9
Aircraft	**7.5**	**5.5**
Fixtures, fittings and equipment	**6.4**	6.1

Property leases with a remaining lease term of more than ten years have been adjusted to reflect the additional security afforded by the leased asset on the cost of borrowing. An asset specific adjustment of 0.69% has been applied to the rates of these leases.

28. Borrowings

	2023 $'000	2022 $'000
Secured borrowing at amortised cost		
Bank borrowings	**11,155**	34,818
Unsecured borrowing at amortised cost		
Other loans	–	1,290
Total borrowings	**11,155**	36,108
Bank borrowings	**914**	30,811
Other loans	–	414
Amount due for settlement within 12 months	**914**	31,225
Bank borrowings	**10,241**	4,007
Other loans	–	876
Amount due for settlement after 12 months	**10,241**	4,883

Changes in borrowings are tabulated below:

	Long-term	Short-term	Total
	$'000	$'000	$'000
At 1 January 2022	26,979	40,175	67,154
Cash flows:			
Repayments	-	(46,525)	(46,525)
Proceeds	4,313	14,377	18,690
Non-cash:			
Foreign currency translation on borrowings in profit or loss (Note **13**)	-	3,604	3,604
Exchange differences	-	(5,965)	(5,965)
Forgiveness of PPP loan	-	(1,000)	(1,000)
Arrangement fee movement	-	150	150
Reclassification	(26,409)	26,409	-
At 31 December 2022	4,883	31,225	36,108
Cash flows:			
Repayments	(5,547)	(35,839)	(41,386)
Proceeds	10,686	5,809	16,495
Non-cash:			
Exchange differences	323	(86)	237
Arrangement fee movement	(104)	(195)	(299)
At 31 December 2023	**10,241**	**914**	**11,155**

Analysis of borrowings by currency:

	Sterling	US Dollars	Total
	$'000	$'000	$'000
31 December 2023			
Bank borrowings	11,155	-	11,155
31 December 2022			
Bank borrowings	24,110	10,708	34,818
Other loans	-	1,290	1,290
	24,110	11,998	36,108

2023	Interest	Maturity	Facility ('000)	Drawn (Local currency) ('000)	Drawn (Presentation currency) ($'000)
Close Brothers Term Loan	BOEBR + 4.15%	24-Apr-28	GBP 8,847	GBP 8,847	11,263
Bank borrowing before arrangement fees					**11,263**
Capitalised loan arrangement fees					(108)
Bank borrowings					**11,155**

2022	Interest	Maturity	Facility ('000)	Drawn (Local currency) ('000)	Drawn (Presentation currency) ($'000)
HSBC RCF	See below	14-Nov-22	-	-	-
HSBC Term loan	See below	31-Jan-23	GBP 20,000	GBP 20,000	24,124
Great Rock RCF	SOFR + 6.25%	28-Dec-26	USD 15,000	USD 6,000	6,000
Great Rock Term loan	SOFR + 6.75%	28-Dec-26	USD 5,000	USD 5,000	5,000
Bank borrowing before arrangement fees					**35,124**
Capitalised loan arrangement fees					(306)
Bank borrowings					**34,818**

Bank borrowings

On 31 December 2021, the Group had facilities agreements for a £20m term loan secured with HSBC and a credit facility with Great Rock Capital Partners Management LLC ("Great Rock"). This facility totalled $25m and comprised a term loan of $6.5m and a RCF of $18.5m. $20m of this facility was available immediately, with a further $5m available contingent on future trading performance. On 28 December 2022, the Group drew down $5m under the term loan and $6m under the RCF. The HSBC term loan, Great Rock term loan, and Great Rock RCF were subject to customary banking security arrangements.

The term loan with HSBC was repaid in full on 25 January 2023. The facility with Great Rock was repaid in full on 3 November 2023 as part of the sale of the Group's US MRO operations.

On 3 March 2023, the Group received $11.6m from Close Brothers by way of a loan secured by a mortgage over the Group's owned aircraft.

Bank borrowings of $11.2m as of 31 December 2023 related the outstanding balance on the Close Brothers facility.

Other loans

Other loans as of 31 December 2022 comprised:

- A $1m unsecured loan with the Group's primary customer in the US that bears no interest and is repayable in 60 monthly instalments from January 2023 to December 2027.
- Other unsecured loans totalling $0.3m repayable during 2023.

These loans were repaid in full in November 2023 as part of the sale of the Group's US MRO operations.

29. Other financial liabilities

	2023 $'000	2022 $'000
Deferred consideration recognised on acquisition, adjusted for discounting		533
Reduction in deferred consideration recognised on acquisition, adjusted for discounting	**–**	(212)
Unwind of discount on deferred consideration	**–**	14
	–	335
Due within one year	**–**	335
	–	335

On the acquisition of Jet East Aviation Corporation LLC, the fair value of deferred consideration was estimated at $533,000. The value decreased to $335,000 as of 31 December 2022 (2021: $546,000) following an adjustment of $212,000 to the amount recognised on acquisition. This amount was subsequently settled during 2023.

30. Provisions for liabilities

	Closure provision $'000	**Onerous contract provisions $000**	**Dilapidations provision $'000**	**Employees' end of service provision $'000**	**Integration provision $'000**	**Obligations associated with construction projects $'000**	**Total $'000**
At 1 January 2022	9	-	315	738	58	-	1,120
(Credit)/charge to the income statement during the year	(9)	900	–	214	155	863	2,123
Utilised during the year	–	-	–	(50)	(41)	-	(91)
Foreign exchange	–	-	(33)	–	–	-	(33)
Discounting (Note 13)	–	-	16	–	–		16
At 31 December 2022	–	900	298	902	172	863	3,135
(Credit)/charge to the income statement during the year	–	300	99	142	(172)	222	591
Utilised during the year	–	–	–	(128)	–	(837)	(965)
Foreign exchange	–	–	10	–	–	–	10
Discounting (Note 13)	–	–	13	–	–	–	13
At 31 December 2023	**–**	**1,200**	**420**	**916**	–	**248**	**2,784**

	2023 $'000	2022 $'000
Current	**2,078**	2,250
Non-current	**706**	885
Total	**2,784**	3,135

The closure provision at 1 January 2022 related to the reduction of business activities in Saudi Arabia.

The provision for onerous contracts relates to potential penalty payments under certain long-term arrangements.

The dilapidations provision relates to leases entered into during 2020 and 2023.

Provision for employees' end of service indemnity relates to operations in the UAE. The provision in relation to the UAE operations is made in accordance with the UAE labour laws and is based on current remuneration and cumulative years of service at the reporting date.

The integration provision in the prior year related to severance costs following the acquisition of Jet East and this business was discontinued in 2023.

The obligations associated with construction projects relates to obligations associated with the construction of the Sharjah hangar.

31. Deferred revenue

	2023 **$'000**	2022 $'000
Current	**9,717**	9,214
Total	**9,717**	9,214

The deferred revenue arises in respect of management fees, maintenance contracts and SaaS contracts invoiced in advance, all of which are expected to be settled in the next twelve months. Deferred revenue represents a contract liability. Deferred revenue of $9.7m (2022: $9.2m) is a contract liability as is income received in advance, disclosed in Note 25, of $5.9m (2022: $8.4m). Total contract liabilities are $15.6m (2022: $17.6m).

32. Issued capital and reserves

	Number	£'000	$'000
Ordinary shares: authorised, issued and fully paid			
At 1 January 2022	63,686,279	637	954
Shares issued	275,000	3	4
At 31 December 2022	**63,961,279**	**640**	**958**
Shares issued	–	–	–
At 31 December 2023	**63,961,279**	**640**	**958**

The Company has one class of ordinary shares with a nominal value of £0.01 and no right to fixed income.

	$'000
Share premium	
At 1 January 2022	63,502
Shares issued	210
At 31 December 2022	**63,712**
Shares issued	–
At 31 December 2023	**63,712**

Share premium represents the amount subscribed for share capital in excess of its nominal value, net of historic placement fees of $1,987,000 (2022: $1,987,000).

Other reserves	Merger relief reserve $'000	Reverse takeover reserve $'000	Other reserve $'000	Share-based payment reserve $'000	Total $'000

At 1 January 2022	108,595	(95,828)	20,336	1,894	34,997
Share-based payment expense (Note 36)	–	–	–	158	158
Transfer for lapsed options	–	–	–	(168)	(168)
At 31 December 2022	108,595	(95,828)	20,336	1,884	34,987
Share-based payment expense (Note 36)	–	–	–	157	157
Transfer for lapsed options	–	–	–	(194)	(194)
At 31 December 2023	**108,595**	**(95,828)**	**20,336**	**1,847**	**34,950**

The merger relief reserve represents differences between the fair value of the consideration transferred and the nominal value of the shares. The merger relief reserve arose in 2015 due to reverse takeover. The reserve was increased in 2016 following the acquisition of Aviation Beauport Limited, when shares were included as part of the consideration.

The reverse takeover reserve represents the balance of the amount attributable to equity after adjusting the accounting acquirer's capital to reflect the capital structure of the legal parent in a reverse takeover.

Other reserve is the result of the application of merger accounting to reflect the combination of the results of Gama Aviation (Holdings) Jersey Limited with those of Gama Holding FZC, following the share for share exchange transacted on 16 December 2014.

The share-based payment reserve represents the credit to equity to recognise the value of equity-settled share-based payments. Refer to Note 36 for further details of these plans. Following the lapse of options during the year under the ASOP, CSOP, and LTIP plans, $194,000 (2022: $168,000) was transferred from other reserves to accumulated earnings.

There is an employee benefit trust that is affiliated with the Group. However, the Group does not have control of this trust and, as a result, the trust is not consolidated. Consequently, no own share reserve is recognised. At the end of the reporting period, the employee benefit trust held 219,310 (2022: 219,310) shares. The fair value of these shares at 31 December 2023 was $265,000 (2022: $155,000).

33. Distributions made and proposed

The Company did not pay an ordinary dividend during the year (2022: $nil) to shareholders.

The Board does not recommend a dividend for 2023 (2022: $nil).

On 29 April 2024 the Company announced the return of up to £32.6 million to Shareholders by way of a tender offer at 95p per share. This was approved at an Extraordinary General Meeting held on 15 May 2024. Further details are contained in note 40.

34. Non-controlling interest

	$'000
At 1 January 2022	93
Total comprehensive income attributable to non-controlling interest	279
At 31 December 2022	372
Total comprehensive loss attributable to non-controlling interest	(419)
At 31 December 2023	**(47)**

The non-controlling interest in the current and prior year relates to a 49% shareholding in Gama Aviation FZC, which is consolidated as the Company is exposed to variable returns from its involvement and can affect the returns through its power over this company. In addition, the Group has a call option on the remaining shareholding. There is an 80% profit sharing ratio attributable to the Group. As a result, a 20% non-controlling interest has been recognised in the current and prior year.

Non-controlling interest in the current year also relates to a 50% shareholding in Bond Helicopters Limited. The Company is deemed to have control over Bond Helicopters Limited as the Company's Directors have a casting vote on the Board and are able to use this to control business decisions of the JV entity. Therefore, the results of Bond Helicopters Limited are fully consolidated into the Group's financial statements, and a 50% non-controlling interest has been recognised in the current year. Bond Helicopters Limited was incorporated in 2022, but did not trade in 2022, so no non-controlling interest was recognised in the prior year.

Set out below is summarised financial information for Gama Aviation FZC and Bond Helicopters Limited, before intercompany eliminations:

	Gama Aviation FZC		Bond Helicopters Limited	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Current assets	**9,640**	9,045	**4,500**	–
Current liabilities	**(8,506)**	(7,195)	**(8,198)**	–
Net current assets/(liabilities)	**1,134**	1,850	**(3,698)**	–
Non-current assets	**9**	25	**24,855**	–
Non-current liabilities	**–**	–	**(21,718)**	–
Net assets/(liabilities)	**1,143**	1,875	**(561)**	–
Accumulated non-controlling interest	**227**	372	**(274)**	–

	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Revenue	**23,778**	28,050	**–**	–
Profit/(loss) for the year	**(728)**	1,396	**(548)**	–
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**(728)**	1,396	**(548)**	–

35. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

The Company and its subsidiaries have a policy requiring full disclosure to, and pre-approval by, the Board of transactions contemplated with related parties.

List of related parties, including associates

The following list is presented in accordance with the objectives of IAS 24 Related Party Disclosures and all relationships are disclosed according to their substance rather than their legal form:

- Mr M A Khalek – has significant influence over the Company through his position as Chief Executive Officer and his ownership interest more than 20%.
- EBAA – is the European business aviation association in which Mr M A Khalek serves on the Board of Governors.
- Air Arabia/Felix Trading Company LLC – Felix Trading Company LLC ("Felix") has a significant ownership interest in Gama Aviation FZE, which is controlled by the Group (see Note 2). The principals of Felix also have significant ownership interest in Air Arabia, which is a client of the Group.

- Mr Canning Fok – is an Executive Director of CK Hutchison Holdings which has an indirect shareholding of 29.6% in the Company.

Associates

- GB Aviation Holdings LLC – is a joint venture in which the Group owns a 50% membership interest.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group: Material transactions with related parties

	Sale of services		Purchase of services	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
EBAA	**–**	–	17	11
Air Arabia/Felix Trading Company LLC	**240**	181	150	175
Mr Canning Fok	**433**	1,585	–	–
Mr M Khalek	**–**	25	–	–

The following amounts were outstanding at the balance sheet date for related parties at that date:

	Amounts owed by related parties		Amounts owed to related parties	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
EBAA	**–**	–	**–**	–
Air Arabia/Felix Trading Company LLC	**–**	154	**28**	129
Mr Canning Fok	**–**	–	**–**	–
Mr M Khalek	**–**	–	**–**	–

Material transactions with related parties

During the year, within the Business Aviation SBU, sales of services of $433,000 (2022: $1,585,000) were made to Mr Canning Fok.

Remuneration of key management personnel

The remuneration of the Executive Directors of the Group, who are also the key management personnel of the Group, are set out in note 9 to the accounts. As all the key management personnel are remunerated in Pounds Sterling, the disclosure has been presented in that currency.

Ultimate controlling party

The Company's ordinary shares were publicly traded on the AIM of the London Stock Exchange, so there is no single controlling party. The Company shares were formally delisted on 31 May 2024 (see note 40).

36. Share-based compensation

Equity-settled share option schemes

Share options are awarded to employees under three plans:

- Gama Aviation Plc Company Share Option Plan 2018 (CSOP)
- Gama Aviation Plc Additional Share Option Plan 2018 (ASOP)

- Gama Aviation Plc Long-Term Incentive Plan 2021 (LTIP)

The plans are designed to provide long-term incentives for employees to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance conditions may be specified under any of the schemes. No options granted to date under the CSOP and ASOP have performance conditions. Under the LTIP, the number of options which vest are subject to a performance condition based on the Company's average share price over the 30 days following release of the Company's results for the year ending 31 December 2023. However, these conditions may be varied or waived.

Options are granted under the plans for no consideration and carry no dividend or voting rights.

The normal vesting period for all schemes is three years, however, options over 155,000 shares were granted to Directors on 29 March 2021 and these vested immediately (the "Director ASOP Awards").

Under the CSOP and ASOP, the exercise price of options is calculated based on the weighted average price at which the Company's shares were traded on the Alternative Investment Market of the London Stock Exchange during the week up to and including the date of the grant. Under the LTIP, the exercise price is 1.0 pence.

When exercised, each option is convertible into one ordinary share at the exercise price.

If options remain unexercised after a period of ten years from the grant date, the options expire. If an employee leaves employment of the Group due to injury, ill health, disability, retirement, redundancy or where the employee's employer ceases to be part of the Group, a proportion (being the proportion of the original shares granted that relate to the period after leaving and prior to vesting) of options are forfeited 90 days after leaving, with the remaining options being forfeited six months after leaving. Options are forfeited 90 days after leaving if the employee leaves the Group before the options vest for any other reason.

Set out below are summaries of options granted under the plans:

	2023		2022	
	Average exercise price per share option (pence)	**Number of options '000**	Average exercise price per share option (pence)	Number of options '000
At 1 January	**37.4**	**3,081**	34.6	4,017
Granted during the year	**–**	**–**	–	–
Exercised during the year[1]	**–**	**–**	–	–
Surrendered during the year	**–**	**–**	–	–
Forfeited during the year	**49.1**	**(136)**	25.4	(936)
At 31 December	**35.9**	**2,945**	37.4	3,081
Vested and exercisable at 31 December	**71.4**	**239**	97.6	194

[1] The weighted average share price at the date of exercise of options exercised during the year was nil pence (2022: nil pence)

No options expired during 2023 (2022: none).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price (pence)	Share options 31 December 2023 '000	Share options 31 December 2022 '000
22 June 2018	21 June 2028	205.5	**23**	23
22 June 2018	21 June 2028	205.5	**38**	43
17 June 2019	16 June 2029	91.5	**48**	58
26 March 2021	25 March 2031	39.0	**636**	705
29 March 2021	28 March 2031	68.8	**911**	983
29 March 2021	28 March 2031	1.0	**1,159**	1,199
29 March 2021	28 March 2031	1.0	**130**	70
TOTAL			**2,945**	3,081
Weighted average remaining contractual life of options outstanding at end of period			**7.16 years**	8.15 years

The estimated fair values of the awards under the CSOP and ASOP have been established using a Black Scholes model. This model uses various inputs, including expected dividends, expected share price volatility and the expected period to exercise.

The estimated fair values of the awards under the LTIP have been established using a Monte Carlo model. This model uses various inputs, including expected dividends, expected share price volatility and the expected period to exercise, and the likelihood of the market-based performance condition being met at the grant date.

The Replacement Awards have been accounted for under modification accounting, whereby the original fair value expense for the Surrendered Awards has continued to be recognised over the original vesting period and an additional incremental expense has been recognised over the vesting period of the Replacement Awards.

No options were granted during the year ended 31 December 2023 (2022: None).

Expenses arising from equity-settled share-based payment transactions

The compensation expense recognised in relation to the awards is based on the fair value of the awards at the grant date.

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2023 $'000	2022 $'000
Options issued under equity-settled share employee option schemes plan[1]	**157**	158
Shares issued to former employees[2]	**–**	214
	157	372

1 2022 includes discontinued operations of $3,000.

2 2022 includes discontinued operations of $172,000.

37. Financial instruments and risk management

Financial assets and liabilities as defined by IFRS 9 and their estimated fair values are as follows:

At 31 December 2023	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Book value total $'000	Fair value total $'000
Financial assets				
Cash and cash equivalents (Note 24)	92,052	–	92,052	92,052
Trade and other receivables (Note 23)	27,686	–	27,686	27,686
Financial liabilities				
Trade and other payables (Note 25)	–	(26,775)	(26,775)	(26,775)
Borrowing (Note 28)	–	(11,155)	(11,155)	(11,155)
Lease obligation (Note 27)	–	(73,864)	(73,864)	(73,864)
Net financial assets/(liabilities)	119,738	(111,794)	7,944	7,944

At 31 December 2022	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Book value total $'000	Fair value total $'000
Financial assets				
Cash and cash equivalents (Note 24)	22,406	–	22,406	22,406
Trade and other receivables (Note 23)	53,583	–	53,583	53,583
Financial liabilities				
Trade and other payables (Note 25)	–	(32,610)	(32,610)	(32,610)
Borrowings (Note 28)	–	(36,108)	(36,108)	(36,108)
Lease obligation (Note 27)	–	(52,681)	(52,681)	(52,681)
Net financial assets/(liabilities)	75,989	(121,399)	(45,410)	(45,410)

The fair value of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying amounts due to the short-term maturities of these instruments. The fair value of lease obligations is calculated using the incremental borrowing rate. The fair value of borrowings is based on cash flows discounted using the associated borrowing rate.

Financial risk management objectives

The Group is exposed to financial risks in respect of:

- Capital risk;
- Foreign currency;
- Interest rates;
- Liquidity risk; and
- Credit risk.

A description of each risk, together with the policy for managing risk, is given below.

37.1 Capital risk management

The Group manages its capital to ensure that the Company and its subsidiaries will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 28 and various obligations under leases disclosed in Note 27, cash and cash equivalents and equity (comprising issued capital, reserves and accumulated profit as disclosed in the consolidated statement of changes in equity).

The Board of Directors reviews the capital structure on a regular basis. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital, against the purpose for which the capital is intended.

A combination of leases and borrowing are taken out to fund assets utilised by the Group. Borrowings are also secured to support the ongoing operations and future growth of the Group.

37.2 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the way these risks are managed and measured.

37.2.1 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies and is consequently exposed to exchange rate fluctuations, in particular, to Sterling and Euro exchange rate fluctuations. The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments across the Group in each individual currency.

The table below summarises the foreign exchange exposure on the net monetary position of entities against their respective functional currency, expressed in each entity's presentational currency. These currencies have been considered as they are the most significant denominations of the Group.

	GBP $'000	USD $'000	EUR $'000	AED[2] $'000	HKD $'000	Other $'000	Total $'000
At 31 December 2023							
Borrowings							
Entities with functional currency USD	–	–	–	–	–	–	–
Entities with functional currency GBP	(11,155)	–	–	–	–	–	(11,155)
Entities with functional currency PLN[3]	–	–	–	–	–	–	–
Total borrowings	**(11,155)**	**–**	**–**	**–**	**–**	**–**	**(11,155)**
Obligations under leases							
Entities with functional currency USD	–	–	–	(9,931)	–	–	(9,931)
Entities with functional currency GBP	(63,933)	–	–	–	–	–	(63,933)
Entities with functional currency PLN	–	–	–	–	–	–	–
Total obligations under leases	**(63,933)**	**–**	**–**	**(9,931)**	**–**	**–**	**(73,864)**
Cash							
Entities with functional currency USD	6	1,004	–	233	1	–	1,244
Entities with functional currency GBP	73,144	16,974	671	1	–	5	90,795
Entities with functional currency PLN	–	–	–	–	–	13	13
Total cash	**73,150**	**17,978**	**671**	**234**	**1**	**18**	**92,052**
Net trade financial assets[1]							
Entities with functional currency USD	1,171	1,836	3	(654)	(32)	(64)	2,260
Entities with functional currency GBP	(708)	(67)	(481)	–	–	(31)	(1,287)
Entities with functional currency PLN	–	–	–	–	–	(62)	(62)
Total net trade financial assets	**463**	**1,769**	**(478)**	**(654)**	**(32)**	**(157)**	**911**
Net exposure							
Net monetary in USD entities	1,177	–	3	(10,352)	(31)	(64)	(9,267)
Net monetary in GBP entities	–	16,907	190	1	–	(26)	17,072
Net monetary in PLN entities	–	–	–	–	–	–	–
Total net exposure	**1,177**	**16,907**	**193**	**(10,351)**	**(31)**	**(90)**	**7,805**
At 31 December 2022							
Net monetary in USD entities	(32)	–	89	(10,425)	4	(63)	(10,427)
Net monetary in GBP entities	–	2,803	(493)	1	–	(15)	2,296
	(32)	**2,803**	**(404)**	**(10,424)**	**4**	**(78)**	**(8,131)**

[1] Net trade financial assets per Note 23 of $27,686,000 and financial liabilities per Note 25 of $26,775,000

[2] United Arab Emirates Dirham

[3] Polish Zloty

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% change in the relevant foreign currencies. This percentage has been determined based on the average market volatility in exchange rates in the previous 24 months. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 10% change in foreign currency:

	GBP $'000	USD $'000	EUR $'000	AED $'000	HKD $'000	Other $'000	Total $'000
At 31 December 2023							
Total effect on profit/(loss) of depreciation in foreign currency exchange rates	(118)	(1,691)	(19)	1,035	3	9	(781)
At 31 December 2022							
Total effect on profit/(loss) of depreciation in foreign currency exchange rates	3	(280)	40	1,043	—	8	814

37.2.2 Interest rate risk management

The Group is exposed to interest rate risk as its bank borrowings are subject to variable interest rates based on SOFR and SONIA, as per the HSBC and Great Rock credit facility agreements.

The Group recognises that movements in interest rates might affect the amounts recorded in its profit and loss for the year. Therefore, the Group has assessed:

- Reasonably possible changes in interest rates at the end of the reporting period; and
- The effects on profit or loss if such changes in interest rates were to occur.

Interest rate sensitivity analysis

The sensitivity analysis below has been based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared based on the average liability held by the Group over the year. A 1% increase or decrease in interest rates represents management's assessment of the reasonably possible changes in interest rates at the reporting date.

If interest rates had been 1% higher and all other variables were held constant, the Group's loss for the year ended 31 December 2023 would increase by $351,000 (2022: $498,000). The Company's sensitivity to interest rates has decreased during the current year due to the decrease in the value of loans held.

The Group's cash balances are held in current bank accounts and earn interest at market rates.

37.3 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities wherever possible. There has been no change to the Group's exposure to liquidity risk or the way these risks are managed and measured during the year. Further details are provided in the Strategic Report.

The maturity profile of the financial liabilities is summarised below. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate %	Less than 1 year $'000	2-5 years $'000	After more than 5 years $'000	Total $'000
At 31 December 2023					
Trade and other payables (Note 25)	**n/a**	**26,775**	**–**	**–**	**26,775**
Lease liabilities (Note 27)	**–**[1]	**15,291**	**46,322**	**47,953**	**109,566**
Bank borrowings (Note 28)	**6.0%**	**1,934**	**12,882**	**–**	**14,816**
At 31 December 2022					
Trade and other payables (Note 25)	n/a	32,131	–	–	32,131
Lease liabilities (Note 27)	–[1]	10,787	23,368	53,035	87,190
Bank borrowings (Note 28)	3.0%	31,225	4,883	–	36,108

[1] Refer to Note 27, which provides the incremental borrowing rate for each category of lease.

37.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including cash balances with banks (see Note 24), and other financial instruments.

Amounts receivable for sale of services

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures, and controls relating to customer credit risk management. The Group endeavours to only deal with creditworthy counterparties and requests payments on account, where appropriate, as a means of mitigating the risk of financial loss from defaults. Outstanding customer receivables and the Group's exposure to credit risk is regularly monitored.

Assets receivable for sale of services consist of many customers, coming from diverse backgrounds and geographical areas. Ongoing review of the financial condition of the counterparty and ageing of financial assets is performed. Further details are in Note 23.

The carrying amount of financial assets recorded in the financial statements at the reporting date represents the Group's maximum exposure to credit risk. There has been no change to the way credit risks are managed and measured during the year.

38. Commitments for capital expenditure

In June 2017, a subsidiary of the Group, Gama Support Services FZE, entered into a Build Operate & Transfer Agreement and a Concession Agreement with Sharjah Airport Authority under which it is committed to construct a Business Aviation Centre at Sharjah Airport. As of 31 December 2023, the Group had contracted commitments of $248,000 (2022: $585,000) in relation to phase 1 of the Business Aviation Centre. These have been accrued for and subsequently impaired in the 31 December 2023 financial statements.

The Group had no other outstanding contracted commitments as of 31 December 2023 (2022: $nil).

39. Contingent liabilities

In the prior year Annual Report & Accounts the Company reported that it had recently received a letter before action in respect of a possible legal claim against it for alleged damages. This matter did not result in any outflow of funds and has now been closed.

In the usual course of business, the Company may receive various claims from customers, suppliers, and employees. As at the date of this report the Company is not aware of any material claims which would materially affect these financial statements.

40. Events after the balance sheet date

The following events occurred after the reporting date:

Acquisition of Specialist Aviation Services

As announced on 1 February 2024, the Group acquired the business of Specialist Aviation Services Limited ("Specialist"), a helicopter special mission business, as part of a pre-pack acquisition from its appointed administrators.

The acquisition of Specialist on 31 January 2024 was transacted by the Group's wholly owned subsidiary Gama Aviation (UK) Limited for $0.4m in cash. The transaction has been entirely funded from the Group's existing resources.

The primary reason for the acquisition includes:

- Adds further scale and strength to Gama's Special Mission strategic business unit ("SBU") with some £27m of annual revenue, three significant UK air ambulance charity contracts, six managed Leonardo AW169 aircraft and two further national security contracts in the Middle East.
- The additional capability is complementary to the Special Mission SBU adding a Leonardo Service Centre in Staverton, Gloucestershire.
- Operational synergies through combination of operations are identified.

The financial effects of this transaction have not been recognised at 31 December 2023. The operating results and assets and liabilities of the acquired company will be consolidated from 1 February 2024.

A provisional calculation of purchase price accounting has been performed. The purchase price accounting will be finalised once all facts and circumstances at acquisition date are established but within the twelve-month measurement period permitted under IFRS 3 Business Combinations.

Tender offer

On 29 April 2024 the Company announced the return of up to £32.6 million to Shareholders by way of a tender offer. This was approved at the Extraordinary General Meeting held on 15 May 2024. On the 24 May 2024 the Company announced that the Tender Offer had closed at 1.00 p.m. on 23 May 2024 and valid tenders had been received in respect of 25,168,934 Ordinary Shares, representing approximately 38.82 per cent. of the issued share capital. As a result, £23.9m was returned to shareholders.

Delisting

Having considered the management time and the legal and regulatory burden associated with maintaining the listing on the LSE AIM market, the Board concluded that it was in the best interest of the Company to cancel the listing. This was approved by shareholders on 15 May 2024 and the Company's shares were formally delisted on 31 May 2024.

PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Investments	4	**3,074**	51,412
		3,074	51,412
Current assets			
Trade and other receivables	6	**12,465**	9,182
Cash at bank and in hand	7	**70,398**	3,252
		82,863	12,434
Total assets		**85,937**	63,846
Current liabilities			
Trade and other payables	8	**(2,476)**	(15,499)
Borrowings	9	**-**	(19,995)
		(2,476)	(35,494)
Net current assets/(liabilities)		**80,387**	(23,060)
Total assets less current liabilities		**83,461**	28,352
Total liabilities		**(2,476)**	(35,494)
Net assets		**83,461**	28,352
Capital and reserves			
Called up share capital	10	**640**	640
Share premium account	10	**46,458**	46,458
Share-based payment reserve	10	**1,396**	1,448
Accumulated profits/(losses)		**34,967**	(20,194)
Equity shareholder funds		**83,461**	28,352

As permitted by Section 408 of the Companies Act 2006, no separate Company profit and loss account has been included in these standalone financial statements. The Company made a profit of £55.2m for the year (2022: £5.1m loss) reflecting a profit on disposal of subsidiary undertakings of £44.7m.

The notes on pages 107 to 117 form part of these Parent Company financial statements.

The standalone financial statements of Gama Aviation Plc, registered number 07264678, on pages 105 to 117 were approved by the Board of Directors on 12 June 2024 and signed on its behalf by

Michael Williamson
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £'000	Share premium £'000	Share-based payment reserve £'000	Accumulated profits/(losses) £'000	Total £'000
At 1 January 2022	**637**	**46,298**	**1,454**	**(15,072)**	**33,317**
Shares issued	3	160	–	–	163
Loss for the year	–	–	–	(5,122)	(5,122)
Share-based payment expense	–	–	129	–	129
Lapsed and exercised options	–	–	(135)	–	(135)
At 31 December 2022	**640**	**46,458**	**1,448**	**(20,194)**	**28,352**
Profit for the year	–	–	–	55,161	55,161
Share-based payment expense	–	–	104	–	104
Lapsed and exercised options	–	–	(156)	–	(156)
At 31 December 2023	**640**	**46,458**	**1,396**	**34,967**	**83,461**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

As at 31 December 2023, Gama Aviation Plc (the "Company") was a public limited company (company number 07264678) whose shares were listed on the Alternative Investment Market (AIM) of the London Stock Exchange under the ticker symbol GMAA. Following approval by shareholders on 15 May 2024 the Company's shares were formally delisted on 31 May 2024 as part of a wider process which saw 25,168,934 Ordinary Shares, representing approximately 38.82 per cent. of the issued share capital, participate in a tender offer to redeem their shares for an offer price of 95 pence per ordinary share.

The Company is incorporated and domiciled in England in the United Kingdom. The address of the registered office is 1st Floor, 25 Templer Avenue, Farnborough, Hampshire, England, GU14 6FE.

The Company is a holding company responsible for the management of a portfolio of subsidiaries and other related undertakings involved in the provision of aviation services, including aviation design, maintenance, operational management, charter, software and facilities expertise.

2. Accounting policies

Basis of preparation

These separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"), in conformity with the requirements of the Companies Act 2006.

The financial statements are presented in Sterling (£), rounded to the nearest thousand (£"000) unless otherwise stated. The financial statements have been prepared under the historical cost convention.

Going concern

The Directors have concluded that the Company's status as a going concern is dependent on that of the wider Gama group, which is considered in note 3 of the group accounts and reproduced below.

To support their assessment of going concern, the Directors have reviewed detailed cash flow projections for the Group for the period from the date of approval of these financial statements to 31 December 2025. The Directors have also considered the outlook for the business beyond 31 December 2025 based upon its five-year strategic plan.

The analysis takes account of the following, amongst other, relevant considerations:

- Projected revenue, profit performance, working capital levels and the conversion of profits into cash flows,
- The $11.2m loan from Close Brothers that completed on 3 March 2023, and which is secured on owned aircraft,
- Net current assets of $72.4m as at 31 December 2023
- Net assets of $100.9m as at 31 December 2023,
- Cash of $92.1m as at 31 December 2023,
- The tender offer involving the return up to 95p a share to certain shareholders, and
- Availability of financing and other income sources.

The Directors have also considered a severe but plausible downside scenario in which EBITDA is lower and working capital outflows, funding costs and corporation tax rates are higher than base case projections.

In both the base case scenario and the severe but plausible downside scenario, the Directors are satisfied that the Group has sufficient headroom to ensure that the Group will remain solvent and be able to pay its debts as they fall due during a period of at least 12 months from the date of approval of these financial statements.

Accordingly, after making appropriate enquiries, the Directors have, at the time of approving these financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, consequently, consider that it is appropriate to adopt the going concern basis in preparing these interim financial statements.

Exemptions

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented an income statement or a statement of comprehensive income for the Company in these standalone financial statements. The profit for the year has been disclosed in the Statement of Changes in Equity and on the face of the Statement of Financial Position.

The following disclosure exemptions have been adopted:

- Preparation of a cash flow statement
- Disclosures in respect of standards in issue not yet effective
- The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group
- Disclosure of key management personnel compensation
- The requirements of IFRS 7 *Financial Instruments: Disclosures* as equivalent disclosures are included in the consolidated financial statements of the Group in which the Company is consolidated
- Capital management disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 as the equivalent disclosures are included in the consolidated financial statements of the Group in which the Company is consolidated

Changes in accounting policies

In the preparation of these financial statements, the Company followed the same accounting policies and methods of computation as compared to those applied in the previous period, except for the adoption of new standards and interpretations and revision of the existing standards noted below.

New and amended standards adopted by the Group in 2023 or not yet adapted

There were no amendments to existing standards and interpretations that were effective in the year ended 31 December applicable nor had material impact on the Group.

The Directors do not expect the adoption of new accounting standards and interpretations to have a material impact on the Consolidated financial statements.

Material accounting policies

The material accounting policies adopted in the preparation of the financial statements are set out below.

Investments

Investments are stated at cost less any provision for impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

At each balance sheet date, the Company reviews the carrying amount of its investments to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Intercompany loans

Amounts owed by subsidiary undertakings represent intercompany loans to subsidiaries. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Loans to subsidiaries are subsequently measured at amortised cost, reduced by appropriate allowances for estimated irrecoverable amounts, using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, in hand and in short-term deposits that can be recalled in three months or less from the date of acquisition.

Borrowings

Borrowings are initially measured at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Income taxes

The Company is part of a tax group and surrenders losses for group relief.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant tax authorities and computed using tax laws and rates enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

However, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

Deferred income tax assets are recognised only to the extent that it is probable that there will be sufficient taxable profits against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

No deferred tax asset has been recognised in respect of tax losses in the Company’s financial statements due to uncertainty in respect of timing and amount of future taxable profits against which tax losses could be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rate that is expected to apply when the related asset is realised or liability is settled, based on tax rates enacted or substantially enacted by the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same tax authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

Equity-settled transactions

The cost of equity-settled transactions is recognised together with a corresponding increase in share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for the period represents the movement in cumulative expense recognised at the beginning and end of the period.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cost based on the original award terms continues to be recognised over the original vesting period and an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification.

The financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings is recognised as an increase in the cost of investment in its subsidiaries, with a credit to equity equivalent to the IFRS 2 cost in subsidiary undertakings.

Cash dividends to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in the United Kingdom, an interim distribution is authorised by the Board of Directors, whilst a final distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Foreign currencies

Foreign currency transactions are recorded at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All resulting differences are taken to the income statement.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, 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 estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of investments

Where there are indicators of impairment, management performs an impairment review.

Recoverable amount for each investment is the higher of value in use and fair value less cost of disposal. Value in use is calculated using a discounted cash flow model from cash flow projections based on internal forecasts.

In measuring value-in-use, management has:

- Based cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the investments;
- Based cash flow projections on internal forecasts over the next five years; and
- Estimated cash flow projections beyond the period of five years by extrapolating the projections based on the forecasts using an estimate of long-term growth rates for subsequent years.

In estimating cash flow projections for each investment, management has used the "single most likely cash flow" approach to estimate the cash flows associated with a range of economic conditions that may exist over the next four years. The "single most likely cash flow" approach differs from the "expected cash flow" approach in that it does not use all expectations about possible cash flows.

In estimating the single most likely cash flow for each investment, management has used the cash flow forecasts based on internal forecasts as the base case scenario. Other reasonably plausible scenarios have been considered but have not been adjusted for. Instead, the impact of these scenarios has been evaluated through the sensitivity analysis.

The discount rate for each investment is estimated from the weighted average cost of capital using the Capital Asset Pricing Model, after considering the risk-free rate, equity market risk, beta, country risk, small stock premium, pre-tax cost of debt, tax rates, and the debt to capital ratio applicable to each investment.

The terminal value for each investment is estimated by applying the Gordon Growth formula to the forecast cash flows using the respective discount rate and long-term growth rate.

Fair value is determined with the assistance of independent, professional valuers, where appropriate.

Costs of disposal are estimated based on a combination of historical data and management's expectation of the costs associate with disposing of the investment.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4. Investments

	Total £'000
At 1 January 2022	51,551
Additions – parent contribution in respect of share-based payments	129
Reductions – lapsed share options	(135)
Provisions for impairment	(133)
At 31 December 2022	51,412
Additions – parent contribution in respect of share-based payments	104
Additions – purchase of subsidiaries	8
Reductions – lapsed share options	(156)
Provisions for impairment	(10)
Reversal of provision for impairment	1,679
Disposal of subsidiary	(49,963)
At 31 December 2023	**3,074**

On 03 November 2023, the Company disposed of its investment in Gama Group Inc, a wholly owned subsidiary. Refer to Note 7 to the Consolidated Financial Statements for further details.

A reversal of a non-cash provision for impairment of £1,679,000 (2022: non-cash provision for impairment of £57,000) has been recognised on the investment in subsidiary Gama Group MENA FZE following an impairment review. The recoverable amount of the investment in Gama Group MENA FZE was determined based on its value in use using discounted cash flows projections over the next five years.

During the year, the Company acquired Gama Aviation Management Inc and GB Aviation Holdings LLC from Gama Group Inc, its former wholly owned subsidiary. Non-cash provisions for impairment of £4,000 have been recognised on each of these investments following an impairment review. The impairment review identified that the recoverable amounts of Gama Aviation Management Inc and GB Aviation Holdings LLC were less than the investment values. The recoverable amount of the investments in Gama Aviation Management Inc and GB Aviation Holdings LLC were determined based on their net asset values.

A non-cash provision for impairment of £352 (2022: £36,000) has been recognised on the investment in subsidiary Gama Group Asia Limited following an impairment review. The impairment review identified that the recoverable amount of Gama Group Asia Limited was less than the investment value. The recoverable amount of the investment in Gama Group Asia Limited was determined based on its net asset value.

A non-cash provision for impairment of £1,000 (2022: £nil) has been recognised on the investment in subsidiary Flyertech Europe Sp. Z.o.o. following an impairment review. The impairment review identified that the recoverable amount of Flyertech Europe Sp. Z.o.o. was less than the investment value. The recoverable amount of the investment in Flyertech Europe Sp. Z.o.o. was determined based on its net asset value.

A non-cash provision for impairment of £nil has been made (2022: £40,000), relating to lapsed share options.

5. Subsidiaries and other related undertakings

Refer to Note 2 to the Consolidated Financial Statements for details of the Company's subsidiaries and other related undertakings held directly or indirectly at 31 December 2023.

6. Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	**32,821**	26,492
Loss allowance	**(22,160)**	(17,400)
	10,661	9,092
Other taxation and social security	**336**	77
Prepayments	**4**	13
Accrued income	**88**	-
Other debtors[1]	**1,376**	-
	12,465	9,182

1 Includes deferred consideration of $1.7m in relation to the US disposal, see note 7 of Consolidated Group Accounts.

Amounts owed by subsidiary undertakings represent loans to subsidiary undertakings. The loans are unsecured, bear interest at varying rates (from 0% per annum to SONIA + 3% per annum) and are repayable on demand.

Movement in the loss allowance

	2023 £'000	2022 £'000
At 1 January	**17,400**	16,748
Impairment losses recognised in income statement	**4,760**	652
At 31 December	**22,160**	17,400

7. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash and bank balances	**70,398**	3,252

8. Trade and other payables

	2023 £'000	2022 £'000
Amounts due to subsidiary undertakings	**1,058**	14,531
Trade creditors	**66**	132
Accruals and deferred income	**1,344**	836
Other creditors	**8**	-
	2,476	15,499

Amounts due to subsidiary undertakings represent loans from subsidiary undertakings. The loans are unsecured, bear interest at varying rates (from 0% per annum to SONIA - 1% per annum) and are repayable on demand.

9. Borrowings

	2023	2022
	£'000	£'000
Secured borrowings at amortised cost		
Amount due for settlement within 12 months: Bank borrowings	**-**	19,995
	-	19,995

The principal features of the Company's bank borrowings are as follows:

- The Company had a facilities agreement for a £20m term loan secured with HSBC
- The term loan was repaid on 25 January 2023
- The term loan was subject to customary banking security arrangements
- Costs of arranging the facilities are deducted from the original measurement of the bank borrowings and amortised into finance costs throughout the period using the effective interest rate. The balance of the arrangement fees remaining as of 31 December 2023 is £nil (2022: £5,000)

2022	**Interest**	**Maturity**	**Facility '000**	**Drawn (Local currency) '000**	**Drawn (Presentation currency) £'000**
Term loan	BOEBR + 4.15%	31 January 2023	GBP 20,000	GBP 20,000	20,000
Bank borrowing before arrangement fees					**20,000**
Capitalised loan arrangement fees					(5)
Bank borrowings					**19,995**

10. Issued share capital and reserves

	Nominal value	2023 Number	2023 £'000	2022 Number	2022 £'000
Issued and fully paid ordinary shares					
At the beginning of the period	1p	63,961,279	640	63,686,279	637
Issued	1p	-	-	275,000	3
At the end of the period	**1p**	63,961,279	640	**63,961,279**	**640**

The Company has one class of ordinary shares with a nominal value of £0.01 and no right to fixed income.

	£'000
Share premium	
At 1 January 2022	46,298
Shares issued	160
At 31 December 2022	46,458
Shares issued	-
At 31 December 2023	**46,458**

Share premium represents the amount subscribed for share capital in excess of its nominal value, net of historical placement fees of £1,526,000 (2022: £1,526,000).

	£'000
Share-based payment reserve	
At 1 January 2022	1,454
Share-based payment expense	129
Lapsed and exercised options	(135)
At 31 December 2022	1,448
Share-based payment expense	104
Lapsed and exercised options	(156)
At 31 December 2023	**1,396**

The share-based payment reserve represents the credit to equity to recognise the value of equity-settled share-based payments. Refer to Note 13 for further details of these plans. Following the lapse and exercise of options during the year under the ASOP, CSOP and LTIP plans, £156,000 (2022: £135,000) was transferred from the share-based payment reserves to the investments.

11. Distributions made and proposed

The Company did not pay an ordinary dividend during the year (2022: £nil) to shareholders.

The Board does not recommend a dividend for 2023 (2022: £nil).

Details of the tender offer to shareholders completed in June 2024 are contained in note 40 to the consolidated financial statements.

12. Related party transactions

The Company has taken advantage of the exemption not to disclose transactions with 100% owned members of the Group headed by Gama Aviation Plc on the grounds that 100% of the voting rights of these companies are controlled within the Group, and the companies are included in Note 2 to the consolidated financial statements.

The Company had no other related party transactions.

13. Share-based compensation

Equity-settled share option schemes

Share options are awarded to employees under three plans:

- Gama Aviation Plc Company Share Option Plan 2018 (CSOP)
- Gama Aviation Plc Additional Share Option Plan 2018 (ASOP)
- Gama Aviation Plc Long-Term Incentive Plan 2021 (LTIP)

The plans are designed to provide long-term incentives for employees to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance conditions may be specified under any of the schemes. No options granted to date under the CSOP and ASOP have performance conditions. Under the LTIP, the number of options which vest are subject to a performance condition based on the Company's average share price over the 30 days following release of the Company's results for the year ending 31 December 2023. However, these conditions may be varied or waived.

Options are granted under the plans for no consideration and carry no dividend or voting rights.

The normal vesting period for all schemes is three years; however, options over 155,000 shares were granted to Directors on 29 March 2021 and these vested immediately (the “Director ASOP Awards”).

Under the CSOP and ASOP, the exercise price of options is calculated based on the weighted average price at which the Company's shares are traded on the Alternative Investment Market of the London Stock Exchange during the week up to and including the date of the grant. Under the LTIP, the exercise price is 1.0 pence.

When exercised, each option is convertible into one ordinary share at the exercise price.

If options remain unexercised after a period of ten years from the grant date, the options expire. If an employee leaves employment of the Group due to injury, ill health, disability, retirement, redundancy or where the employee's employer ceases to be part of the Group, a proportion (being the proportion of the original shares granted that relate to the period after leaving and prior to vesting) of options are forfeited 90 days after leaving, with the remaining options being forfeited six months after leaving. Options are forfeited 90 days after leaving if the employee leaves the Group before the options vest for any other reason.

Set out below are summaries of options granted under the plans:

	2023		2022	
	Average exercise price per share option (pence)	**Number of options '000**	Average exercise price per share option (pence)	Number of options '000
At 1 January	**37.4**	**3,081**	34.6	4,017
Granted during the year	**–**	**–**	–	–
Exercised during the year[1]	**–**	**–**	–	–
Surrendered during the year	**–**	**–**	–	–
Forfeited during the year	**49.1**	**(136)**	25.4	(936)
At 31 December	**35.9**	**2,945**	37.4	3,081
Vested and exercisable at 31 December	**71.4**	**239**	97.6	194

[1] The weighted average share price at the date of exercise of options exercised during the year was nil pence (2022: nil pence).

On 29 March 2021, options over a total of 2,276,000 shares previously granted to Directors and other employees were agreed to be surrendered by those employees (the "Surrendered Awards"). In their place, the Company agreed to grant options over a total of 1,138,000 shares, at 68.8 pence, to Directors and other employees (the "Replacement Awards").

No options expired during 2023 (2022: none).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	**Expiry date**	**Exercise price (pence)**	**Share options 31 December 2023 '000**	Share options 31 December 2022 '000
22 June 2018	21 June 2028	205.5	**23**	23
22 June 2018	21 June 2028	205.5	**38**	43
17 June 2019	16 June 2029	91.5	**48**	58
26 March 2021	25 March 2031	39.0	**636**	705
29 March 2021	28 March 2031	68.8	**911**	983
29 March 2021	28 March 2031	1.0	**1,159**	1,199
29 March 2021	28 March 2031	1.0	**130**	70
TOTAL			**2,945**	3,081
Weighted average remaining contractual life of options outstanding at end of period			**7.16 years**	8.15 years

The estimated fair values of the awards under the CSOP and ASOP have been established using a Black Scholes model. This model uses various inputs, including expected dividends, expected share price volatility and the expected period to exercise.

The estimated fair values of the awards under the LTIP have been established using a Monte Carlo model. This model uses various inputs, including expected dividends, expected share price volatility and the expected period to exercise, and the likelihood of the market-based performance condition being met at the grant date.

The Replacement Awards have been accounted for under modification accounting, whereby the original fair value expense for the Surrendered Awards has continued to be recognised over the original vesting period and an additional incremental expense has been recognised over the vesting period of the Replacement Awards.

No options were granted during the year ended 31 December 2023 (2022: none).

Expenses arising from equity-settled share-based payment transactions

The compensation expense recognised in relation to the awards is based on the fair value of the awards at the grant date.

The amount recognised in the Statement of Changes in Equity for employee services in relation to the awards is £104,000 (2022: £129,000).

The amount recognised as an expense during the year for employee services in relation to the awards is £nil (2022: £nil).

14. Commitments for capital expenditure

The company had no capital commitments at the current or previous balance sheet date.

15. Contingent liabilities

Refer to note 39 to the Consolidated Financial Statements for details of a contingent liabilities .

16. Events after the balance sheet date

Refer to note 40 to the Consolidated Financial Statements for details on non-adjusting events that occurred after the reporting date that are relevant to the Company.

Gama Aviation Plc
1st Floor
25 Templer Avenue
Farnborough
Hampshire
GU14 6FE
UK

gamaaviation.com