GAMA AVIATION PLC

Company number 07264678

ANNUAL REPORT AND FINANCIAL STATEMENTS / 2021


SCOTTISH AMBULANCE SERVICE
AIRBUS

/ OUR PURPOSE

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

/ STRATEGIC REPORT

/ GOVERNANCE

/ FINANCIAL STATEMENTS

Safe and Dependable

Strategic Report

Gama Aviation Plc is pleased to announce the results for the year ended 31 December 2021.

Financial Highlights:

Adjusted Revenue[1]

$235.9m

Up 30%, at constant currency[2] up 25% (2020: $182.0m)

Revenue

$235.9m

Up 19% (2020: $197.5m)

Adjusted EBIT loss[1]

$4.3m

Down 11% (2020[3]: $4.8m loss)

Loss for the year

$8.8m

Down 40% (2020[3]: $14.6m)

Net debt[1]

$104.9m

(2020[3]: $83.2m)

Net cash inflow from operating activities

$5.2m

(2020[3]: $35.4m cash inflow)

Financial summary

	Adjusted[1] $m		Statutory $m	
	Dec-21	Restated[3] Dec-20	**Dec-21**	Restated[3] Dec-20
Revenue	**235.9**	182.0	**235.9**	197.5
Gross Profit	**44.7**	37.3	**44.7**	52.8
Gross Profit %	**19.0%**	20.5%	**19.0%**	26.7%
EBIT	**(4.3)**	(4.8)	**(7.3)**	(5.9)
Loss for the year	**(6.3)**	(8.6)	**(8.8)**	(14.6)
Loss per share (cents)	**(8.7)**	(13.6)	**(12.7)**	(23.1)

1 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest International Financial Reporting Standards (IFRS) measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. The Adjusted Revenue and Adjusted Gross Profit APMs are solely for the comparative.

2 To aid comparability 2020 results have also been calculated on a constant currency basis using a constant foreign exchange rate of $1.38 to £1, being the cumulative average USD-GBP exchange rate for 2021, instead of the reported exchange rate of $1.28 to £1 for 2020. On a constant currency basis, 2020 Adjusted Revenue is $189.3m, Adjusted Gross Profit is $38.7m, Gross Profit percentage is 20.4% and Adjusted EBIT remains at a loss of $4.8m. Refer to Note 6 of the financial statements for further details.

3 The restatements to the 2020 income statement comprise a reclassification from cost of sales to administrative expenses, and various IFRS 16 adjustments resulting from an extensive review of Group lease commitments carried out in 2021. These result in a net reduction in losses before and after tax of $0.1m. The restatement also resulted in a $3.4m reduction in net debt at 31 December 2020. Details are in Note 2 of the notes to the financial statements.

Financial highlights

/ Adjusted Revenue up 30% (25% at constant currency[2]) to $235.9m (2020: $182.0m)
/ Adjusted Gross Profit up 20% (16% at constant currency[2]) to $44.7m (2020: $37.3m)
/ Adjusted Gross Profit Margin slightly down by 1.5ppts (down 1.4ppts at constant currency) at 19.0% (2020: 20.5%)
/ Adjusted EBIT loss reduced by 11% to $4.3m (2020: $4.8m), despite the prior year benefitting from COVID-19 related government support of $5.8m
/ The Adjusted EBIT loss includes the Group's $1.5m share of associate losses (2020: $3.3m), and $3.2m (2020: nil) of start-up costs relating to the strategic development, and commencement, in H2, of two US base maintenance facilities. Adding back the $4.7m impact from these two items, the Group has delivered an Adjusted EBIT profit of $0.4m (2020: loss of $1.5m) from its mature and continuing operations
/ Net cash inflow from operating activities of $5.2m (2020: $35.4m cash inflow). Reduction in the positive contribution from underlying working capital, which is in part due to reduced government support in the period, start-up losses following the commencement of base maintenance operations at Millville and Las Vegas and a repayment of deferred VAT from 2020 in 2021
/ Liquidity remains with $10.2m (2020: $16.1m) of cash and $12.1m (2020: $24.7m) of Group $50m revolving credit facilities (RCF) undrawn as at 31 December 2021
/ The Group has commenced the process of refinancing and the Directors are confident that the RCF and term loan will be renewed, albeit at a higher finance cost
/ Net debt, inclusive of $48.0m (2020: $46.1m) of lease obligations, increased to $104.9m (2020: $83.2m) resulting from the acquisition of Jet East and subsequent organic strategic investments
/ As at 30 April 2022 cash balances were $14.2m (2020: $12.1m) in addition to RCF headroom of $20.3m (2020: $12.1m)
/ The Board of Directors does not recommend a dividend to be paid

Strategic highlights

/ Significant expansion of the Group's Business Aviation maintenance and repair operations in the US through the acquisition of Jet East.
/ Targeted development of two new base maintenance facilities in the US to expand further the Group's maintenance operations in the world's largest business aviation market
/ Secured term extensions on three key Special Mission contracts
/ Recommenced the development project at the Business Aviation Centre in Sharjah, UAE
/ Secured successful tender status for the development of a second hangar in Jersey to more than double our facility's capacity ahead of increased demand
/ Disposed of our shareholding interest in our non-core, loss-making Hong Kong based associate, monetising $2.0m in cash from the sale
/ Completed the realignment of our business operations along focused Strategic Business Units (SBUs)

Introduction

The Group has adjusted and adapted well to this prolonged period of social and geopolitical uncertainty and the resulting economic impact. Through the execution of our strategy and the greater focus it promotes, I am pleased to report that the Group has delivered significant revenue growth and improved financial performance despite the many macro-economic challenges it continues to face.

During this period of continued uncertainty and instability, the response from our people has been nothing short of exemplary. They have embraced organisational change and understood the need to reduce costs, preserve cash and focus on excellent service and delivery to our client base. Our people's unwavering commitment, dedication and hard work are the foundations upon which we have adapted and reshaped our business to the new economic realities. I am very pleased to see evidence of their hard work, which has driven our recovery and the improved financial performance.

There is more to do, but I remain firmly of the belief that by maintaining our focus on the fundamentals critical to our business, we will continue to drive improvements in operational and financial performance. These fundamentals include focusing on; providing relevant services to our clients that deliver a decisive advantage; leveraging the Group's operational platform and cross selling opportunities to improve margins; and fostering our peoples' considerable energy, talent and skills; whilst contributing to society through our commitment to equality, diversity and sustainability.

Strategy overview

On 1 January 2021, the Group rolled out an evolved Group strategy and re-organised the business into three Strategic Business Units (SBUs); Business Aviation, Special Mission and Technology & Outsourcing. In parallel, the Group reorganised and strengthened its Leadership teams to support the execution of the strategy, the delivery of its strategic imperatives and the five-year business plan.

Business Aviation

In the Business Aviation SBU, the acquisition Jet East Aviation was completed in January 2021 effectively doubling the Group's maintenance and repair operations (MRO) in the USA (the world's largest business aviation market by volume and value). This was followed by organic investment in the development of two base maintenance locations, which became operational in H2. These two moves further cement our market position and provide a strong platform for organic growth in this strategically important market.

Alongside the development of the MRO network, Business Aviation's growth strategy is focused on the development of important business aviation airport infrastructure, such as Fixed Base Operations (FBOs), whose footprint derives predictable revenues and cross selling opportunities for maintenance, charter and aircraft management services.

Central to this is the development of a state-of-the-art Business Aviation Centre in Sharjah, UAE which was paused at the start of the pandemic. Following a diligent re-evaluation of the project's continuing viability, the Group has recommenced the development of these facilities, which remain central to growing our market share and leveraging the Group's operational scale in the Middle East.

The Business Aviation SBU has also secured successful tenderer status for the development of a second hangar in Jersey to more than double our facility's capacity.

In December 2021, the Group disposed of its shareholding interest in its non-core, loss-making, Hong Kong based associate, China Aircraft Services Limited (CASL), monetising $2.0m in cash from the sale.

Special Mission

The Special Mission SBU has successfully secured term extensions on three long-term government contracts and continues to position the SBU for further organic growth in four defined market sectors. With a strong track record in delivery and a visible pipeline, coupled with a new Leadership team, the SBU is firmly focused on converting new opportunities and enhancing relationships with its existing client base.

The SBU also continues to deliver incremental improvements in its operational and financial performance through the active implementation of the Group's "Fix & Optimise" initiatives.

Technology & Outsourcing (T&O)

The T&O SBU made steady progress bringing a suite of world class, aviation focused, enterprise resource planning software as a service (SaaS) products to market. Notable successes have been achieved in the US and Europe, having strengthened the sales team and automated on-boarding processes. The products' native automation and Artificial Intelligence are assisting T&O's clients' removal of manual processes from their operations and maximising their profit potential through higher definition commercial data and greater situational awareness.

Aside of the SaaS services, the SBU continues to provide a variety of specialist outsource services to the military, airlines, lessors and business aviation operators. Critical to continued growth has been the addition of EASA Part-CAMO (a post Brexit requirement), achieved via the opening of a new operation in Poland. In turn, the Polish operation, combined with existing resources, has allowed T&O to secure third-party trip support and flight planning service contracts.

T&O will continue to attract further investment from the Group as it builds the data management infrastructure required to manage the increasingly complex interface of regulatory compliance and commercial situational awareness.

FY '21 Financial Performance

Through the execution of our strategy the Group grew its revenues to $235.9m, up by 25% (2020 at constant currency[1]: $189.3m; 2020: $182.0m). The revenue growth was driven by the acquisition of Jet East in the US, the full year effect of various Special Mission contract wins and the general recovery of activity within the business aviation sector following the gradual easing of travel restrictions.

Consequently, the Group delivered a gross profit of $44.7m, up 16%, in absolute terms up $6.0m (2020 at constant currency[1]: $38.7m; 2020: $37.3m). Gross profit margins were down slightly by 1.4bbps to 19% (2020 at constant currency[1]: 20.4%; 2020: 20.5%).

The Adjusted EBIT loss for the year was reduced by 11% to $4.3m (2020: $4.8m), despite the prior year benefitting from COVID-19 government support of some $5.8m.

The 2021 financial performance has been impacted by the inclusion of the Group's $1.5m (2020: $3.3m) share of losses from its Hong Kong based associate, CASL, which has now been sold, and $3.2m (2020: nil) of start-up costs ($2.5m in costs of sale and $0.7m in overheads) relating to the strategic development, and commencement in H2 of two US base maintenance facilities.

Adding back the $2.5m impact on costs of sale associated with the development of the US base maintenance facilities, the gross profit for 2021 would increase by 22% to $47.2m (2020 at constant currency[1]: $38.7m) in absolute terms, which equates to a gross profit margin of 20%, only 0.4bbps down on prior year (2020 at constant currency[1]: 20.4%).

Notwithstanding the total $4.7m impact from these two items, the Group has delivered an Adjusted EBIT profit of $0.4m (2020: loss of $1.5m) from its mature and continuing operations.

The Group generated a net cash inflow from operating activities of $5.2m (2020: $35.4m). Whilst the 2021 cash inflows benefitted from the receipt of the remaining branding fees following the disposal of US Air Associate, working capital was absorbed into our US MRO business associated with the acquisition of Jet East and the development of the two base maintenance facilities referenced above. In addition, there was reduced government support in the period and a repayment of deferred VAT from 2020 in 2021.

1 To aid comparability, 2020 results have also been calculated on a constant currency basis. Refer to Note 6 of the financial statements for further details.

Credit Facilities

The Group currently benefits from two credit facilities provided by HSBC, a $50m RCF and a £20m term loan which mature in November 2022 and January 2023 respectively. Following initial engagement, HSBC have indicated their willingness to renew the facilities and have provided indicative terms which are currently under negotiation. Whilst the refinancing has not been concluded, the Board is confident that it will secure the facilities necessary to support its ongoing operations but recognises that this may be on a higher debt servicing cost.

In parallel with its discussions with HSBC, the Group is actively pursuing alternative and/or additional credit facilities aimed specifically at meeting the Group's asset-based financing needs relating to aircraft, real estate and infrastructure projects.

Market updates will be provided when binding facilities are secured.

Dividend

The Board does not recommend a dividend for 2021 (2020: nil pence per share). The Company intends to restore the Company's distributable reserves when practicable which may involve extracting dividends from subsidiaries amongst other steps.

Social Value

I am particularly pleased with the progress that the Group is making with regard to its Social Value commitments. The pandemic years have created new challenges and we are responding to them by introducing hybrid working and supporting our people with mental health training as well as a range of advice via our WeCare support programme. At a societal level, our People Teams are focused on addressing the perennial issue of gender and ethnic diversity and inclusion within the aviation sector. I'm pleased to say their efforts are showing results, particularly in our UK apprentice programme.

Finally, the Group is making progress with our Carbon Reduction Plan. Our 2021 Streamlined Energy and Carbon Report will show the second consecutive reduction since 2019 in the Group's scope 1, 2 and 3 (excluding downstream) Greenhouse Gas emissions.

In all cases we recognise this is the start of our journey and that the Group has a long way still to go, but I am pleased with our collective progress.

Outlook

The Group remains firmly focused on the execution of our five year strategy that has supported the financial improvement seen in 2021. We have invested significantly, both organically and inorganically, in our maintenance operations in the US, the world's largest business aviation market.

Since the beginning of 2022, we have seen continued revenue momentum, particularly in the US, albeit offset by increased costs due to supply chain pressures and energy price inflation aggravated by the prolonged effects of the pandemic and the war in Ukraine. In this context, the Board is adopting a cautious approach to the remainder of the year, with a particular focus on delivering continuing operational improvements.

Notwithstanding this, we will continue to focus on delivering our strategy and consider that longer term, the Group is well placed for the future.

Marwan Khalek
Chief Executive Officer

27 May 2022

/ STRATEGY

/ OVERVIEW

In May 2020 the Executive undertook a dispassionate review of the Group's strategy and performance. Based on the conclusions of the Group's strategic review and the recommendation of the Executive Team, the Board determined that the previous strategy of consolidating the fragmented, global, business aviation market should be evolved to recognise anticipated market demand and possible economic uncertainties likely to affect the next five-year planning period.

Accordingly, the evolved strategy would require the Group to:

/ Focus its resources to build market share in market sectors where it has established competitive advantage and control over its business activity
/ Grow its UK government contract base to add further resilience to the Group's financial performance
/ Provide a clearer Group structure to shareholders that articulates the different business mix contained within the Group
/ Focus on adding operational scale through organic growth and specific infrastructure development to enhance operational gearing leading to margin improvements
/ Using merger and acquisition activities, within our financing facilities, only to accelerate growth in key markets that will lead to further improvements in operational gearing and subsequent margin improvement
/ Recognise the role that data aggregation and analysis will play over the planning period, using its investment in business aviation software as a service (SaaS) platforms to drive competitive advantage and grow enterprise value

/ FIVE-YEAR STRATEGY FOCUS FOR 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 Technology and Outsourcing 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 delivers a decisive advantage. We must therefore provide services that are relevant to their needs and enables their mission, now and in the future.

What we are doing
/ Focusing on key customer sectors
/ Providing focused investment to drive operational scale and gearing
/ Enhancing our service offers
/ Strengthening our customer management teams

What we have done
/ Reorganised the business to reflect our clients' needs and structured the teams within each to focus delivery on specific sectors such as Air Ambulance and National Security
/ Secured term extensions on three Special Mission contracts
/ The purchase in January 2021, and subsequent integration, of Jet East Aviation to effectively double the Group's Business Aviation MRO operations in the world's largest business aviation market, the US
/ Expanded the relationship with a well-known, high-volume Business Aviation operator from the US to support its European operations via a new, UK based, maintenance hub
/ Agreed a further FBO development opportunity at a high Business Aviation traffic international airport
/ Secured new contracts with the flight departments of notable Standard & Poor's 500 organisations for Technology & Outsourcing's SaaS technology products
/ Signed new flight operations outsource contracts with European business aviation operators via the Technology & Outsourcing SBU
/ Substantially broadened our Business Aviation charter offer from a focus on high net-worth individuals and corporate business travel to include other notable high frequency charter segments, i.e. sports, music and entertainment

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.

What we are doing

/ Divesting businesses over which the Group has no or ineffective management control
/ Exiting poorly performing businesses and contracts
/ Improving contract management and controls
/ Improving our 'know your customer' processes and bad debt management

What we have done

/ In November 2021, following disappointing results and an uncertain future, the Group actively pursued the sale of its 20% interest in the Hong Kong-based, airline MRO, China Aircraft Services Limited (CASL) to Hutchison CCF Investments for a cash consideration of $2m
/ A continuing, Group wide, "Fix & Optimise" programme designed to improve margins through targeted interventions to reduce bad debt exposure, remove revenue leakage and reduce overhead
/ Tenacious action to secure payment within agreed terms to prevent bad debt occurrences from Business Aviation clients

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.

What we are doing

/ Focusing our HR efforts to attract and develop new talent and reduce employee churn
/ Placing greater emphasis on our people's mental health and wellbeing
/ Addressing the diversity and inclusion challenges within the aviation sector
/ Placing more emphasis on measuring the performance of our people and rewarding those that drive our business forward

What we have done

/ Moved to a hybrid working system for back-office employees at all locations. Hybrid working is helping to reduce Greenhouse Gas (GHG) emissions and has enhanced workplace flexibility for our people
/ Additional training in management, health and safety, online and digital security and performance management as well as developing in-house training for engineers and some pilot responsibilities
/ Increased the frequency of our mental health and wellbeing training, including the addition of mental health first aiders
/ Increased diversity within our cadre of 2021 apprentices as well as using the apprenticeship levy to upskill employees in key areas of the business

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.

What we are doing

/ Playing an active role in the communities in which we are located
/ Inspiring the next generation of Science, Technology, Engineering and Mathematics (STEM) students
/ Promoting Social Value through our contracts and commitments
/ Understanding our obligations to the environment through our activities and those of our clients

What we have done

/ We have become an active participant in industry bodies that are focused on addressing diversity and inclusion challenges in aviation, such as Women in Aviation and Disability Confident
/ We are a signatory of the UK Armed Forces Covenant and Employer Bronze Award recognised. We are now working towards the Silver Award
/ We are a signatory of the Scottish Business Pledge, promoting fairness, equality, opportunity and innovation in Scotland
/ We have offset our 2020 GHG emissions (scope 1, 2 and scope 3 for which the business is directly responsible), with the intention to do the same for our 2021 emissions. We have also published our Group's Carbon Reduction Plan to 2050
/ We have developed and published a new procurement charter to encourage good Social Value behaviours within our supply chain

/ MARKET OBSERVATIONS

The following are market insights and observations pertaining to our expectations of specific market trends. Investors and interested parties should see these as indicative only and they are encouraged to use additional sources prior to making any investment decisions. All sources have been referenced where used.

We remain in a pandemic

/ For most populations in major economies the pandemic has become, through successful vaccination programmes, a virus that we are learning to live with. However, that is not a universal truth; paperwork and testing remain in place for many citizens, and for some the spectre of borders shutting, disincentivises international travel. China's zero tolerance policy with regard to COVID-19 infections is a particular case in point.

The pandemic created wealth (for some) and that has fuelled demand for "investments of passion"

/ Forbes added 493 billionaires to its World's Billionaires List in 2021 (source: Forbes, 2021). Together, it calculated that the wealth of 2,755 global billionaires had risen by $13.1 trillion
/ Strong demand is seen in investments of passion such as super yachts, premium real estate and business aviation (source: Bloomberg Wealth, November 2021).

The US is driving Business Aviation's recovery globally

/ The US continues to suffer from inherent transportation difficulties due to the size of the land mass, poor airline interconnectivity and post COVID-19 avoidance of airports and airlines by those able to afford private travel
/ Business Aviation flight activity increased year on year in North America by 41% (2021 versus 2020) and was 7% above 2019 (source: Argus TrakPak, February 2022)
/ The number of new aircraft delivered into North America in 2021 has been forecasted as "just shy of 700" up 11% from 2020 (source: JETNET iQ, December, 2021).

Regional conflicts may affect Europe's Business Aviation recovery, but increase spend in Special Mission

/ Although energy products are undergoing a price shock, business aviation and special mission operations are unlikely to see a reduction in flight demand due to the rise in the cost of Jet A-1 aviation fuel.
/ Russia's invasion of Ukraine and the speed of sanctions being used to restrict Russian economic activities may stall aspects of the European Business Aviation recovery this summer.
/ Defence budgets have been under pressure in recent decades, with few of NATO's members contributing the agreed 2% of GDP (2006). Since the invasion, this position has changed markedly, notably in Germany, where Chancellor Scholz has committed to meeting this target with a reported €100 billion military investment in the 2022 budget.
/ Intelligence, search and reconnaissance (ISR) requirements are likely to increase in the military, law enforcement and border control sectors due to a series of factors including: continued population migration on economic, political or conflict grounds; increased tension between nation states or trading blocks; and increases within the urban populations of major cities.
/ Energy security through offshore wind as well as traditional fossil fuels such as oil and gas are likely to be major beneficiaries of national investment to mitigate reliance on overseas supply. The exploration and support of all three require helicopter operations to support personnel and infrastructure.

Data aggregation and analysis are fundamental to both Business Aviation and Special Mission's future

/ Business Aviation has traditionally been slow to adapt to technology change.
/ That said, Business Aviation is a niche that has been poorly served by enterprise resource planning systems and business intelligence data. The lack of such tools, operating with real time or near real time information, creates operational and financial performance inefficiencies which the larger business aviation operators, MRO and FBO networks will wish to eradicate.
/ Over the planning period, civil ISR Special Mission services are likely to move their focus on the 'intelligence as a service' model. This could see a future state whereby service provision is measured in terabytes of data delivered rather than the number of flight hours required to deliver the service
/ There will be more sources of data than before. Aggregation and analysis to provide situational awareness in real time will become ever more complex as the internet of things moves from a concept to reality within business aviation and special mission applications

Qatar 2022 World Cup offers an opportunity for UAE FBOs

/ Although the World Cup is scheduled to be hosted by Qatar, it is widely anticipated that private jet "day trips" from the UAE will be commonplace
/ This will increase the potential for charter and, with private jet flight volumes increasing, it is likely that parking, fuel, FBO and maintenance services will be in demand from the UAE's FBOs, including our own in Sharjah.

Government procurement continues to drive the Social Value agenda

- On 1 January 2021, the UK government introduced new measures to assess and score suppliers on the wider positive benefits they bring by delivering a contract. Typically, this can amount to as much as 10% of consideration in contract award and is becoming a contractual condition of the delivery of the contract. This has had the effect of raising the bar for acquiring new business and adding cost into the delivery of government backed contracts

Sustainability and the path to Net Zero

- The Omicron variant of COVID-19 and the Russian invasion of Ukraine have occupied the public consciousness, but it would be a mistake to think the commitments of the 26th UN Climate Change Conference (COP26) have been forgotten.
- Future energy security requirements may accelerate change towards low carbon alternatives. However interim fuel and/or engine technologies are unlikely to make an immediate impact in aviation due to its high level of regulation and the increased pressures on the regulators following certification challenges on recently introduced aircraft. The pricing of these interim technologies will be key to their adoption as will the imposition of new tax regimes to lower the use of 100% fossil derived fuels.
- The price of carbon credits will continue to rise due to changes in demand and increased focus on the nature / quality of supported offset projects.

/ SBU IMPERATIVES

The Group's focus on its clients and business model has materialised as a series of imperatives for each of the strategic business units. These are being manifested through the development of each business in the following ways.

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:

- **Provide a single point of touch coast-to-coast maintenance network in the US.** Build market share and enhance margin performance through operational scale within the world's largest business aviation market (by aircraft and flight volume)
- **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 the UK, Channel Islands and Middle East, increasing the number of aircraft in the fleet and the margins attained from that business
- **Support clients with charter solutions.** Develop the charter business to respond to the trends in private jet use due to the lasting effects of the pandemic and changes within traditional just-in-time supply chains
- **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
- **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, Surveillance and Reconnaissance (ISR) missions across a number of sectors
- **Enter the wind segment of the Energy and Offshore market.** The UK government has announced strong support for the UK wind industry leading to several opportunities for offshore helicopter operations during the build and maintenance phase of UK wind farms

Technology & Outsourcing
The Technology & Outsourcing SBU is focused on the delivery of advisory, technology and outsourcing 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 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
- **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

Revenue

	Adjusted[1, 2]		Statutory	
USD'000s	2021	Restated[3] 2020	2021	Restated[3] 2020
Business Aviation	**170,146**	125,312	**170,146**	125,312
Special Mission	**56,716**	47,918	**56,716**	47,918
Technology & Outsourcing	**5,297**	5,023	**5,297**	5,023
Branding fees	**3,750**	3,750	**3,750**	19,250
Total	**235,909**	182,003	**235,909**	197,503

Gross Profit

	Adjusted[1, 2]		Statutory	
USD'000s	2021	Restated[3] 2020	2021	Restated[3] 2020
Business Aviation	**19,702**	17,425	**19,702**	17,425
Special Mission	**17,075**	12,534	**17,075**	12,534
Technology & Outsourcing	**4,204**	3,569	**4,204**	3,569
Branding fees	**3,750**	3,750	**3,750**	19,250
Total	**44,731**	37,278	**44,731**	52,778

EBIT

	Adjusted[1, 2]		Statutory	
USD'000s	2021	Restated[3] 2020	2021	Restated[3] 2020
Business Aviation	**(8,764)**	(3,702)	**(12,392)**	(16,322)
Special Mission	**4,546**	3,056	**4,534**	3,024
Technology & Outsourcing	**47**	605	**(289)**	256
Branding fees	**3,691**	3,733	**3,691**	19,233
Associates	**(1,491)**	(3,272)	**–**	(5,848)
Corporate[4]	**(2,303)**	(5,238)	**(2,796)**	(6,203)
Total	**(4,274)**	(4,818)	**(7,252)**	(5,860)

1 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. The Adjusted Revenue and Adjusted Gross Profit APMs are solely for the comparative.

2 To aid comparability 2020 results have also been calculated on a constant currency basis using a constant foreign exchange rate of $1.38 to £1, being the cumulative average USD-GBP exchange rate for 2021 instead of the reported exchange rate of $1.28 to £1 for 2020. On a constant currency basis, 2020 Adjusted Revenue is $189.3m, Adjusted Gross Profit is $38.7m, Gross Profit percentage is 20.4% and Adjusted EBIT remains at a loss of $5.3m. Refer to Note 6 of the notes to the financial statements for further details.

3 The restatements to the 2020 income statement comprise a reclassification from cost of sales to administrative expenses and various IFRS 16 adjustments resulting from an extensive review of Group lease commitments carried out in 2021. These result in a net increase in EBIT loss and adjusted EBIT loss of $26k and $495k respectively as detailed in Note 2 of the notes to the financial statements.

4 Following the transitioning of the segmental reporting to reflect the realignment of the business along its SBUs, the Corporate cost recovery estimation methodology was also reviewed resulting in a revised level of Corporate charges to overhead within the SBUs in 2021. Accordingly, and as a result of this change in estimate, Corporate costs were reduced by $3.7m with an equivalent charge in the respective SBUs. Excluding this change in estimate, there was a $0.5m increase in corporate costs, which is primarily related to the adverse impact of foreign exchange of $0.4m. This change of Corporate cost recovery estimation methodology has not been applied to the 2020 comparators.

The SBU performance is explained in detail below.

/ BUSINESS AVIATION

Business Aviation is focused on the delivery of the following lines of business to clients principally in the top three regional business aviation markets: the US, Europe and the Middle East.

/ **Management.** The operational management of an aircraft (or fleet), and its crew, that the owner wishes to place on one of the Group's air operating certificates (AOCs)
/ **Charter.** The sale of available flight hours on aircraft to charter brokers or to direct clients worldwide
/ **FBO.** The management of our strategically positioned fixed base operations at airports in the UK, Channel Islands and Middle East
/ **Maintenance (MRO).** The delivery of comprehensive maintenance, repair and modification solutions that support business aviation aircraft operators and owners.

Business Aviation MRO in the US has a dedicated management team and is separately reviewed by the Group Chief Executive Officer, who acts as the Chief Operating Decision Maker (CODM). Therefore, Business Aviation MRO US has been presented separately from Business Aviation excluding MRO US, which falls under a separate management team and is separately reviewed by the CODM.

	BA MRO US[3]		BA excluding MRO US		Total	
USD'000s	**2021**	Restated[1] 2020	**2021**	Restated[1] 2020	**2021**	Restated[1] 2020
Revenue	**79,250**	38,606	**90,896**	86,706	**170,146**	125,312
Gross Profit	**9,035**	8,474	**10,667**	8,951	**19,702**	17,425
GP %	**11%**	22%	**12%**	10%	**12%**	14%
Adjusted EBIT[2]	**(7,971)**	181	**(793)**	(3,883)	**(8,764)**	(3,702)

1 Restatements are detailed in Note 2 of the notes to the financial statements.

2 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT.

3 The Jet East business operations were merged with those of the Groups' US MRO operations immediately following the acquisition on 15 January 2021. It is therefore not possible to assess and/or segregate the actual impact of the acquisition on the combined financial performance. Jet East's unaudited financial statements for 2020 show annual revenues of $28.2m, Gross Profit of $0.2m and Adjusted EBIT of $1.4m.

Due to the gradual easing of travel restrictions and quarantine requirements in 2021, the Business Aviation SBU saw an increased level of activity across all its business lines, the impact of which can be summarised as follows:

In aircraft management, overall, we saw increased aircraft utilisation by our clients. This increased activity translated to some additional revenue but had little impact on gross profits due to the pass-through nature of these revenues. The gross profit in this business line was however negatively impacted by the loss of management fee revenues following the disposal of several managed aircraft by their owners. This impact was felt hardest in our Hong Kong base, where very strict 21 days quarantine isolation requirements continued to severely limit travel appetite and there are no longer four Hong Kong-based aircraft. The impact has been somewhat mitigated by gains elsewhere as well as some aircraft sales commissions.

Charter saw modest increases in demand resulting in increased activity and revenues, both in respect of in-fleet charter as well as charter brokerage, but margins remained under pressure due to competitive pressures.

Increased activity resulted in a significant increase in aircraft movements at our Sharjah and Jersey FBOs, resulting in strong growth in revenues and gross profits during the year.

The US market saw a significant increase in aircraft activity through the second half of the year, which has fuelled very strong demand for both our line maintenance and base maintenance services. This, together with the acquisition of Jet East and the organic development of two new base maintenance facilities, resulted in the US MRO business line delivering significant revenue growth. Gross profit was, however, negatively impacted by the start-up costs that were incurred at the two new bases.

MRO demand and activity at our Bournemouth and other non-US bases, which are predominantly targeted at base maintenance, remained steady.

Overall, the Business Aviation SBU grew its organic and constant currency revenues by 8% to $170.1m (2020: $157.0m after rebasing for $28.2m related to Jet East and $3.5m constant currency). Gross profit was up 10% to $19.7m (2020: $18.0m after rebasing for $0.2m related to Jet East and $0.3m constant currency), which includes the near full year Gross Profit contribution from the acquired Jet East business.

Adjusted EBIT fell by $5.1m to an adjusted EBIT loss of $8.8m (2020: $3.7m loss) and on an organic and constant currency basis, there was a decrease of $3.4m after rebasing for the adverse impact of foreign exchange of $0.3m and rebasing the comparative for the acquisition of Jet East, which contributed a loss of $1.4m. Within Business Aviation MRO US there was a $0.3m credit to the expected credit loss within administrative expenses following the settlement of a historic overdue receivable and within Business Aviation excluding MRO US there was a $0.2m charge to increase the expected credit loss allowance on receivables. Within Business Aviation MRO US, overhead increased due to investment in start-up locations and capability for increased activity levels as well as $2.3m of increased corporate overhead allocations, in part due to the acquisition of Jet East and due to a revised estimate of corporate overhead by SBU across the Group. Within Business Aviation excluding MRO US, there was a $0.4m decrease in corporate overhead allocations, partially offset by additional overhead due to managerial changes following the introduction of the new reporting structure.

	BA MRO US		BA excluding MRO US		Total	
USD'000s	**2021**	Restated[1] 2020	**2021**	Restated[1] 2020	**2021**	Restated[1] 2020
Adjusted EBIT	**(7,971)**	181	**(793)**	(3,883)	**(8,764)**	(3,702)
Exceptional items – transaction costs	**(558)**	(663)	**–**	(29)	**(558)**	(692)
Exceptional items – integration and business re-organisation costs	**(413)**	–	**1,901**	(202)	**1,488**	(202)
Exceptional items – other items	**–**	–	**79**	709	**79**	709
Exceptional items – Impairment of right-of-use assets	**–**	–	**(1,911)**	(6,544)	**(1,911)**	(6,544)
Exceptional items – Impairment of goodwill	**–**	–	–	(833)	**–**	(833)
Exceptional items – Impairment of assets under construction	**–**	–	–	(4,609)	**–**	(4,609)
Long-term incentive plan	**(1,821)**	–	–	–	**(1,821)**	–
Share-based payments	**58**	(61)	**(52)**	(88)	**6**	(149)
Amortisation	**(710)**	–	**(201)**	(300)	**(911)**	(300)
EBIT	**(11,415)**	(543)	**(977)**	(15,779)	**(12,392)**	(16,322)

1 Restatements are detailed in Note 2 of the notes to the financial statements.

EBIT improved from a loss of $16.3m in 2020 to a loss of $12.4m in 2021. In addition to the movements discussed above, there was $1.9m impairment of right of use assets at Sharjah Airport following a ten-year extension option which was exercised in the current period. The continued uncertainties in funding the Business Aviation Centre (BAC) mean that in our judgement the additional right-of-use asset must be immediately impaired. In the event that uncertainties in funding the project are resolved after the date of the reporting, the entire right of use asset and an asset under construction previously impaired, may be eligible for an impairment reversal. Following the acquisition of Jet East, the amortisation of acquired intangibles increased by $0.7m, Jet East severance costs of $0.4m were incurred, and a $1.8m charge for a long-term incentive plan has been recognised. The above were partially offset by $1.9m income upon release of lease and other related obligations at Fairoaks Airport, which had no equivalent right of use asset due to a historic impairment.

/ SPECIAL MISSION

The Special Mission SBU provides the mission expertise to assist governments and businesses in exploiting a variety of aviation assets (principally fixed wing and helicopters) within the following sectors:

- / **Air Ambulance & Rescue.** The delivery of fixed wing and rotary mission solutions to the governments of Scotland, Jersey and Guernsey as well as the circa 21 helicopter air ambulance charities operating within the UK
- / **National Security & Law Enforcement.** Providing "intelligence as a service" aviation platforms to the UK government to protect the national interest
- / **Infrastructure & Survey.** The monitoring of critical national infrastructure for the purposes of failure monitoring, environmental controls, mapping or other such studies

	2021	Restated[1] 2020
Revenue	**56,716**	47,918
Gross Profit	**17,075**	12,534
GP %	**30%**	26%
Adjusted EBIT[2]	**4,546**	3,056

1 Restatements are detailed in Note 2 of the notes to the financial statements.

2 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT.

The Special Mission SBU grew Revenue by 18% to \$56.7m (2020: \$47.9m) and Gross Profit by \$4.5m to \$17.1m (2020: \$12.5m). On a constant currency basis, Revenue was 10% higher and Gross Profit was \$3.7m higher after rebasing for the favourable impact of foreign exchange of \$3.4m and \$0.9m respectively. The growth in revenue includes the impact of increased flying hours and the related costs rechargeable to core customers, additional non-recurring projects undertaken for core customers, incremental work with core and ad-hoc customers and the full year effect of air ambulance service contracts for the Government of Jersey and the Government of Guernsey which were acquired in the middle of the prior year, as shown in Note 6 of the notes to the financial statements. Gross profit benefitted from the full year effect of the contracts referred to above, a reduction in one-off charges, insourcing of aviation assets, incremental work with core and ad-hoc customers, a change in the estimate of costs to complete contractual obligations and some changes in the mix of revenues between labour and parts. In the current year, both revenue and gross profit benefitted from modest improvements as a result of the fix and optimise agenda adopted by management.

Adjusted EBIT increased by \$1.5m to \$4.5m (2020: \$3.1m) due to the growth in Gross Profit referred to above, albeit this growth was partially offset by overhead growth of \$3.0m, principally comprising a \$0.9m increase in depreciation due to the full year effect of aircraft which entered into service at the middle of the prior year, a \$1.4m increase in the allocation of Corporate overhead and \$0.7m adverse impact of foreign exchange. Following the transitioning of current year reporting to reflect the realignment of the business along its SBUs, a revised level of Corporate overhead was charged to the Special Mission SBU.

	2021	Restated[1] 2020
Adjusted EBIT[2]	**4,546**	3,056
Share-based payments	**(12)**	(32)
EBIT	**4,534**	3,024

1 Restatements are detailed in Note 2 of the notes to the financial statements.

2 The Alternative Performance Measures (APMs) are defined in Note 6 of the notes to the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT.

EBIT increased from a profit of \$3.0m in 2020 to a profit of \$4.5m in 2021. In addition to the movements discussed above, EBIT includes share-based payment charges.

/ TECHNOLOGY & OUTSOURCING

The Technology & Outsourcing SBU is focused on the delivery of advisory, technology and outsourcing services to aviation customers who seek to gain a decisive advantage using real and near real time intelligence. The Technology & Outsourcing team provides the following:

- / **Technology products via myairops®.** Flight and aircraft management, maintenance tracking, ground operations, and crew scheduling and operations
- / **Maintenance and Continuing Airworthiness Management (CAM).** Comprehensive range of services from full CAM and Airworthiness Review Certificates (ARC) through to supplying the software for an organisation to manage the through-the-life maintenance of its aircraft
- / **Trip planning & support.** Providing third party services to aircraft operators who are seeking to outsource their flight operations tasks

	2021	Restated[1] 2020
Revenue	**5,297**	5,023
Gross Profit	**4,204**	3,569
GP %	**79%**	71%
Adjusted EBIT[2]	**47**	605

1 Restatements are detailed in Note 2 of the notes to the financial statements.

2 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT.

The Technology & Outsourcing segment grew Revenue by 5% to $5.3m (2020: $5.0m) and Gross Profit by $0.6m to $4.2m (2020: $3.6m). On a constant currency basis, revenue was 2% lower and gross profit was $0.3m higher after rebasing for the favourable impact of foreign exchange of $0.4m and $0.3m respectively, as shown in Note 6 of the financial statements. Maintenance and CAM traded in line with prior year revenue, but with a modest reduction in gross profit ($0.1m) due to inflationary pressure on the cost of sales. myairops® was broadly in line with prior year revenue, with a modest reduction in revenue ($0.2m) related to trading with the Group's former US Air Associate, which benefitted the prior year, and due to COVID effects on commercial airline operators impacting one myairops® product. The revenue shortfall was more than offset by cost savings which increased gross profit by $0.2m. In addition, there was a $0.2m increase in gross profit on Military Airworthiness Reviews.

Adjusted EBIT fell by $0.5m to $0.1m (2020: $0.6m), with $0.4m of additional amortisation of the product development related to product launches and $0.4m of increased Corporate overhead offsetting improvements in gross profit. Following the transitioning of current year reporting to reflect the realignment of the business along its SBUs, a revised level of Corporate overhead was charged to Technology & Outsourcing.

	2021	Restated[1] 2020
Adjusted EBIT[2]	**47**	605
Share-based payments	**(47)**	(35)
Amortisation	**(289)**	(314)
EBIT	**(289)**	256

1 Restatements are detailed in Note 2 of the notes to the financial statements.

2 The Alternative Performance Measures (APMs) are defined in Note 6 of the notes to the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT.

EBIT fell from a profit of $0.2m in 2020 to a loss of $0.3m in 2021. In addition to the movements discussed above, EBIT included amortisation of $0.3m in respect of acquired intangible assets and $0.1m of share-based payment charges.

/ ASSOCIATE INVESTMENTS

	US Air Associate		CASL		Total	
USD'000s	**2021**	2020	**2021**	2020	**2021**	2020
Adjusted EBIT[1]	**–**	78	**(1,491)**	(3,350)	**(1,491)**	(3,272)
Adjustments:						
Exceptional items – Impairment reversal/(charge)	**–**	–	**1,491**	(3,421)	**1,491**	(3,421)
Exceptional items – Impairments on non-current assets within share of results from equity accounted investments	**–**	–	**–**	(6,433)	**–**	(6,433)
Exceptional items – Profit on disposal of interest in associates	**–**	7,278	**–**	–	**–**	7,278
EBIT	**–**	7,356	**–**	(13,204)	**–**	(5,848)

1 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT.

As reported in the 2020 Annual Report and Accounts, the US Air Associate was sold on 2 March 2020; see Note 17 of the financial statements for further details. The $0.1m of Adjusted EBIT in the prior period represents the Group's share of results from the US Air Associate prior to disposal.

The Group's investment in China Aircraft Services Limited (CASL) was reclassified as "held for sale" effective from the end of May 2021 following a Board decision on the receipt of a $2m offer for its 20% shareholding in CASL. Since reclassification, the asset was held at the fair value of $2m, until it was sold with full and final cash settlement of $2m received on 31 December 2021. Prior to reclassification as "held for sale", CASL suffered substantial losses due to vastly reduced commercial aviation volumes at Hong Kong airport, impacted by COVID-19. The Group's share of these amounted to $1.5m at the Adjusted EBIT level.

In the prior year, the disposal of the Group's equity interest in its US Air Associate resulted in a profit before taxation of $7.3m.

In the prior year, impairment charges of $9.9m were made against the equity accounted investment in CASL, reflecting the Group's assessment of its recoverable amount. This assessment was made based upon a credible offer of $2m received by another CASL shareholder for their 20% equity interest in CASL. Following the sale of the Group's equity interest in CASL, an impairment reversal equivalent to the Group's share of losses of $1.5m has been recognised in the current year.

Overall, all non-core associate investments have been sold and result in associate statutory EBIT improving from a loss of $5.8m in 2020 to nil in 2021.

/ BRANDING FEES

	Total	
USD'000s	**2021**	2020
Adjusted Revenue[1, 2]	**3,750**	3,750
Adjusted Gross Profit[1, 2]	**3,750**	3,750
GP %	**100%**	100%
Adjusted EBIT[1, 2]	**3,691**	3,733
Adjustments		
Exceptional items – Revenue and gross profit adjustments	**–**	15,500
EBIT	**3,691**	19,233

1 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT.

2 Adjusted Revenue and Adjusted Gross Profit were only used for the comparative. 2021 Adjusted Revenue and Adjusted Gross Profit were the same as Revenue and Gross Profit.

Revenue and Gross Profit from branding fees are in line with the prior year and ended on 2 March 2022. US Air statutory EBIT decreased from $19.2m in 2020 to $3.7m in 2021 due to $15.5m of accelerated branding fees on the disposal of the US Air Associate being reflected in the prior year, which did not recur in 2021 .

/ FINANCE REVIEW

2021 was another very busy year for the finance function whilst they, like many other Gama teams, continued to experience challenges working within an ongoing COVID-19 impacted environment.

During the year, the business changed its operating segment structure and hence segmental reporting, transitioning from the legacy geographically focused Air, Ground and Global Services divisional structure to a Strategic Business Units (SBU) structure comprising Business Aviation, Special Mission and Technology & Outsourcing. This change in operating segments has required the Company to restate 2020 reported financials in line with the new SBU reportable segments.

In 2021 the organisational structure of the Company was further refined and simplified with the completion of transactions relating to the two associate investments previously held by the Company. In July 2021 the Company received $15.2m in cash from Wheels Up Partners Holdings LLC ("Wheels Up"), being the final payment due on the March 2020 disposal of the Company's 24.5% equity interest in Gama Aviation LLC. In addition, on 31 December 2021 the Company received $2.0m relating to the sale of its 20% equity interest in CASL.

Following the acquisition of the Jet East US maintenance business, this operation progressed the transitioning of operational and financial transacting from Jet East's legacy systems. All new business in Business Aviation's operations in the US is now transacted through Gama's inventory and work order management system Corridor. .

Enhancements to Corridor have been made and embedded in the UK and US environments. The enhancements provide operational management with an improved level of granularity over inventory as it transitions through the operating cycle. Additional analytical real time reporting has also benefitted the business in the areas of work in progress, receivables and more through the growth in the use of business intelligence.

From a governance perspective, 2021 saw the implementation of a refreshed bi-annual risk register process, with the outputs presented to the Board. In December 2021, a framework agreement was established with KPMG to provide internal audit services to the Group. It is anticipated that the first internal audit assignment will commence in Q2 of 2022. During the year, the UK business transitioned its day-to-day banking operations over to HSBC, taking the opportunity to significantly reduce and streamline the number of bank accounts in existence. Finally, the Group has enhanced its approval and processing of credit card related expenditure through the expanded roll-out of specialist software designed for this purpose.

Financial summary

	Adjusted[1] $m		Statutory $m	
	Dec-21	Restated[1] 2020	**Dec-21**	Restated[1] 2020
Revenue	**235.9**	182.0	**235.9**	197.5
Gross Profit	**44.7**	37.3	**44.7**	52.8
Gross Profit %	**19.0%**	20.5%	**19.0%**	26.7%
EBIT	**(4.3)**	(4.8)	**(7.3)**	(5.9)
(Loss)/profit for the year	**(6.3)**	(8.6)	**(8.8)**	(14.6)
(Loss)/earnings per share (cents)	**(8.7)**	(13.6)	**(12.7)**	(23.1)

1 Restatements are detailed in Note 2 of the notes to the financial statements.

2 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT.

Restatement

The restatements to the 2020 income statement are limited to a reclassification from cost of sales to administrative expenses of $1.1m and various errors to the application of IFRS 16, Leases. During 2021 a detailed review was conducted of Group leases. New information came to light from this review indicating that errors had been made on the implementation of IFRS 16 (1 January 2019) and in subsequent recognition relating to the treatment of a number of initial lease obligations at implementation (impacting subsequent impairments), contractual rental increases, computational errors on foreign exchange, identification of lease-related payments and the length of lease used for ROU assets and liabilities and related leasehold improvements. 2020 opening balances, results for the year, other comprehensive income, balance sheet amounts and cashflows have been restated to correct these errors. The restatement has reduced the consolidated loss for 2020 by $0.1m, increased consolidated net assets at 31 December 2020 by $2.5m and resulted in a $1.7m increase in net cash generated by operations with an equivalent reduction in lease payments on the consolidated cash flow statement. Refer to Note 2 of the notes to the financial statements for further details.

Revenue Bridge

	$m
Revenue – 2020	197.5
Rebase for FX	7.3
Rebased Revenue – 2020	204.8
Branding fee	(15.5)
Business Aviation MRO US	40.7
Business Aviation excluding MRO US	0.7
Special Mission	5.3
Technology & Outsourcing	(0.1)
Revenue – 2021	**235.9**

/ One-off accelerated branding fees of $15.5m benefitted the prior year
/ Significant expansion of Business Aviation's US maintenance operations via the acquisition of Jet East as well as revenue growth from new facilities and from the legacy US maintenance operations
/ Business Aviation excluding MRO US benefits from a significant improvement in FBO activity levels and increased Charter activity which is partially offset by underperformance on maintenance operations
/ Special Mission includes the impact of increased flying hours and the related costs rechargeable to customers, increased work with ad-hoc customers and the full year effect of air ambulance service contracts for the Government of Jersey and the Government of Guernsey which were acquired in the middle of the prior year, as shown in Note 6 of the financial statements

Adjusted EBIT[2] Bridge

	$m
Adjusted EBIT – 2020 Restated[1]	(4.8)
Increase in Gross Profit	7.5
Increase in other administrative expenses	(10.3)
Decrease in impairment of financial assets	3.8
Increase in depreciation and amortisation	(2.3)
Increase due to reduced losses from equity accounted associates	1.8
Adjusted EBIT – 2021	**(4.3)**

1 Restatements are detailed in Note 2 of the notes to the financial statements.

2 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt.

/ The impact of the movement in FX rates at an Adjusted EBIT level is not significant; refer to Note 6 of the financial statements for further details
/ The growth in Gross Profit is covered in further detail in the operational performance review
/ Administrative expenses increased following the acquisition of Jet East ($8.3m) together with net growth across other business units and services lines
/ A significant loss allowance for impairment of financial assets of $3.8m arose in the prior year and did not recur
/ Depreciation and amortisation increased, primarily due to the full year effect of aircraft bought in the middle of the prior year ($0.9m), higher year on year amortisation of the internally developed software asset within T&O ($0.4m) and the acquisition of Jet East ($0.5m)
/ Losses from associates are down following the disposal of the US Air Associate and the investment in CASL

EBIT Bridge

	$m
EBIT – 2020 Restated[1]	(5.9)
Items impacting Adjusted EBIT	0.5
Adjusting items	
– Items in other administrative expenses comprising:	
– Decrease in exceptional transaction costs	0.2
– Decrease in exceptional integration and business re-organisation costs	0.1
– Decrease in exceptional legal costs	0.4
– Decrease in equity-settled share-based payment expense	0.3
– Increase in other long-term employee benefits	(1.8)
– Increase in other income	1.6
– Decrease in accelerated branding fees	(15.5)
– Increase in acquired intangible amortisation	(0.6)
– Decrease in profit on disposal of interest in associates	(7.3)
– Decrease in impairment reversal of financial assets	(0.6)
– Decrease in impairment of right-of-use asset	4.6
– Decrease in impairment of assets under construction	4.6
– Decrease in impairment of goodwill and intangible	0.8
– Decrease in impairment of non-current assets within associates	6.4
– Decrease in impairment of investment in associate	4.9
EBIT – 2021	**(7.3)**

[1] Restatements are detailed in Note 2 of the notes to the financial statements.

/ Transaction cost of $0.5m (2020: $0.7m) relating to Jet East acquisition cost in both years
/ Integration and business re-organisation costs in the current year included $0.4m of Jet East severance costs associated with integration, partially offset by $0.3m income upon release of a direct closure costs provision at Fairoaks Airport. In addition, $0.2m of redundancy costs incurred in the prior year did not recur
/ Lower legal costs in 2021 compared with 2020 in respect of legacy litigation matters
/ $0.3m of reduced equity-settled shared-based payment charges following forfeitures, leavers and re-issues
/ The $1.8m increase in other long-term employee benefits driven by a 2021 charge relating to a long-term incentive plan as part of the Jet East acquisition
/ $1.6m other income upon release of lease obligation at Fairoaks Airport in the current year
/ $15.5m of accelerated branding fees were recognised in the prior period as an Adjusting item following the disposal of the US Air Associate and the settlement of existing contractual arrangements (see Note 17 for further details on the disposal)
/ Amortisation of acquired intangibles increased by $0.6m due to the acquisition of Jet East
/ $7.3m profit before taxation on disposal of the US Air Associate was recognised in the prior year (see Note 17 for further details on the disposal)
/ The prior year $0.6m impairment reversal of financial assets previously impaired through exceptional items did not recur
/ In the current year, impairment of $1.9m to the additional right of use asset in relation to Sharjah and $1.5m impairment reversal of charges previously recognised in relation to CASL. Other movements in impairment are due to prior year items that did not recur and are shown in further detail in Note 6 of the financial statements

Impairments
As previously reported, the Group had secured a 25-year ground lease and had commenced the development of a Business Aviation Centre (BAC) at Sharjah International airport in the UAE.

With the project having been placed on hold in 2020 pending a review of the impact of the pandemic on its viability, the Group recognised a total impairment charge of $11.2m in its 2020 financial statements, $6.6m in respect of the right of use asset arising from the ground lease and $4.6m in respect of the carrying value of the assets under construction.

Following its decision to recommence the development of the BAC the Company is now in the process of securing the necessary funding for the project. Whilst the Group is in advanced discussions with investors regarding the funding of this project, the Board considers that it would be inappropriate to reverse these impairments until the full funding has been contractually secured.

In parallel with its decision to recommence the development, the Group took the opportunity to negotiate a 10-year extension to the term of the ground lease, which significantly enhances the viability and value of the project. However, until the impairment charge taken in respect of the original lease is reversed, the Group is required to further impair the $1.9m asset in use value created by this lease extension.

The Board remains confident that the Group is making progress in securing the necessary funding, at which time all these impairments, which amount to $13.1m, may reverse.

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

Finance expense
Net finance expense of $3.5m (2020 Restated: $2.3m) includes $0.6m (2020: $1.5m) of finance income largely arising from financial assets related to the disposal of the US Air Associate; refer to Note 8 for further details. As a result of early settlement of the deferred consideration on 20 July 2021 (refer to Note 17 for more details), and the timing of the disposal in 2020, finance income was lower in the current year. Foreign currency movements were a net loss of $0.4m (2020: $0.2m net gain).

Taxation
There is a statutory taxation credit for the year of $2.0m (2020: charge of $6.5m), which reflects the recognition of an increased deferred tax asset in the current year based on projected future taxable profits in a five-year Strategic Plan. Partially offsetting this recognition, an uncertain tax provision of $0.3m has been recognised based on a penalty issued. While the penalty has been disputed by the Group, at the time of reporting a remedy has not been granted. The adjusted taxation credit for the year is $1.5m (2020: charge of $1.5m); refer to Note 10 for further details.

Earnings per share (EPS)
Shares in issue increased to 63.7m (2020: 63.6m) following the issue of shares in the year. The average share price for the year ended 31 December 2021 was 39.2 pence, which is marginally higher than the exercise price of some outstanding options; however, the effect of including these shares would reduce the loss per share and adjusted loss per share and therefore no dilutive earnings per share is shown. Basic Statutory EPS reflects reduced loss per share of 12.7 cents (2020 Restated: 23.1 cents).

Net debt and cash flow movements

	December 2021	Restated[1] December 2020
Adjusted EBIT[2]	**(4.3)**	(4.8)
Add: Adjusted depreciation & amortisation in cost of sales (Note 5)	**6.5**	11.1
Add: Adjusted depreciation & amortisation in administrative expenses (Note 5)	**9.6**	7.3
Adjusted EBITDA[2]	**11.8**	13.6
Less: Loan forgiveness (Note 27)	**–**	(4.8)
Less: Non-cash lease credit recognised (Note 27)	**(0.1)**	(0.3)
Less: Share of losses of associates (Note 27)	**1.5**	3.3
Adjusted EBITDA after excluding non-cash items[2]	**13.2**	11.8
Working capital:		
Add: Working capital	**(22.2)**	9.4
Add: Capital portion of promissory note on disposal of US Air Associate	**17.5**	2.5
Add: Accelerated branding fee not recognised in Adjusted EBIT	**–**	15.5
Add: Exceptional items	**(0.8)**	(0.7)
Working capital	**(5.5)**	26.7
Cash generated by operations (Note 27)	**7.7**	38.5
Add: Tax (Note 27)	**(2.5)**	(3.1)
Net cash flow from operating activities (Note 27)	**5.2**	35.4
Lease payments	**(9.6)**	(17.7)
Capital expenditure	**(5.9)**	(27.8)
Acquisition of business, net of cash acquired	**(8.2)**	(1.5)
Proceeds on disposal of associate	**2.0**	9.9
Net interest received/(paid)	**0.4**	(0.3)
Net proceeds from borrowings	**10.2**	9.5
Net cash used in investing and financing activities	**(11.1)**	(27.9)
Increase/(decrease) in cash	**(5.9)**	7.5
Cash at the beginning of year	**16.1**	8.5
Effect of foreign exchange rates	**–**	0.1
Cash at end of the period	**10.2**	16.1
Borrowings	**(67.1)**	(53.2)
Obligations under leases	**(48.0)**	(46.1)
Net debt at the end of year[2]	**(104.9)**	(83.2)

1 Restatements are detailed in Note 2 of the notes to the financial statements.

2 The Alternative Performance Measures (APMs) are defined in Note 6 of the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Revenue, Adjusted Gross Profit, Adjusted EBIT and Net debt. In reconciling from Adjusted EBIT to the net cash flow from operating activities, Adjusted EBITDA and Adjusted EBITDA excluding non-cash items are shown to aid understanding.

The reduction in the net cash inflow from operating activities has been driven by the following:

/ Adjusted EBITDA lower by $1.8m at $11.8m (2020: $13.6m), offset by a net $3.2m reduction in non-cash income or expenses
/ $0.1m of additional spend on exceptional items, primarily related to severance costs as part of the integration of Jet East and the closure of operations in Saudi Arabia, partially offset by reduced legal costs
/ $15.5m of accelerated branding fees in the prior period not recognised within Adjusted EBIT but within working capital
/ $17.5m capital portion of promissory note on disposal of US Air Associate received in the period
/ Reduction in the positive contribution from underlying working capital, which is in part due to reduced government support in the period, start-up losses following the commencement of base maintenance operations at Millville and Las Vegas, and a repayment of deferred VAT from 2020 in 2021
/ Lease payments reduced by $8.1m on the prior period due to timing of aircraft lease payments, partially offset by the addition of Jet East lease payments of $0.8m
/ Capital expenditure includes $2.6m of internally developed software arising from myairops® software development and $3.3m tangible capex, of which $1.0m is in Business Aviation US for base maintenance expansion to fulfil demand from one of the world's largest private jet operators, $0.7m is replacement capex in Business Aviation US, and $0.6m is for an aircraft engine used as a back-up on a Special Mission contract
/ Net cash payment on acquisition of Jet East of $8.2m, which includes $7.7m initial consideration less $0.1m cash acquired on acquisition and $0.6m of transaction costs
/ $2.0m proceeds on disposal of the associate investment in the CASL Associate. Refer to Note 17 for further details on the disposal
/ Net interest received includes $0.65m interest received on the $20.0m US Air Associate promissory note prior to the accelerated repayment, $0.4m of interest received due to late customer payments and $0.7m of interest paid on borrowings
/ Net proceeds from borrowings include $10m drawn on the RCF to fund the acquisition of Jet East, of which $2.65m was used to repay borrowing assumed on acquisition. The remaining net increase in the RCF was to manage the net working capital cash outflow
/ Net debt increased by $20.5m to $105.8m (2020: $85.3m), primarily due to the acquisition of Jet East and investment in the further expansion of the Business Aviation US SBU via start-up locations for base maintenance facilities and capability for anticipated increases in activity levels

Liquidity
The Group liquidity remains with $10.2m (2020: $16.1m) of cash and $12.1m (2020: $24.7m) of its $50m RCF undrawn as at 31 December 2021.

Net debt, inclusive of $48.0m (2020: $46.1m) of lease obligations, increased to $104.9m (2020: $83.2m), resulting from the acquisition and subsequent organic strategic investments.

As at 30 April 2022 cash balances were $14.2m (2020: $12.1m) in addition to RCF headroom of $20.3m (2020: $12.1m).

Credit Facilities
The Group currently benefits from two credit facilities provided by HSBC, a $50m RCF and a £20m term loan which mature in November 2022 and January 2023 respectively. Following initial engagement, HSBC have indicated their willingness to renew the facilities and have provided indicative terms which are currently under negotiation. Whilst the refinancing has not been concluded, the Board is confident that it will secure the facilities necessary to support its ongoing operations but recognises that this may be on a higher debt servicing cost.

In parallel with its discussions with HSBC, the Group is actively pursuing alternative and/or additional credit facilities aimed specifically at meeting the Group's asset-based financing needs relating to aircraft, real estate and infrastructure projects.

Market updates will be provided when binding facilities are secured.

Dividend
The Board does not recommend a dividend for 2021 (2020: nil pence per share). The Company intends to restore the Company's distributable reserves when practicable which may involve extracting dividends from subsidiaries amongst other steps.

Litigation
Following the litigation update provided in the Company's 2020 Annual Report and 2021 Interim release, the Company continues to pursue the recovery of its long-standing trade receivables through enforcement actions both in the UK and in other jurisdictions. The Company has made progress through court proceedings in the UK. It remains the Board's expectation that other than the provisions already made by the Company against these claims, no further provisions will be required.

/ PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management
During 2021, the Group updated and implemented improvements to the risk register process. The risk appetite and risk 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 controls.

The Executive Directors met twice in the year to review the Group risk register and discuss internal and external political, economic, social, technology, legal, environmental, and potential reputational risks that 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 Strategic Business Units and internal support functions. These were created following workshops which encouraged the identification of a wide range of risks, including those associated with the delivery of the respective strategic plans. Management then identify and implement risk mitigation plans as necessary.

Newly emerging risks identified within the business are reviewed as they arise, with mitigating action taken when required. Discussion of any new material risks identified is to be the topic of a standing agenda item to be discussed by all Directors at Board meetings throughout 2022.

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
In December 2021, the Group engaged KPMG to provide internal audit services to commence in 2022. An internal audit plan for 2022 is currently under review with specific assignments to be focused on identified areas of key risks, influenced by feedback from the external audit process and based on insight from the Directors.

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

/ Inferior financial performance resulting from gross profit margin erosion and/or an increasing overhead cost base within the business
/ The cost and availability of sufficient financing to support the future growth of the business
/ Increasing concentration creating a reliance on a small number of key customers and possible lack of focus on emerging opportunities and/or renewal of major contracts
/ Slippage in securing contracts and generating revenue from internally developed SaaS software platform within Technology & Outsourcing
/ 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 Company's information security environment
/ Reliance on, and challenges in retaining, key individuals who are important to the evolution and measured development of the organisation
/ 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

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 COVID-19 and certain other factors. The 2021 restructuring of the organisation into Strategic Business Unit 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. Delivery of gross margin improvement is 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. This has been added as a principal risk in the current year.

Cash resources to support the future growth of the business
The Group's liquidity position is underpinned by an existing $50.0m revolving credit facility which falls due for repayment on 14 November 2022. In addition, the Group has a £20.0m term loan which supported the acquisition of three new Airbus H145 helicopters, which falls due for repayment on 31 January 2023. The Directors are in active discussions to renew both facilities, with refinancing expected ahead of these dates. The Directors are also conscious 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 macroeconomic factors.

Reliance on a small number of key customers
The Group benefits from a core of key long-standing customers with whom there are established long-term contracts in existence and for whom the Group acts as an integral element of their supply chain, enabling them to deliver first class services to their respective end customers. The financial dynamics of the contracts with this core group of customers provides the Group with a strong and stable platform upon which to plan and develop. However, the Directors are aware and alert to the possibility that such a concentration of key customers, both in the US and in the UK, could pose a threat in the event that those relationships change in future. Furthermore, the Group takes measures to explore business development opportunities with other customers and in complementary areas with the aim of leveraging the Group's expertise across a wider customer base, diversifying its exposure wherever possible and wherever it makes sound financial sense to do so. The Group has made progress in 2021 in widening its opportunity pipeline in key areas of the business and seeks to build on this initial momentum in 2022.

Slippage in SaaS contract awards
Over the past few years, the Group has invested in the internal development of a world class SaaS product suite, focused on the operational needs of the business aviation community,

particularly with regard to facilitating the handling of FBO and flight operations as well as the regulatory requirement of continued airworthiness management. Conversion of the opportunity pipeline into firm contract awards has been impacted by the pandemic, with some potential customers seeking to defer capital expenditure decisions and associated investment during times of macroeconomic uncertainty. In H2 2021, the Group proactively invested in its SaaS sales function, seeking to take advantage of an anticipated rebound in deferred customer investment relating to new operating systems. The Directors continue to monitor progress and momentum from this important higher margin software product solution contained within the Group's portfolio, with this risk being added as a principal risk in the current year.

Impact of pandemics, climate change and due to significant changes in the political or economic landscape
The global aviation industry has now been impacted by the COVID-19 pandemic for two full years. 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 of the pandemic on its staff and has implemented a number of measures over the past two years to support colleagues at 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 Strategic Business Units. 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, liaising with relevant internal and external stakeholders where possible and appropriate. Where the Group is exposed to inflationary cost pressures in excess of 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 faces the risk of a breach of cyber security and associated loss of data followed by potential reputational damage and financial penalties. In 2021, the Group invested resources in preparing for anticipated IASME accreditation, anticipated in H1 2022, which will build on the Group's existing Cyber Essentials Plus accreditation. This process has supported the Group in enhancing a number of controls, improving proactive monitoring of key areas of the IT infrastructure and has led to refreshed IT policies together with the rollout of computer-based training modules to colleagues. 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 Jet East acquisition in January 2021 has provided enhanced breadth and depth to the US management team. In March 2021, the Group awarded options to a range of senior managers and key individuals within the organisation to support the incentivisation of the workforce as well as to provide a tool to encourage the retainment of individuals over the medium term. In addition, outside of the US, 2021 saw the introduction and formalisation of a talent and succession planning framework. The software that supports this HR led process 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 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 "tool box talks" and Safety Action Groups (SAGs) to the Safety Review Board (SRB) 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 drive 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, in 2021 the Group recruited 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.

Approval
This report was approved by the Board of Directors on 27 May 2022 and signed on its behalf by

Marwan Khalek
Chief Executive Officer

27 May 2022

Section 172 of the Companies Act requires every director to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so to have regard (among other matters) to:

1. The likely consequences of any decision in the long term;
2. The interests of the company's employees;
3. The need to foster the company's business relationships with suppliers, customers and others;
4. How the board considers stakeholders including investors, customers, suppliers and employees in decision making;
5. The impact of the company's operations on the community and the environment;
6. The desirability of the company maintaining a reputation for high standards of business conduct; and
7. The need to act fairly as between members of the company

This section aims to describe, in broad terms, how the Directors apply and comply with these principles and aim to discharge their duties under company law. The Directors recognise that listening to and considering the views of shareholders and other key stakeholders helps build trust and is therefore a key element of performing a duty to promote the Company's success. They also recognise that having a greater understanding of a wider range of viewpoints allows the Board to appreciate fully the potential impacts of the decisions it makes on all the Company's stakeholders.

Likely consequence of any decision in the long term

The Board takes a strategically long-term view when making decisions and considers the impact on all stakeholders. Actions are evaluated carefully in a structured and diligent way and only executed where they meet strategic objectives and are likely to enhance the Company's investment proposition. The overall risk landscape and risk mitigation strategy are reviewed on a bi-annual basis by the Board.

Following the five-year strategic review, and approval of the resulting five-year strategic plan, the Board confirmed that the Group should continue to target long-term contracts with major aviation operators and government departments with a focus on delivering highly valued services within the business aviation and special mission markets. In 2021, the strategic review created a new organisation structure with three market-facing Strategic Business Units: Technology & Outsourcing, Special Mission, and Business Aviation. The Board believes the new structure will provide a direct line of sight for shareholders, better enabling them to understand and assess the Strategic Business Units' market activities, investment requirements and performance.

During the year, the Board considered a wide range of decisions including the following:

/ Ongoing response to the evolving COVID-19 pandemic
/ Approval of budgets, bonus targets and incentive plans
/ Recommended no dividend for 2021
/ Approval of the acquisition of Jet East in January 2021, which has added scale to our US Business Unit which provides maintenance services in a key country that has the majority of the world's private jets
/ The Group secured the necessary consents and approvals to complete the sale of its 20% holding in the issued share capital of China Aircraft Services Limited (CASL) as set out in the Company's announcement of 24 November 2021

Interests of the Company's employees

An engaged and well-motivated workforce is critical to the delivery of Company objectives.

Mental wellbeing continues to be a strong focus for us in 2021 as we continue to support our people through the challenges of the global pandemic, the changing restrictions, and effects on our professional and personal lives. Through our regular wellbeing surveys, we listened to our people, and have introduced a hybrid working policy, allowing a large number of employees to find the work life balance that works for them, with a mix of working from home and working from our fantastic facilities. Our IT infrastructure continues to support remote working, and our H&S teams are on hand to advise our people how to work safely whilst in the office and from home. Our employee assistance programme has been revamped and now benefits from WeCare, a support platform available for all our employees and workers, to access advice with mental wellbeing, financial wellbeing, legal advice, general health advice and bereavement.

We continued with our drive to bring people back together, once restrictions allowed. This included: cake days, fund raising events and local, external caterers. For those a little more nervous about the return to "normal", we introduced a traffic light lanyard and wrist band system, so our people can visually show if they are okay with being back in the workplace, need some space, or are feeling very apprehensive.

In 2021, Q3 and Q4, we commenced several initiatives to support our Diversity & Inclusion agenda. As a result, by the end of 2021 we had successfully signed up to a number of charters aimed at supporting a diverse and inclusive workforce, for example, the Government Disability Committed scheme, Apprenticeships schemes, Women in Aviation and Aerospace and, more recently, the Armed Forces Covenant. Our goal is simple: to create a safe workspace where people feel they belong. Our people purpose is clear: to support, enable and empower our people to achieve our Company purpose to provide aviation services that equip our clients with decisive advantage.

Foster business relationships with suppliers, customers and others

The Board recognises its responsibility to promote the success of the Group for the benefits of its stakeholders and understands that the business has a responsibility towards its shareholders, employees, regulators, partners, customers, suppliers and to the local community. Our customers and the aviation services we provide to them are the constant focus of our business. Feedback and insights gained from customers, suppliers and employees enable the Company to continually improve and develop its service line offerings and to be better aligned to our customers' changing requirements.

The Company's direct interactions with customers and suppliers are through the new market-facing Strategic Business Units of Technology & Outsourcing, Special Mission, and Business Aviation. There are regular updates on these relationships in periodic formal business reviews that are held at least quarterly, roundtable events for industry sector participants, and strategic partnerships and collaborations with providers of complementary services.

It is important to us that we have a strong relationship with our suppliers. We are always looking to work with companies across the globe that can help us deliver our business in a more efficient and effective way. Our suppliers are crucial to the business services we provide and are fundamental to the quality of our product offering, our brand and our reputation.

We strive to ensure that our suppliers are aligned to our strategic objectives, and we maintain and develop these relationships through senior management engagement where appropriate for key suppliers. We aim to work with suppliers and business partners that share our understanding and commitments to ethical standards and act with integrity. This means adopting our Procurement Charter, found at https://www.gamaaviation.com/procurement-charter/. Suppliers should ensure their workers are treated fairly and with respect. For example, they should comply fully with the Modern Slavery Act, working hour limits and minimum wage guidelines, and not use child or forced labour. Our suppliers should ensure working conditions are healthy and safe, and they should comply with all environmental laws.

How our Board considers stakeholders including investors, customers, suppliers and employees in decision making:
We engage with Government agencies and regulators where appropriate to communicate our views and to better understand policy makers' decisions relevant to our business. The Company engages with its shareholders, receiving feedback on shareholder views in several ways, including through the Chairman, CEO and CFO, who meet from time to time with key shareholders throughout the year, as well as through the results of independent studies and reports.

Periodically the Board reviews progress against the Company's strategic priorities and projects that are aimed at delivering longer-term growth for investors. The Board also focuses on maintaining financial discipline and delivering strong earnings, cash flow and returns to shareholders.

We operate an online whistleblowing service for employees and all allegations are investigated and will be reported to the Group Audit Committee.

The "needs and expectations of interested parties" are identified, reviewed and updated as an integral part of the Company's fully accredited Management Systems (ISO 45001 for safety and ISO 14001 for environment). The process ensures that the "needs and expectations of interested parties" are fully understood, acted upon and documented at both the tactical and strategic levels in the Company.

Impact of the Company's operations on the community and the environment
We aim to be a trusted corporate business and we support local communities and work with charities and local organisations through a commitment of time and resources including providing internships and apprenticeship opportunities across our UK locations. We have an ongoing commitment to the Armed Forces through the formal registration of our Armed Forces Covenant Pledge with the UK Government.

The Directors are conscious of the possible environmental impact of the Group's activities and aim to reduce it wherever possible. The Group has been awarded the internationally recognised Carbon Footprint Standard for demonstrating low carbon credentials and the Group works to identify and carry out carbon and energy reduction opportunities where possible.

The Group works with an independent external organisation, Carbon Footprint Ltd, to assess its Greenhouse Gas Emissions, and the results for this exercise during 2021 are set out in the Corporate Social Responsibility section of this Annual Report. This is the third carbon footprint assessment the Group has carried out, the first having taken place in 2019, both of which comply with the UK government's Streamlined Energy and Carbon Reporting (SECR) legislation. Furthermore, it is the Group's intention to offset its scope 1, 2 and direct scope 3 emissions, the treatment of which are described within the Corporate Social Responsibility section of the Annual Report.

In addition, waste recycling schemes are implemented throughout the Group's operations to limit environmental impact. In previous years the Group has participated in schemes that support local communities and has provided internship and apprenticeship opportunities. During 2021, this has not been possible due to legislation, medical advice and the Group's own COVID-19 policy. The Directors look forward to 2022 when once again the business can allow employees time to volunteer to play an active role in the communities in which we are located.

The desirability of the Company maintaining a reputation for high standards of business conduct
At the heart of our business is a commitment to the highest standards of integrity, honesty and fairness in our dealings with all our stakeholders. The Directors aim to create and maintain a corporate culture based on shared values and expected behaviours, as set out in the Employee Handbook. This is being enhanced with the launch of a Code of Ethics (the "Code") that promotes an open, responsible and safe culture wherever we operate. The Code sets out the behaviour expected of all our people and the ethical principles that underpin our values and the way we conduct business. We aim to be demanded and trusted by our clients, valued by our shareholders, prized by our people and admired by our peers. There will be a requirement for all employees to formally confirm their compliance with the Code through an annual compliance declaration. As a responsible business, we devote significant resources to our full compliance with laws and regulations.

Other Corporate Compliance initiatives that are being launched in 2022 include:

- An update to the Anti-Bribery Corruption (ABC) compliance plan to ensure the Group continues to comply fully with the UK Bribery Act (and FCPA in the US) – this will include risk-based bribery assessments together with additional controls and monitoring in our high-risk activities particularly in dealings with foreign public officials;
- The launch of updated comprehensive mandatory ABC training for all staff across the Group;
- Revised "Know Your Customer" questionnaire and updated policy with appropriate and focused training and guidance for relevant employees;
- A Gifts, Hospitality and Entertainment policy including a formal Group gifts register to ensure full transparency; and
- Enhancements to increase awareness of the whistleblowing online service

The need to act fairly between members of the Company
Since we have a small number of major shareholders, the Board recognises the need to act fairly between all its investors. Decisions are taken on the basis of the Board's objective appraisal of whether a particular course of action will benefit shareholders as a whole and any conflicts of interest are carefully managed. This has become increasingly relevant following the further concentration of the Group's shareholders amongst a limited number of investors which has occurred during the pandemic period. The Board remains very mindful of the liquidity of the market for the Company's shares, and the consequences it may have for the Group's future development.

Continually Developing Our Expertise

Governance

STRATEGIC REPORT
GOVERNANCE
FINANCIALS

An appropriate mix of skills to support growth.

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, except where otherwise stated, were as follows:

Chi Keung (Simon) To
Chairman

Simon is Hutchison's appointee to the Board. Simon has been appointed as a Non-Executive Chairman of the Group and Company since 2019.

Simon is the Managing Director of Hutchison Whampoa (China) Limited (Hutchison) and Chairman and Executive Director of HUTCHMED (China) Limited, a company listed on AIM, Nasdaq and Hong Kong with a market capitalisation of approximately $3.0bn. Simon has been with Hutchison for over 40 years, building its business from a small trading company to a multi-billion dollar investment group. Simon has negotiated major transactions with multinational corporations such as Proctor & Gamble, Lockheed, Pirelli, Beiersdorf, United Airlines and British Airways.

Simon holds a First-Class Honours Bachelor's Degree in Mechanical Engineering from Imperial College, London and a Master's degree in Business Administration from Stanford University's Graduate School of Business.

Marwan Abdel-Khalek
Chief Executive Officer

Marwan is Chief Executive Officer of Gama Aviation Plc. He is a successful entrepreneur with a proven record of building value through organic and inorganic growth, as evidenced by the scale of Gama Aviation's development over the last four decades. Gama Aviation's growth, over a period marked by several profound economic recessions, has resulted in it becoming a leading global aviation services group. He graduated with a BEng in Civil Engineering from the University of Westminster.

Stephen Wright
Executive Director

Stephen co-founded Gama Aviation together with Marwan Khalek in 1983. He has been fundamental to the implementation of several process improvements that have been commended by regulators and industry auditors alike. Stephen retains a flying role both on the line and in training, regularly flying helicopters and fixed wing aircraft. His flying duties have placed him in regular contact with a wide variety of clients, allowing him to have a direct, qualitative understanding of their needs and requirements.

Michael Howell
Non-Executive Director

An engineer by training, Michael Howell has a background in transportation. After graduating from Trinity College, Cambridge, he worked in the UK motor industry, and then completed MBAs at INSEAD and Harvard. He was with Cummins Engine Company and General Electric Company (GE) in the USA, latterly as General Manager of GE Transportation Systems. Subsequently, he was an Executive Director of Railtrack Group plc at the time of its 1997 privatisation.

Formerly he was a Non-Executive Director of Hutchison China Meditech Limited, the innovative biopharmaceutical company. Until May 2022, Michael will serve on the Board of Wabtec Corporation, the leading $8bn supplier of products and systems for the rail industry, based in Pittsburgh, Pennsylvania.

Christopher Clarke
Non-Executive Director

Christopher Clarke has over 30 years' experience as a senior partner with leading international law firms in Asia, including Denton Hall, CMS Cameron McKenna and DLA Piper. He has acted as a professional and business advisor to a wide range of entrepreneurs and executives of international (including listed) companies; and has wide ranging corporate governance, regulatory and commercial experience.

Christopher has been a Non-Executive Director of Hong Kong, UK listed and private companies. Currently, he is a Sufficiently Independent Director of London Power Networks Plc, Eastern Power Networks Plc and South Eastern Power Networks Plc; and an Independent Director of Asia Strategic Holdings and Arnhold Holdings Ltd.

Peter Brown
Non-Executive Director

Peter is a chartered accountant with over 30 years' experience at board level in the leisure and travel industry. He adds complementary skills to Gama Aviation's founding Directors, having been CEO of a major British leisure airline and managing the mergers, acquisitions and group finance functions of a variety of service companies. Peter graduated from University College, Cardiff with a BSc in Economics. On 29 July 2021, Peter was appointed as Senior Independent Director of the Company.

Stephen Mount
Non-Executive Director

Stephen is a member of the Regulatory Decisions Committee of the Financial Conduct Authority, the Determinations Panel of The Pensions Regulator and chairs the Finance & Performance Committee and is a member of the Audit, Workforce and Sustainability Committees of a major NHS Foundation Trust. He also acts internationally as an expert witness on corporate governance, financial reporting, accounting and auditing matters. Until July 2020, he was a member of the Audit Quality Review Committee of the Financial Reporting Council. He retired in 2016 as a senior partner with PricewaterhouseCoopers LLP (PwC) after a career spanning three decades auditing and advising companies across a broad range of industry sectors including aviation, engineering, defence, software, technology, services and long-term contracting. He acted as lead engagement and global relationship partner for clients ranging from Fortune 500/FTSE to smaller Nasdaq/AIM companies listed on UK, US, European and Asian stock exchanges, and was frequently involved in major capital market transactions including IPOs, rights issues, mergers and acquisitions as well as advising on strategic, performance improvement, regulatory and structuring issues. Stephen is a Chartered Accountant and holds an MBA.

/ Daniel Ruback was appointed as Chief Financial Officer in December 2019 having previously held the position of Finance Director, Signature Flight Support EMEA, a part of what was Signature Aviation plc. From 2006 to 2015 Daniel worked in several different roles at Smiths Group plc, the FTSE 100 global technology company, including a two-year assignment as Director, Operational Finance, Smiths Detection USA and finally as Head of Divisional Business Partnering, Smiths Detection. Daniel is a qualified Chartered Accountant. Daniel left the Group in April 2022 following submission of his resignation in January.

/ Neil Medley, the former Chief Operating Officer, resigned as a Director of the Group on 29 June 2021 and left the business at the end of August 2021 to pursue a new career in the education sector.

Governance Code
The Company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The Board of Gama Aviation has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code.

Chairman's Statement on Corporate Governance
Despite the challenges of dealing with the impact of the COVID-19 pandemic on our staff, clients and industry, Gama Aviation continues to enhance its corporate governance structures and processes, and its efforts to improve adherence to the QCA Code, which the Board adopted in 2018.

I regard one of the key elements of my role as Chairman of Gama Aviation Plc as ensuring that we have good corporate governance and an effective Board in order to promote the success of the Company and the long-term value for shareholders. Good governance is one of the main foundations of a sustainable corporate growth strategy. At the heart of our business is a commitment to the highest standards of integrity, honesty and fairness in our dealings with all our stakeholders. The Board recognises its responsibility to promote the success of the Company for the benefit of all its stakeholders and has a responsibility towards our shareholders, staff, regulators, partners, clients, suppliers and the local communities in which we operate.

The Audit Committee's oversight of and governance over the financial integrity of the Group's financial reporting has been further strengthened by the appointment, in December 2021, of KPMG to provide internal audit services to the Group. This will support the Group's financial and non-financial process improvements agenda which seeks to ensure appropriate robust controls are put in place across all parts of our global business, focusing on the most important and critical business risks to fully support the achievement of agreed business goals and objectives.

The Board has responsibility for the Group Risk Register, which is developed through a bottom-up collection of risks from each Strategic Business Unit (SBU), consolidated and refined by the Executive Team and approved by the Board. The overall risk landscape and risk mitigation strategy will continue to be closely monitored by the Board to ensure that the Group Risk Register remains appropriate and sufficiently comprehensive in light of the Company's strategy and business model as it evolves over time.

The Company shall continue to allocate appropriate resources in its efforts to enhance its compliance and ethics programme and to drive improvements in areas including anti-bribery and corruption, sanctions, know your customer/AML policy, gifts and hospitality, modern slavery and whistleblowing.

The Board recognises that continued and improved adherence to the QCA Code contributes to the business's medium- to long-term success while ensuring risks are appropriately controlled and mitigated together with a commitment of transparent communication with stakeholders. The Group strives to operate in line with the principles of the QCA Code and further details on how it applies the principles of the QCA Code are set out on the pages that follow.

We will give annual updates on our QCA Code compliance.

Simon To
Chairman of the Board

27 May 2022

Board of Directors

The Board is responsible for guidance and direction in reviewing strategy, monitoring performance, understanding risk, and reviewing controls, procedures and processes of the Company. It is collectively responsible for the success of the Group.

The Board was made up of four Executive Directors prior to the resignation of Neil Medley on 29 June 2021, then subsequently three Executive Directors in addition to five Non-Executive Directors during 2021. The Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to properly discharge its duties effectively.

In 2021, the Company signed up to a number of charters aimed at supporting a diverse and inclusive workforce; for example, the Government Disability Committed scheme, Apprenticeships schemes, Women in Aviation and Aerospace and, more recently, the Armed Forces Covenant. The current composition of the Board is not, however, diverse.

The Non-Executive Directors are independent of management and do not participate in the Company's ongoing bonus, pension or benefit schemes, although they may hold shares, as noted in the Remuneration Report. The Executive Directors are full-time employees of the Company. The Non-Executive Directors are expected to devote at least one full working day in each calendar month to the business of the Company and to use reasonable endeavours to attend all meetings of the Board and committees of the Board of which they are members, and to attend all general meetings of the Company.

In order to further strengthen governance and oversight on behalf of shareholders the board decided on 29 July 2021 to appoint Mr Peter Brown, Director, as Senior Independent Director to convene and chair meetings of the four Independent Non-Executive Directors, who meet separately to consider relevant matters on an appropriate and timely basis. These included reviewing the alignment between the Group's strategy and structure and the interests of shareholders, given changes in the shareholder base in recent years, and considering related matters with the wider board.

The Board meets at least four times a year and has a formal schedule of matters specifically referred to it for decision, as required by the Companies Act. In addition to these matters, the Board will also consider strategy and policy, acquisition and divestment proposals, approval of major capital investments, risk management policy, significant financing matters and statutory shareholder reporting. During the year, all Board meetings were convened with a formal agenda, relevant documentation and supporting papers circulated to the Board in advance of the meetings. All meetings had documented minutes and were attended in person or virtually by Board members at the time of the meetings. The attendance record of each Director is shown below. In addition, the Board had informal discussions as required from time to time.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information. The Chairman ensures all Directors, including the Non-Executive Directors, may take independent professional advice at the Company's expense, if required.

Board member	Meetings attended	Eligible to attend
Simon To	4	4
Marwan Khalek	4	4
Stephen Wright	4	4
Neil Medley	2	3
Daniel Ruback	4	4
Stephen Mount	4	4
Peter Brown	4	4
Christopher Clarke	4	4
Michael Howell	4	4

Board skills and evaluation

The Board has the appropriate balance of skills, experience, independence and knowledge of the Company and its business in the aviation industry in which it operates to enable it to discharge its duties effectively. The members of the Board have been selected primarily for the skills and experience that they bring to the Company. Details of the skills and experience of the Directors are identified above at pages 32 and 33 of this Annual Report.

Audit Committee

The Audit Committee (the "Committee") is chaired by Stephen Mount, who is deemed by the Board to have recent and relevant financial expertise, supported by Peter Brown and Michael Howell.

Under its terms of reference, the Audit Committee must meet twice a year. As a result of the COVID-19 pandemic, meetings were conducted virtually. The Committee has formally convened six times in 2021. In addition, there were a number of informal calls and email correspondence between the Chairman, Committee and other Board members, management and the external auditors, PwC.

The purpose of any Audit Committee is to provide oversight of, and governance over, the financial integrity of the Group's financial reporting to ensure that the interests of the Company's shareholders are well protected; to assist the Board in monitoring and reviewing the robustness of the systems, processes and controls the Group has in place to identify and manage risk and account for the results of its operations and financial position, giving due consideration to laws and regulations and the provisions of the QCA Code; and to oversee the independence and quality of external audit.

The Audit Committee therefore meets with the CFO and other members of the Executive and senior management of the Group from time to time for the purposes of reviewing the annual and interim results, the annual and interim reports, and other financial, internal control and risk management matters of the Company. It considers and discusses the reports and presentations of management, with a view to ensuring that the Group's consolidated financial statements are properly prepared in accordance with IFRS and other legal requirements. It also meets with the Group's external auditors, PwC, to consider PwC's proposals and reports on the scope, strategy, progress and outcome of their independent review of the interim financial report, and annual audit of the consolidated financial statements.

Audit Committee Report

Daniel Ruback (former Group CFO) left the Group in April. The Committee appreciates the progress he and his finance team have achieved in improving the Group's financial reporting function and integrating the Jet East acquisition in the US into the Group consolidation. An interim Group CFO, Michael Williamson, was appointed shortly after Daniel's resignation in January. Michael was most recently Group Chief Financial Officer for AIM-listed Sanderson Design Group Plc. He has held senior management positions and listed company Board positions over the last 25 years. He previously was Interim Group Chief Financial Officer for Gama Aviation Plc between December 2017 and September 2018.

Considerable emphasis continues to be placed on reviews at business unit level by Group Finance of programme performance, income, expenditure, balance sheets and cash flows.

Improvements in accounting processes delivered in the year include the following:

/ Implementing revenue auto-posting in the UK and US, eliminating the need to manually post thousands of invoices and enhancing the timeliness and accuracy of Sage general ledger accounting
/ Project Harrier, an initiative designed to provide more granular inventory analysis and the integration of Corridor (aviation operational maintenance system) balances into Sage
/ Travel and expense management solution, Concur, implemented to better control expenditure
/ Corporate compliance officer recruited to support improvements in the rollout, enforcement, training and application of an enhanced compliance environment
/ Reinvigorated Risk Register process linked to internal control effectiveness and related remediation plans
/ Internal audit function established with the appointment of KPMG, with specific internal audit assignments due to commence in Q2 2022
/ Simplification and reduction in number of subsidiary companies and bank accounts

During the year, the Committee has focused on oversight of the following matters in addition to the H1 results announcement:

/ Impact of the Coronavirus pandemic on the Group's operations, its people, performance and financial resilience
/ Cash, working capital management, adequacy of the revolving credit facility (RCF) and renewal of RCF and term loan
/ Results of business unit financial reviews
/ Assessment of the prospects for, and completion of the sale of, the China Aircraft Services Limited (CASL) associate and related valuation and financing matters
/ Integration and performance matters associated with acquisition of Jet East (US)
/ Progress of litigation and long outstanding receivables
/ 2022 Budget and 2022 to 2026 Strategic Plan
/ Annual impairment review of goodwill and other intangible assets
/ Inventory valuation
/ Long-term revenue contract accounting estimates
/ Presentation of exceptional items

As part of its review of the 2021 Annual Report and Accounts, the Committee gave careful consideration to the completeness of key risks identified by audit as well as the risks identified by the Board, the reasonableness of judgements made; the number and quantum of adjustments identified by management and external audit, including those relating to prior years and implications for internal financial controls; the nature and extent of immaterial adjustments arising from external audit; and whether the overall Report and Accounts present a fair, balanced and understandable view of the Group's results, financial position and cash flows on both a statutory and adjusted basis.

Key risks and judgements included, inter alia, the following:

/ Consideration of the use of the going concern assumption
/ Consideration of the recoverability of receivables balances and likely outcome of litigation matters, some of which date back a number of years
/ Consideration of completeness and accuracy of adjustments relating to prior year matters, whether they require restatement of prior year accounts, and implications for internal control and financial management
/ An impairment assessment of goodwill and the allocation of goodwill to cash-generating units
/ An impairment assessment of the Company's investment and intangible asset in myairops®, which is a cash-generating unit
/ An impairment assessment of a right-of-use asset relating to a planned development in Sharjah
/ An impairment assessment of the parent company's investments in, and intercompany balances receivable from, its subsidiaries

Priorities for the Committee in 2022 will include a continued review of the Group's risk register and internal control matrices, ensuring appropriate mitigations are in place, and reviewing internal audit findings and recommendations.

Nomination Committee
The Nomination Committee (the "Committee") is chaired by Michael Howell. The other members are Simon To and Peter Brown.

Under its terms of reference, the Nomination Committee must meet at least twice a year and is responsible for the following:

/ Monitoring and ensuring the proper composition of the Board
/ Succession planning
/ Retirements and appointments of additional and/or replacement Directors
/ Evaluation of Board effectiveness
/ Induction and training of Directors
/ Monitoring and managing any Director conflicts of interest

The Committee met twice during the year.

At the next available Board meeting, the Chairman provides a verbal report of the Committee's recent proceedings, if so requested, and makes appropriate recommendations relating to its areas of responsibility.

There were no appointments of new Directors during 2021. Mr Neil Medley, Chief Operating Officer, left the Company on 29 June 2021. He was not replaced.

Based on previous experience in undertaking such work in the context of other roles, Stephen Mount, Non-Executive Director, acting on behalf of the Committee, was asked to support the Committee by leading an assessment of the Board and Board Committee effectiveness via a questionnaire, a report and follow-up discussions with each Director. The results of the work have been assessed and are in the course of being implemented.

Mr To is both a member of the Committee and an Executive Director of Hutchison Whampoa which is a significant shareholder of Gama Aviation. The Committee is conscious in this context of the potential for possible conflicts of interest and, where necessary, will act accordingly by requesting Mr To to recuse himself.

It was decided on 29 July 2021 to appoint Mr Peter Brown, Director, as Senior Independent Director to convene and chair meetings of the four Independent Non-Executive Directors, who meet separately to consider on an appropriate and timely basis matters which could be compromised by such concerns.

Corporate and Social Responsibility (CSR) Committee
The CSR Committee is chaired by Simon To. The other members are Stephen Wright and Christopher Clarke. The Committee did not formally meet in the year, due in part to COVID-19 related challenges. Despite not holding formal meetings, the Group's Executive and management remain focused on improving their Social Value policies and environmental footprint, particularly on matters pertaining to CO_2 emissions from the business's activities.

With regard to the latter, this has led to Greenhouse Gas (GHG) audits under the ISO 14064-1:2018 methodology by a third party of 2019, 2020 and 2021 CO_2 emissions. Further details, including the Streamlined Energy and Carbon Report, can be found on pages 43 to 47.

Remuneration Committee
The Remuneration Committee ("the Committee") comprises three members, of which two are Independent Non-Executive Directors and one is a Non-Executive Director (the Chairman of the Board). The Committee is chaired by Christopher Clarke, supported by Michael Howell and Simon To. The Committee is required to meet twice a year. At the next available Board meeting, the Chairman of the Committee will provide a verbal report of the Committee's recent proceedings.

During the year, the Committee has:

/ Reviewed and modified as appropriate the annual salary awards and bonus of the Executive Directors and senior management;
/ Reviewed and modified as appropriate the share option scheme and proposed awards;
/ Engaged the services of two remuneration consultants so that, with respect to each of the Executive Directors, it has a better insight into the appropriateness of pay levels; the composition and structure of remuneration packages; and benchmarkings against comparable companies;
/ Reviewed and modified as appropriate salary and bonus proposals put forward by the executives; and
/ Considered and ultimately approved Long-Term Incentive Plan (LTIP) proposals put forward by Directors and by external advisors

A Remuneration Report is included on pages 38 to 42.

Below is set out the annual report of the Remuneration Committee (the "Committee"). The report comprises a description of how the Committee operates; a brief overview of the remuneration policy; and details of compensation paid to the Directors within the financial year.

Remuneration Committee Report
The Committee is appointed by the Board and is formed solely of Non-Executive Directors. The Remuneration Committee is chaired by Christopher Clarke. The other members of the Committee are Michael Howell and Simon To. The Committee met seven times during the year and all Committee members attended the meetings. In addition, the Committee had informal discussions as required from time to time. In the course of its work, the Committee has also liaised directly with the Company's external professional advisors as required from time to time. Comparisons were made with other companies of similar size and in similar sectors to develop a view of the relative positioning of the Company's remuneration policy. The Company aims to be at the mid-point of its peer group.

The Committee liaised with two remuneration consultants, who recommended changes including advice on matters such as annual bonus awards to Executive Directors, long-term incentive plans and benefits. There was a review of the Group's strategy (including the impact of and the response to the COVID-19 pandemic) and a consequent reassessment of the Group's prospects, projections, targets, management structure, roles and responsibilities.

Changes were developed by the Committee in conjunction with management and approved by the Board.

The Committee's terms of reference are available on the Company's website at https://www.gamaaviation.com/investors/committees/remco/

The Committee's principal duties are:

/ To review and make recommendations in relation to the Company's senior executive remuneration policy;
/ To apply these recommendations when setting the specific remuneration packages for each Executive Director, the Company Chairman and other selected members of senior management, and to include all compensation payments, annual bonuses, eligibility for long-term incentive schemes, pension payments, and contracts of employment;
/ To ensure that the remuneration policy is aligned with the short- and long-term strategy of the Company;
/ To monitor performance measurement and authorise awards under the Company's annual bonus;
/ To consult with key shareholders with regard to remuneration where appropriate, and take their views into account; and
/ To manage reporting and disclosure requirements relating to executive remuneration

Pay Policy
The Committee believes that the overall level of compensation for Directors and senior managers should compare favourably with similar-sized organisations and other peer groups, such that Directors are sufficiently rewarded for their responsibility and experience, that they are incentivised for strong performance, and that the Group is able to retain and develop the management capability and qualities needed for timely delivery of its strategy. The setting of corporate, divisional and personal targets, the mix of short- and longer-term remuneration, and its settlement in cash and shares, is intended to align executive reward as closely as possible to shareholder interests.

Base Salary
Base salaries are reviewed on an annual basis, and any increases become effective from 1 April each year. From 1 April 2021, base salaries were increased as follows: Marwan Khalek £367,684 (2020: £362,250), Stephen Wright £201,884 (2020: £198,900), Daniel Ruback, who left the Group on 8 April 2022, £270,000 (2020: £240,000) and Neil Medley, who left the Group on 29 June 2021, £340,025 (2020: £335,000).

Pension and Benefits
Executive Directors are entitled to a pension contribution as follows: Marwan Khalek: 22.5%; Stephen Wright: 18%; Neil Medley: 12% and Daniel Ruback: 12% of salary on a non-contributory basis in the form of a defined contribution to a pension plan and/or as a reduced cash supplement. Neil Medley opted to receive cash in lieu of a pension of 10% of salary and Marwan Khalek, from June 2021, has opted to receive cash in lieu of a pension of 19.77% of salary.

In addition, the Executive Directors are entitled to benefits in kind including car allowances, the provision of life assurance, Group income protection, travel insurance and private medical insurance.

Annual Bonus

The remuneration policy allows the Committee, at its discretion, to make annual cash bonus awards to the Executive Directors and staff.

A budgeted bonus pot was included in the 2021 Annual Plan to fund discretionary bonus payments to eligible staff in late Q1 2022 to be determined by the Group's generation of an Adjusted EBIT target. The Adjusted EBIT target was not met and accordingly no bonus payments in respect of 2021 will be paid. The calculation for the bonus pot may vary from year to year. Neil Medley has received £100k in cash award to satisfy the Company's obligations under his Service Agreement.

A history of executive bonus awards over the past six years is shown below:

£'000	**2021**	2020	2019	2018	2017	2016
Executive Directors						
Marwan Khalek	–	80	–	–	–	–
Stephen Wright	–	25	–	150	–	–
Neil Medley (resigned 29 June 2021)	–	50	–	33	–	–
Kevin Godley (resigned 1 February 2018)	–	–	–	110	–	–
Daniel Ruback (resigned 8 April 2022)	–	25	–	–	–	–
Non-Executive Directors						
Peter Brown	–	–	25	30	–	–
Sir Ralph Robins (resigned 3 April 2019)	–	–	–	30	–	–
Aggregate Emoluments	–	180	25	353	–	–

For the history of one element of performance, a graphic of the Company's share price over the past six years is shown below:

6 Year closing share price history

Option Awards
During the year, a number of options were awarded to Directors, senior managers and other staff. These awards were approved by the Committee on the recommendation of the CEO.

Long-Term Incentives
During the year, LTIP awards were made. Refer to Note 31 for further details. These awards were approved by the Committee on the recommendation of the CEO.

Director's Loan
At 31 December 2021 and throughout 2021, there were no Director loan balances outstanding (2020: nil).

Non-Executive Director Fees
Fees for Non-Executive Directors are approved by the Board. However, individual Non-Executive Directors do not vote on their own fee. Fees for Non-Executive Directors are set with reference to market data, time commitment, and chairmanship of Board committees. The Chairman of the Board is eligible for a fee of £53,000 per annum (2020: £53,000 per annum). The annual fee of the remaining individual Non-Executive Directors does not exceed £49,000 (2020: £49,000).

Service Agreements
The Executive Directors' Service Agreements provide that their employment with the Company is on a rolling basis, subject to written notice being served by either party of not less than six months. The current service contracts and letters of appointment include the following terms.

Directors	Date of Contract	Notice Period
Executive Directors		
Marwan Khalek	6 January 2015	12 months
Stephen Wright	6 January 2015	12 months
Daniel Ruback (resigned 8 April 2022)	16 December 2019	6 months
Non-Executive Directors		
Christopher Clarke	24 April 2019	3 months
Peter Brown	8 December 2014	3 months
Stephen Mount	27 June 2019	3 months
Michael Howell	24 April 2019	3 months
Chi Keung (Simon) To	2 March 2018	3 months

Under these service contracts, the Company may terminate an Executive Director's employment immediately by making a payment in lieu of base salary, benefits and statutory entitlements, and any bonus or commission payments pro-rated for the duration of the notice period. No bonus would be payable in the event of an Executive Director resignation.

The Directors received the following remuneration for the financial year ended 31 December 2021:

£'000	Salary & fees[2]	Additional cash payment[4]	Consultancy fees	Benefits in kind[1]	Pension[3]	**2021 Total**
Executive Directors						
Marwan Khalek	366	–	–	37	77	**480**
Stephen Wright	201	–	–	12	36	**249**
Neil Medley (resigned 29 June 2021)	225	100	–	10	23	**358**
Daniel Ruback (resigned 8 April 2022)	263	–	–	15	32	**310**
Executive total	1,055	100	–	74	168	**1,397**
Non-Executive Directors						
Peter Brown	47	–	–	–	–	**47**
Chi Keung (Simon) To	53	–	–	–	–	**53**
Christopher Clarke	47	–	–	–	–	**47**
Michael Howell	–	–	47	–	–	**47**
Stephen Mount	49	–	–	–	–	**49**
Non-Executive total	243	–	–	–	–	**243**
Aggregate Emoluments	**1,251**	**100**	**47**	**74**	168	**1,640**

1 Including the provision of life assurance, Group income protection, cash car allowances, private medical insurance, travel insurance and income protection.

2 Reimbursements for travel are not remuneration and therefore are excluded.

3 Includes pension contributions and cash paid in lieu of a contribution to a pension.

4 Neil Medley has received £100k in cash award to satisfy the Company's obligations under his Service Agreement.

The Directors received the following remuneration for the financial year ended 31 December 2020:

£'000	Salary & fees[2]	Bonus award	Consultancy fees	Benefits in kind[1]	Pension	**2020 Total**
Executive Directors						
Marwan Khalek	362	80	–	61	82	**585**
Stephen Wright	199	25	–	10	36	**270**
Neil Medley (resigned 29 June 2021)	335	50	–	11	34	**430**
Daniel Ruback (resigned 8 April 2022)	240	25	–	12	29	**306**
Executive total	1,136	180	–	94	181	**1,591**
Non-Executive Directors						
Peter Brown	47	–	–	–	–	**47**
Chi Keung (Simon) To	53	–	–	–	–	**53**
Christopher Clarke	47	–	–	–	–	**47**
Michael Howell	–	–	47	–	–	**47**
Stephen Mount	49	–	–	–	–	**49**
Non-Executive total	243	–	–	–	–	**243**
Aggregate Emoluments	**1,379**	**100**	**47**	**19**	168	**1,834**

1 Including the provision of life assurance, Group income protection, car allowances and private medical insurance

2 Reimbursements for travel are not remuneration and therefore are excluded

Statement of Directors' Interests
The table below sets out the beneficial interests in shares and unexercised share options of all Directors holding office as at 31 December 2021. On 19 January 2021, Daniel Ruback was issued a total of 25,000 ordinary shares of 1 penny each in the capital of the Company ("ordinary shares") at nil cost, in accordance with the terms of his service agreement.

	Ordinary shares	Unexercised share options	Total interests
Executive Directors			
Marwan Khalek[1]	**14,179,607**	**526,526**	**14,706,133**
Stephen Wright	**263,188**	**676,599**	**939,787**
Daniel Ruback (resigned 8 April 2022)	**25,000**	**473,837**	**498,837**
Non-Executive Directors			
Stephen Mount	**10,000**	**40,000**	**50,000**
Christopher Clarke	**–**	**30,000**	**30,000**
Chi Keung To	**130,000**	**–**	**130,000**
Michael Howell	**68,752**	**30,000**	**98,752**
Peter Brown	**20,000**	**30,000**	**50,000**

[1] Including 3,000,000 shares held in trust for the benefit of family members

The following table provides details on Directors' unexercised share options at 31 December 2021:

	CSOP/ASOP	LTIP	Total share options
Executive Directors			
Marwan Khalek	–	526,526	526,526
Stephen Wright	387,500	289,099	676,599
Daniel Ruback[1]	125,000	348,837	473,837
Non-Executive Directors			
Christopher Clarke	30,000	–	30,000
Peter Brown	30,000	–	30,000
Stephen Mount	40,000	–	40,000
Michael Howell	30,000	–	30,000
Chi Keung To	–	–	–

[1] Daniel Ruback left on 8 April 2022 and as such share options issued to him are expected to be cancelled.

The LTIP scheme has performance conditions attached to the vesting of the options. Refer to Note 31 for further information. The aggregate share-based payment expense recognised by the Group during the year for Directors is $150k (2020: $260k). This includes the cost of shares issued to Daniel Ruback as part of his service contract. Any charges for options issued to Directors resigning before the vesting date have been reversed.

The Group is committed to managing its business responsibly across a wide range of stakeholders; from the local communities of which it is a part, to 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 its wider stakeholder groups.

1. Employees
As a service organisation, the Group's employees are the backbone 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

2. 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, a:

/ Regular review of our processes, policies and controls;
/ Risk management framework to ensure risks are identified and appropriate controls are implemented across the business;
/ New Procurement Charter which seeks to encourage good Social Value behaviours through our supply chain, particularly with regard to 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

3. 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) requirements;
/ The development of ground and flight procedures to minimise noise, carbon and nitrogen oxide emissions, while maintaining the highest safety standards;
/ A new Procurement Charter which seeks to encourage good Social Value behaviours through our supply chain, particularly with regard to environmental and greenhouse gas reduction practices;
/ The removal of single-use plastics and engaging in waste 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

4. Supporting communities
From Van Nuys on the West Coast of the US, to Hong Kong in the Far East, 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. In normal times 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 and the Group is a proud signatory of the Armed Forces Covenant;
/ 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

Task Force on Climate-related Financial Disclosures (TCFD)
The Group understands its obligations to meet the new mandatory climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, which apply to reporting for financial years starting after 6 April 2022. This requires the Group to be compliant in the reporting of our full year 2023 financial statements.

According to the Transition Pathway Initiative's State of Transition Report 2021, the Group is currently operating on a Level 3/4 basis. This statement is based on the Group currently delivering the following items in line with the understood requirements of TCFD:

/ The Group recognises climate change as a significant issue for the business
/ The Group has a policy/programme (Project Element Six) committed to action on climate change
/ The Group has set GHG reduction targets through its Carbon Reduction Plan
/ The Group has published scope 1, 2 and 3 GHG emissions for all markets since 2019 via its Streamlined Energy and Carbon Reporting, which is audited via a third party using the ISO 14064-1:2018 methodology. Scope 3 customer downstream emissions are audited and reported via the SECR
/ Project Element Six is sponsored by the CEO
/ Our Group's GHG reporting covers our business activities in the US, UK, Middle East and Hong Kong
/ The Group recognises the importance of its climate obligations within its strategy

The Group's carbon footprint and SECR
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 as a result 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 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
	Outsourced activities, contract manufacturing and franchises	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

Based on the above classifications, the Group's GHG emissions have been assessed by Carbon Footprint Ltd following ISO 14064-1:2018, using the 2021 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 1 and 2 as well as reporting additional scope 3 emissions (the scope 2 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[1], UK, Middle East and Hong Kong.

[1] The data for the US includes that for Jet East, which was purchased by the Group in January 2021 and then subsequently merged into Gama Aviation's existing US maintenance business. Data has therefore been collected on a best endeavours basis for 2021 based on fluctuations in staffing, facilities and other factors due to the integration of the two operations.

Treatment of scope 3, indirect emissions
Having received advice from Carbon Footprint Ltd, the Group's ISO 14064-1:2018 audit partner, it has further delineated scope 3, indirect emissions, into two broad categories, these being:

- Scope 3 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 3 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

2021 Greenhouse Gas emissions

The Group is keenly aware that 2021 was another year where business operations and our customers' use of their aircraft was greatly reduced. This was again due to the prevalence of the Delta and Omicron variants of COVID-19, which restricted international travel. Consequently, the GHG emissions table below reflects a year of continued lower than expected flight activity in scope 3, which is only marginally higher than that seen in 2020. Table 1 summarises the GHG emissions for the reporting year 1 January 2021 to 31 December 2021 and comparatives.

Table 1: GHG emissions for reporting year 1 January 2021 to 31 December 2021 and comparatives

Scope	Activity	TCO_2e 2021	TCO_2e 2020	TCO_2e 2019
Scope 1	Site gas oil	344	406	681
	Site gas	139	154	118
	Van travel and distribution	34	32	120
	Company car travel	21	8	140
	Scope 1 Sub Total	**538**	**600**	**1,058**
Scope 2	Electricity generation	1,659	2,086	2,678
	Scope 2 Sub Total	**1,659**	**2,086**	**2,678**
Scope 3	Customer aircraft fuel consumption (downstream)	29,184	21,845	59,526
	Flights	344	210	874
	Home workers	23	144	–
	Electricity transmission and distribution	90	114	153
	Other[1]	69	55	1
	Scope 3 Sub Total	**29,710**	**22,368**	**60,719**
Total		**31,907[1]**	**25,055**	**64,455**

[1] The data for the US includes that for Jet East, which was purchased by the Group in January 2021 and then subsequently merged into Gama Aviation's existing US maintenance business. Data has therefore been collected on a best endeavours basis for 2021 based on fluctuations in staffing, facilities and other factors due to the integration of the two operations.

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

Total tonnes of CO_2e	31,907
Total Energy Consumption (kWh)[2]	115,207,192
Tonnes of CO_2e per tonne of jet fuel	6.58
Tonnes of CO_2e per £m turnover[3]	98.0

Total scope 1, 2 and 3 excluding customer aircraft fuel consumption

Total tonnes of CO_2e excluding customer aircraft fuel consumption	2,723
Tonnes of CO_2e per employee[1, 2]	2.42

[1] Other includes emissions from Air Freight, Grey Fleet, Taxi Travel, Rail Travel and Outsourced Lorry Freight.

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

[3] 31,907/(Revenue of $235.9m)/1.38 = 98.0

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.

	2021	2020
Tonnes of CO_2e[1] per employee[2]	**2.42**	4.41

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

[2] Based on an average full-time employee population during the audit period (including the acquisition of Jet East) of 1,127.

Offsetting 2021 emissions

The Board has once again approved the offsetting in 2022 of the Group's 2021 emissions pertaining to the following categories audited by Carbon Footprint under ISO 14064-1:2018:

- / The Group's scope 1 emissions;
- / The Group's scope 2 emissions; and
- / The Group's scope 3 emissions but limited to those for which the business is directly responsible. This omits indirect customer aircraft fuel consumption as previously defined

To this end, the Group is committed to offsetting at least 2,723 tonnes of CO_2e during 2022. The table below shows the breakdown of the scope 1, 2 and 3 emissions excluding customer aircraft fuel consumption and the effect of the offsetting.

Breakdown of CO_2e per emissions scope and effect of offsetting

Activity	**2021**	2020	2019
Total Scope 1 and 2 Gross Location-Based Emissions (tCO_2e)	**2,197**	2,686	3,736
Scope 3 emissions (tCO_2e) excluding customer aircraft fuel consumption	**526**	524	1,193
Sub-total	**2,723**	3,210	4,929
Carbon offsets (tCO_2e)	**2,723**[1]	3,210	–
Total Net Location-Based Scope 1, 2 and 3 Emissions (tCO_2e) (excluding customer aircraft fuel)	**–**	–	4,929

[1] To be purchased.

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	**2021**	2020
UK Operations Scope 1 and 2 energy consumed (kWh)	**3,180,807**	5,754,805
Total Scope 1 and 2 energy consumed (kWh)	**7,542,746**	8,779,550
Total energy consumed (all scopes) (kWh)	**115,207,192**	97,009,229

Selection of offsetting programmes
In accordance with the Group's wider corporate social responsibility programme and its values, the Group believes that any offsetting programme should be compatible with the spirit of its corporate social responsibility aims. It is for this reason that the selection of the offsetting programme:

- Shall not include tree-planting in the UK as its sole means of carbon reduction;
- Shall not be limited to activities in the UK, to reflect the geographic diversity of the Group;
- Should empower gender and racial diversity and encourage economic growth within a community;
- Should comply with the Group's ethical standards; and
- Should be delivered through a Gold Standard VER/Verified Carbon Standard or equivalent scheme

Project Element Six: Carbon reduction and a low carbon future
After the first year of 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.

The SECR report demonstrates:

- A year on year reduction of the Group's scope 1, 2 and partial scope 3 CO_2 emissions during a period when headcount has grown; and
- A lowering of the Group's UK scope 1 and 2 energy consumption by more than 2.5m kWh

Given the limitations of the current technology used directly and indirectly by the Group, it is likely that the Group will continue to use carbon offsetting to mitigate its carbon footprint in the near future.

However, the proportion of GHG emissions derived from the business is dwarfed by that of fuel burn directly relating to customer-initiated activity. Therefore, further efforts are needed to work with customers to use reductive or offset mechanisms to mitigate the impact of their fuel consumption.

Over the course of this year, the Executive and business leadership will continue, via Project Element Six, to:

- Improve audit accuracy and data such that the Group will have, 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 1, 2 and 3 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
- Review, aid and partner with low carbon technologies (fuels, engines and systems) that may substitute current technologies to achieve a low carbon future

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2021.

Principal activities
The Group delivers a comprehensive array of high value aviation services through three distinct market-facing strategic business units (SBU) these being Business Aviation, Special Mission and Technology & Outsourcing. Central to this successful model, and the Group's enduring customer relationships, has been the provision of the Group's 39 years of aviation design, maintenance, operational management, charter, software and facilities expertise.

Employment of disabled persons
The Group gives full consideration to applications for employment from disabled persons where the requirements of the jobs can be adequately fulfilled by a disabled person. Where an existing employee becomes disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement
During the year the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Matters included in the strategic report
Financial risk management policies and objectives are disclosed in the strategic report and Note 34 of the financial statements, and future developments are disclosed in the strategic report.

Streamlined Energy and Carbon Report
The Group's SECR for 2021 is contained within the preceding section of this Annual Report.

Qualifying third party indemnity provisions
The Group has made qualifying third party indemnity provisions for the benefit of its Directors which were in place during the year and to the date of this report.

Directors
The Directors who served the Company throughout the period, unless otherwise stated, were as follows:

M Khalek
S Wright
N Medley (resigned 29 June 2021)
D Ruback (resigned 8 April 2022)
CK To
P Brown
C Clarke
M Howell
S Mount

Dividends
The Board does not recommend a dividend for 2021 (2020: nil pence per share). The Company intends to restore the parent company's distributable reserves, which may involve extracting dividends from subsidiaries amongst other steps. The parent company financial statements show accumulated losses of £15,072k (2020: £13,292k accumulated losses).

Post balance sheet events
These are detailed in Note 35 of the financial statements.

Charitable and political donations
Group donations to charities worldwide were $569 (2020: $5,035). No donations were made to any political party in either year.

Engagement with employees and other stakeholders
The Section 172 statement covering the interests of the Company's employees, on pages 28 and 29, provides further details on engagement with employees.

Wider stakeholder engagement
The Group has continued to foster its relationships with wider stakeholders including investors, customers, suppliers, to help drive principal decisions taken by the Group during the financial year. Further details on how the Board has considered these stakeholders in its decision making has been included within the Section 172 statement covering fostering business relationships with suppliers, customers and others, on pages 28 and 29.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the Company 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, 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 Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

/ Select suitable accounting policies and then apply them consistently;
/ State whether applicable IFRSs as issued by the International Accounting Standards Board (IASB) have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
/ Make judgements and accounting estimates that are reasonable and prudent; and
/ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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 that the financial statements comply with the Companies Act 2006.

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Operational Performance Review and Finance Review.

To support their assessment of Going Concern, the Directors have performed a detailed analysis of cash flow projections for the Group covering the period from the date of approval of the annual financial statements to 30 June 2023. The Directors have also considered the outlook for the business beyond 30 June 2023 based upon its five-year Strategic Plan. The analysis takes account of the following amongst other relevant considerations:

/ The $50.0m committed RCF, of which $12.1m (2020: $24.7m) is undrawn at the reporting date and a £20.0m (2020: £20.0m) term loan;
/ The one-off and non-recurring nature of the receipt in 2021 relating to the remaining balance of the US Air Associate disposal proceeds of $17.5m and the related tax payment of $3.1m;
/ The acquisition of Jet East, which resulted in additional working capital consumption in 2021 due to operational inefficiencies at start-up locations;
/ Cash at 31 December 2021 of $10.2m (2020: $16.1m) and cash at 28 February 2022 of $16.6m; and
/ Working capital levels and the conversion of profits into cash flows

The borrowing facilities have no covenants and fall due for repayment on 14 November 2022 and 31 January 2023 respectively. The RCF is settled and drawn down on a cyclical basis. It falls due for repayment within twelve months of the reporting date and has been presented in current liabilities. The term loan falls due for repayment over twelve months from the reporting date and has been presented in non-current liabilities. The RCF and term loan are held in the Company.

The Company and Group is well advanced in its negotiations with HSBC regarding refinancing and the Directors are confident that these facilities will be renewed at the same levels, albeit based on draft term sheets at a higher finance cost. However, at the time of approving the Annual Report, the renewal of the facilities has not been concluded. Discussions with alternative potential lenders remain at too early a stage to be considered.

The key assumptions in the Board approved base case projections relate to revenue performance and working capital cash flows, and the Directors have included what they consider to be a cautious level of revenue performance and working capital. A severe but plausible downside scenario has also been assessed, which reflects operating cash flows in the first half of 2022 remaining no better than 2021 operating cash flows, after excluding significant one-off receipts and payments. In the Group's base case forecasts, the Group maintains a minimum of $26.8m headroom against its cash and available facilities (assuming renewal of existing facilities). In the Group's downside scenario, the Group maintains a minimum of $16.8m headroom against its cash and available facilities before accounting for any significant management action to improve cash flows via curtailing operating cost, deferring capital expenditure and exploring other financing arrangements for some of its fixed asset base.

Accordingly, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Therefore, after making appropriate enquiries and considering the uncertainties described above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Company and Group financial statements. However, as the renewal of borrowing facilities with HSBC has not been concluded at the time of approving the financial statements, there is a risk that, if these facilities were not renewed at the proposed levels, and the Company and Group were not able to secure equivalent levels of funding from alternative facilities, loans and asset-backed financing, the Company and the Group may not be able to meet its liabilities as they fall due.

As a result, there is a material uncertainty that may cast significant doubt about the Company and the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company or Group were unable to continue as a going concern.

Disclosure of information to the auditors

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

/ So far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
/ The Director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated that they do not intend to stand for re-election at the forthcoming Annual General Meeting and the Audit Committee has commenced a process to appoint another audit firm in due course.

On behalf of the Board

Marwan Khalek
Director

27 May 2022

Performance Driven

Financial statements


Your mission, our passion.

Independent auditors' report to the members of Gama Aviation Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Gama Aviation Plc group financial statements and parent company financial statements (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 2021 and of the group's loss and the group's cash flows 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated balance sheet and the Parent company statement of financial position as at 31 December 2021; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated cash flow statement and the Parent company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's and the company's ability to continue as a going concern. The refinancing of the committed revolving credit facility (RCF) and the term loan, due on 14 November 2022 and 31 January 2023 respectively, have not been secured at the date of the issuance of these financial statements. If facilities are not renewed at the current level the Company may not be able to meet its liabilities as they fall due. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a 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.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We obtained evidence from HSBC that supports their indicative commitment to the refinancing of the borrowings that have not yet been formalised.
- We checked the consistency of the cash flows for the next 12 months used in the going concern assessment with the trading performance over the last financial year and in the period since. We found the cash flows to be consistent with recent trading.
- We vouched the cash on hand and the current available facilities in the Directors' going concern assessment to our year end audit work.
- We examined the severe but plausible downside sensitivities that the Directors had applied and considered their likelihood and whether other scenarios could apply and the associated impact on headroom.
- We read the disclosures in the Directors' Report and in Note 2 "Basis of preparation and significant accounting policies" and validated they accurately describe the Directors' considerations in this area.

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

Our audit approach
Overview

Audit scope	/ We performed full scope audit procedures over 7 component entities and specific audit procedures on a further 2 entities. This included the full scope audit of the two US components, Gama Aviation (Engineering) Inc and the newly acquired Jet East Aviation Corporation LLC undertaken by PwC US. All other work was undertaken by the UK group audit team. / Taken together, the entities over which audit work was performed accounted for 75% of the group's statutory revenue. / Where the operating businesses were located outside the UK, we worked together with our network firms located in the relevant territories to ensure we had sufficient evidence upon which to base our audit opinion.
Key audit matters	/ Material uncertainty related to going concern / Impairment of goodwill (group) / Impairment of investments (parent) / Long term contract accounting (group) / Recoverability of legacy trade receivables (group) / Presentation and disclosure of segmental reporting (group) / Completeness and accuracy of lease accounting (group) / Purchase Price Allocation (Jet East Aviation Corporation LLC) valuation of goodwill and intangibles (group)
Materiality	/ Overall group materiality: US$323,000 (2020: US$252,000) based on approximately 0.14% of adjusted revenue. / Overall parent company materiality: £1,018,000 (2020: £908,000) based on approximately 1% of total assets. / Performance materiality: US$163,000 (2020: US$189,000) (group) and £763,500 (2020: £681,000) (parent company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Presentation and disclosure of segmental reporting, Completeness and accuracy of lease accounting, PPA (Jet East Aviation Corporation LLC) valuation of goodwill and intangibles are new key audit matters this year. Presentation of exceptional items, Business Aviation (BAC) Sharjah impairment, Impairment of investments accounted for under the equity method and Payment Protection Program (PPP) loan eligibility and forgiveness, which were key audit matters last year, are no longer included because they were either one off transactions; or the facts and circumstances surrounding the judgement have not changed and therefore no significant additional work has been required or in the instance of exceptional items management have additional controls and processes to identify exceptional items. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill (Group) *Page 36 (Audit Committee report) and page 73 (Note 2 to the Consolidated Financial Statements – Significant accounting policies – Goodwill) and page 91 (Note 13 to the Consolidated Financial Statements – Goodwill)* The carrying value of goodwill is $22.2 million as at 31 December 2021. The goodwill substantially relates to the Special Mission Division. The group is required to test goodwill for impairment on an annual basis. Determining whether the carrying value of goodwill is impaired requires management to make significant judgements and assumptions in their assessment of the fair value less costs to sell or value in use. Management considers the value in use calculation to be higher than fair value less costs to sell. Forecasts and assumptions used in value in use calculations are inherently judgemental and therefore may give rise to increased risk of misstatement. These include forecast cash flows, growth rates and pre tax discount rates. Management performed sensitivity analyses on certain key assumptions as noted above to understand the level of available headroom. No impairments were identified in the goodwill balances at 31 December 2021.	We have challenged management's key assumptions and tested the impairment models and calculations by performing the following: Testing the mechanical and mathematical accuracy of the impairment models; assessed the appropriateness of CGUs to which goodwill has been allocated; we used PwC valuation specialists to assess the methodology applied in the valuation model and the appropriateness of the discount rate; we benchmarked the discount rate to comparable companies and considered the underlying assumptions based on our knowledge of the group and its industry; evaluated management's forecasts by reference to historical performance and considered growth rates applied to future cash flows by reference to external market data. We also independently applied sensitivities to key assumptions used in management's value in use calculation. As a result of our challenges, revisions to the valuation model were made by management. Based on our audit procedures performed we found that management's revised calculation of the value in use supported their conclusion that no impairment charges to goodwill were required. We also assessed the disclosures around the impairment assessment, the associated sensitivity analyses, and management's disclosure of impairment assessments as a key accounting estimate in Note 3 and have found these to be appropriate.
Impairment of investments (parent) *Page 36 (Audit Committee report) and Page 129 (Note 1 to the Parent Company Financial investments – Accounting policies – Valuation of investments)* The Parent company statement of financial position includes investments of £51.6 million in relation to the Company's Investments in subsidiary undertakings. Given the results of the group have been below management's expectations and the share price remains at a level where the market capitalisation is below the total investment carrying value, an impairment trigger was identified. The investment has been tested by reference to a recoverable amount which has been assessed using a value in use model on the basis that this indicates a higher recoverable amount than fair value less cost to sell. This is based on forecast future discounted cash flows which include judgements and estimates, including future growth rates and the discount rate applied to future cash flow forecasts. Management performed sensitivity analyses on certain key variables in the value in use calculation to understand the impact of changes in key assumptions	We considered management's assessment that value in use provided a higher recoverable amount than fair value less cost to sell and agreed with this basis. We performed audit procedures over the value in use calculations prepared by management. We used PwC valuation specialists to assess the methodology applied in the valuation model and the discount rates used. We benchmarked the discount rates to comparable companies and considered the underlying assumptions based on our knowledge of the group and its industry. We evaluated management's forecasts by reference to historical performance and considered growth rates applied to future cash flows by reference to external market data. We also independently applied sensitivities to key assumptions used in management's value in use calculation. As a result of our challenges, revisions to the valuation models were made by management. Based on our audit procedures performed we found that management's revised calculation of the value in use for investments supported their conclusion there is sufficient headroom to support the carrying value of the investments. We also assessed the disclosure in Note 1 and 3 of the Parent company financial statements regarding the impairment assessment, the associated sensitivity analyses, and management's disclosure of impairment assessments as a key accounting estimate and have found these to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Long term contract accounting (group) *Page 69 (Note 2 to the Consolidated Financial Statements – Basis of preparation and significant accounting policies – Revenue from contracts with customers)* The group has two complex contracts which span multiple periods and are accounted for on a percentage of completion (POC) basis in accordance with IFRS 15. Long term contract accounting requires a number of judgements and management estimates to be made, particularly in calculating the forecast costs to complete the contract. These judgements drive the revenue and profit recognition, and together with cash paid by the customer, impact the balance sheet position at the year end.	We had meetings with key financial and non-financial personnel to discuss contract performance, as well as evidence to support contract financials. Specifically our procedures included the following; We assessed the basis of revenue recognition to ensure it is line with applicable accounting standards; We agreed overall anticipated revenue to the underlying contract and contract modifications and validated a sample of customer invoices through to cash receipt; We obtained evidence to corroborate management judgements and estimates, particularly around cost to complete and risk contingencies; We validated costs incurred and allocated to contracts to supporting documentation. As a result of our audit work a material adjustment to reduce revenue recognised in the year has been made by management.
Recoverability of legacy trade receivables (group) *Page 36 (Audit Committee report) and page 75 (Note 2 to the Consolidated Financial Statements – Accounting policies – Financial assets) and page 102 (Note 19 to the Consolidated Financial Statements – Trade and other receivables)* The group has trade receivables at 31 December 2021 of $34.9 million stated after impairment provisions of $5.7 million. The evaluation of the recoverability of trade receivables, and therefore the level of impairment provision required, involves significant judgement. The material decrease in the provision in the year largely relates to a significant settlement of historic overdue receivables in Business Aviation.	We have performed detailed audit procedures over the recoverability of trade receivables balances at year end. This has included testing of subsequent cash receipts, testing of the ageing of receivables, making enquiries of management over their assessment for the expected credit loss provision, performed look back tests to assess the accuracy of management's prior year estimates and, where applicable, reviewing legal correspondence and making enquiries of group legal counsel and external legal counsel. Based on the audit procedures performed we found that the valuation of trade receivables was appropriate. We also read the disclosures in respect of impairment provisions for trade receivables included in the critical accounting judgements and estimates in Note 3 and found these to be appropriate.
Presentation and disclosure of segmental reporting (group) *Page 70 (Note 2 to the Consolidated Financial Statements – Accounting policies – Segmental reporting) and page 79 (Note 4 to the Consolidated Financial Statements – Segment information)* An operating segment is a distinguishable component of the group that is engaged in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the Chief Operating Decision Maker ("CODM") and for which discrete financial information is available. In FY21 management finalised their changes to its internal organisation and as a result of the reorganisation the structure of the business, which includes reorganisation of reporting structures and amendment of information presented to the CODM as well as how the business is presented to the market. Such fundamental changes in structure requires a restatement of the corresponding information for prior periods for each individual item of disclosure reported in the segments.	We have assessed the appropriateness of the segments defined within the Consolidated Financial Statements. This has included: / Considering the determination of the CODM / Obtaining an understanding of the internal reporting structure / Reviewing information provided to the CODM as part of regular reporting / Reviewing the process by which budgets have been constructed. Based on the audit procedures performed we consider the determination of the new reporting segments to be appropriate. We have considered the quantitative and qualitative assessment conducted by management in determining reportable segments. We consider the reportable segments to be appropriate. We have audited the disclosures within the Consolidated Financial Statements, including with regard to restatements made to prior year figures and we are satisfied that the disclosures made are appropriate.

Key audit matter	How our audit addressed the key audit matter
Completeness and accuracy of lease accounting (group) *Page 71 (Note 2 to the Consolidated Financial Statements – Accounting policies – Leases) and page 107 (Note 23 to the Consolidated Financial statements – Obligations under leases).* IFRS 16 Leases became effective from 1 January 2019 and represented a significant and complex change for the treatment of leases. During the current year, management performed an updated review across the portfolio of leases across the group and errors were identified in the implementation of IFRS 16. The errors identified could be separated into three main categories being completeness, computational errors on foreign exchange and lease terms. The overall errors identified resulted in a restatement to 2020 and 2019 results, the total impact being a \$97k (profit) restatement to the Consolidated income statement in FY20 and a cumulative reduction in net assets of \$648k to the restated Consolidated balance sheet at 31 December 2020.	We have obtained an updated list of leases including changes to lease agreements during their lifecycle covering pre and post transition to IFRS 16 accounting. We have understood the causes of the omission of lease terms and erroneous attempts to correct for them in the prior year and management's process in FY21 for establishing completeness of all leases and contractual terms across the group. We have tested the completeness of management's exercise and understood errors in respect of prior years identified by management during this process. Our completeness checks have included; Obtaining lessor confirmations from third parties where incomplete lease information was retained; We have tested a sample of rental or hire expenses invoiced in the local ledgers for evidence of incompleteness in the lease portfolio; and we have held inquiries with management and engagement teams across the group to corroborate the completeness of lease portfolio based on local knowledge of their operations. We have reperformed lease calculations in regards to all leasing errors identified. We have obtained lease agreements for all leases where there have been changes to terms during either period. We have performed procedures including review of minutes, inquiries with legal counsel and others outside of the group finance team. We have audited any resulting prior year adjustments and associated disclosures and we have audited the in-year IFRS 16 accounting entries booked in the consolidation at group level consistent with previous years.
Purchase Price Allocation (Jet East Aviation Corporation LLC) valuation of goodwill and intangibles (group) *Page 72 (Note 2 to the Consolidated Financial Statements – Accounting policies – Business combinations) and page 89 (Note 12 to the Consolidated Financial Statements – Acquisitions),* Gama Aviation Plc completed acquisitions of Jet East Aviation Corporation LLC in the year. Business combinations are inherently of greater risk as they are one off and unique in nature. Management has applied key judgements, including assessing the fair value of assets and liabilities acquired. A material amount of intangible assets was created following the acquisition resulting in a risk regarding the accuracy of the intangible categories.	We obtained and reviewed the purchase agreements to ensure that all terms have been considered and accounted for appropriately. We used our internal valuation experts to assess the appropriateness of the fair value of acquired intangibles and other assets and liabilities, as calculated by management's experts. We have assessed management's assumptions and estimates for the PPA, and concluded that there is nothing we materially disagree with. We obtained supporting evidence over the existence and valuation of Accounts Receivable, Work in Progress and completeness of Accounts Payable balances at the acquisition date. In addition to these procedures we attended the FY20 inventory count with no exceptions. We agreed the consideration paid to supporting documents and bank statements. Based on the audit procedures performed we concluded that the valuation, and categorisation of intangibles is not materially misstated. We reviewed the disclosures made in respect of the acquisition, in particular around estimates and uncertainties, and are satisfied that the disclosures made are appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

We determined that the most appropriate level at which to scope our audit was the legal entity level. We consider there to be 7 large and high risk reporting entities within the group as listed within the highlights section; 5 of these entities were audited in the UK by the group auditors. The audits of Gama Aviation Engineering Inc and Jet East Aviation Corporation LLC are located in the United States and the work was performed by a PwC US component team. We performed additional procedures over Intangibles and amortisation and Impairment of investment in associate at two further entities to ensure sufficient coverage over the financial line items. In total we performed procedures which together accounted for 75% of the group's statutory revenue. This, together with additional procedures performed at the group level, including testing of significant journals posted within the consolidation, impairment assessments and taxation, gave us the evidence we needed for our opinion on the financial statements as a whole. Only one component auditor, located in the US, was involved in the audit as all other procedures were performed by the group audit team. The group engagement leader discussed and agreed the audit plan with our US component audit team, in addition to agreeing the format and content of communications. We determined the level of involvement we needed to have in the audit work at these reporting entities to be able to conclude whether sufficient appropriate evidence had been obtained as a basis for our opinion on the financial statements as a whole. We maintained regular dialogue throughout the audit process with the US component team, through the use of video conferencing and the group engagement leader attended an audit meeting in person through the year end work. We also supervised the work performed through a review of the US team's working papers and we are comfortable that sufficient and appropriate procedures have been performed.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	**Financial statements – parent company**
Overall materiality	US$323,000 (2020: US$252,000).	£1,018,000 (2020: £908,000).
How we determined it	approximately 0.14% of adjusted revenue	approximately 1% of total assets
Rationale for benchmark applied	We consider adjusted revenue to be the more stable measure to identify an appropriate benchmark to base our overall materiality calculation and is consistent with the benchmark applied in the prior year.	We believe that total assets comprise the transactions of greatest interest to the shareholders in assessing the entity, and is a generally accepted auditing benchmark. Materiality has been restricted to $59,000 in respect of balances included in the group consolidated financial statements.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was $30,000 to $239,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% (2020: 75%) of overall materiality, amounting to US$163,000 (2020: US$189,000) for the group financial statements and £763,500 (2020: £681,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $16,000 (group audit) (2020: $12,000) and £49,000 (parent company audit) (2020: £45,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit
Responsibilities of the directors for the financial statements
As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to to AIM rules regulated by the LSE, applicable Generally Accepted Accounting Practices, tax compliance legislation, the regulations of country aviation authorities such as the Civil Aviation Authority, and the UK Bribery Act, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Civil Aviation Authority (CAA), Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to (1) posting inappropriate journal entries to manipulate financial results; (2) management bias in accounting estimates such as long-term contract accounting; (3) inappropriately including or excluding transactions from the group's underlying alternative performance metrics; and (4) transactions with related parties distorting the financial information in the financial statements and hiding the economic substance of transactions or fraud. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management at multiple levels and across the business throughout the year. At year end this also included a discussion with the group's legal counsel. These discussions have included consideration of known suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Reviewing correspondence with, and reports to, the relevant regulatory authorities;
- Challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias), particularly in relation to the key audit matters above;
- Identifying and testing unusual journal entries, in particular journal entries posted with unusual account combinations, and testing all material consolidation journals;
- Performing searches for purchase ledger transactions and payments with related parties including directors, close family members and other directorships and related companies. Testing identified transactions to related party disclosures in the financial statements;
- Incorporating elements of unpredictability into the audit procedures performed
- Identifying and testing approval process for key management expenses; and
- Challenging why certain items are excluded or included from adjusted EBIT and assessment of disclosures included in the Annual Report explaining and reconciling alternative performance measures to statutory metrics.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Julian Gray

Julian Gray
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

27 May 2022

/ CONSOLIDATED INCOME STATEMENT
/ FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021			Year ended 31 December 2020 Restated[2]		
	Note	Statutory result $'000	Adjusting items[1] $'000	Adjusted result[1] $'000	Statutory result $'000	Adjusting items[1] $'000	Adjusted result[1] $'000
Continuing operations:							
Revenue	4	**235,909**	**–**	**235,909**	197,503	(15,500)	182,003
Cost of sales		**(191,178)**	**–**	**(191,178)**	(144,725)	–	(144,725)
Gross Profit	4	**44,731**	**–**	**44,731**	52,778	(15,500)	37,278
– Other administrative expenses		**(40,906)**	**3,047**	**(37,859)**	(29,753)	2,075	(27,678)
– Impairment of right-of-use assets	23	**(1,911)**	**1,911**	**–**	(6,544)	6,544	–
– Impairment of acquired intangibles	6	**–**	**–**	**–**	(833)	833	–
– Impairment of assets under construction	6	**–**	**–**	**–**	(4,609)	4,609	–
– Depreciation and amortisation	5	**(10,813)**	**1,200**	**(9,613)**	(7,968)	614	(7,354)
– Impairment of financial assets	19	**21**	**(63)**	**(42)**	(3,083)	(709)	(3,792)
Total administrative expenses		**(53,609)**	**6,095**	**(47,514)**	(52,790)	13,966	(38,824)
Other income	6	**1,626**	**(1,626)**	**–**	–	–	–
Operating loss		**(7,252)**	**4,469**	**(2,783)**	(12)	(1,534)	(1,546)
Share of results from equity accounted investments	17	**(1,491)**	**–**	**(1,491)**	(9,705)	6,433	(3,272)
Reversal/(impairment) of equity accounted investments	17	**1,491**	**(1,491)**	**–**	(3,421)	3,421	–
Profit on disposal of interest in associates	17	**–**	**–**	**–**	7,278	(7,278)	–
Earnings before interest and taxation	4,5	**(7,252)**	**2,978**	**(4,274)**	(5,860)	1,042	(4,818)
Finance income	8	**617**	**–**	**617**	1,535	–	1,535
Finance expense	9	**(4,110)**	**–**	**(4,110)**	(3,817)	–	(3,817)
Loss before tax		**(10,745)**	**2,978**	**(7,767)**	(8,142)	1,042	(7,100)
Taxation	10	**1,980**	**(471)**	**1,509**	(6,496)	5,017	(1,479)
(Loss)/profit for the year		**(8,765)**	**2,507**	**(6,258)**	(14,638)	6,059	(8,579)
Attributable to:							
Owners of the Company		**(8,062)**	**2,507**	**(5,555)**	(15,123)	6,059	(8,624)
Non-controlling interests	26	**(703)**	**–**	**(703)**	45	–	45
Earnings per share (EPS) attributable to the equity holders of the parent (cents)							
basic	11	**(12.7c)**	**4.0c**	**(8.7c)**	(23.1c)	9.5c	(13.6c)
diluted	11	**(12.7c)**	**4.0c**	**(8.7c)**	(23.1c)	9.5c	(13.6c)

1 The Alternative Performance Measures (APMs) are defined in Note 6 of the notes to the financial statements and reconciled to the nearest IFRS measure

2 Restatements are detailed in Note 2 of the notes to the financial statements

/ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
/ FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**Year ended 2021 $'000**	Year ended 2020 Restated[1] $'000
Loss for the year		**(8,765)**	(14,638)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(307)**	1,184
Share of other comprehensive income of associates	17	**–**	92
Other comprehensive income/(loss)		**(307)**	1,276
Total comprehensive loss for the year		**(9,072)**	(13,362)
Total comprehensive income/(loss) is attributable to:			
Owners of the Company		**(8,369)**	(13,407)
Non-controlling interest		**(703)**	45
		(9,072)	(13,362)

[1] Restatements are detailed in Note 2 of the notes to the financial statements

/ CONSOLIDATED BALANCE SHEET
/ COMPANY NUMBER 07264678
/ AS AT 31 DECEMBER 2021

	Note	2021 $'000	2020 Restated[1] $'000	As at 1 January 2020 Restated[1] $'000
Non-current assets				
Goodwill	13	**22,236**	22,490	21,750
Other intangible assets	14	**15,654**	10,329	10,148
Total intangible assets		**37,890**	32,819	31,898
Property, plant and equipment	15	**53,489**	54,669	35,324
Right-of-use assets	23	**36,383**	35,415	53,291
Investments accounted for using equity method	17	**–**	2,000	15,112
Trade and other receivables	19	**291**	13,030	4,221
Deferred tax asset	22	**3,918**	–	2,252
		131,971	137,933	142,098
Current assets				
Assets held for sale	17	**–**	–	2,598
Inventories	18	**8,915**	5,978	7,271
Trade and other receivables	19	**63,808**	49,359	76,078
Current tax receivable	10	**27**	1,280	1,146
Cash and cash equivalents		**10,243**	16,136	8,463
		82,993	72,753	95,556
Total assets		**214,964**	210,686	237,654
Current liabilities				
Trade and other payables	24	**(39,342)**	(38,085)	(51,624)
Current tax liabilities	10	**(574)**	(15)	–
Obligations under leases	23	**(7,970)**	(8,566)	(18,560)
Provisions	30	**(772)**	(679)	(521)
Borrowings	21	**(40,175)**	(1,000)	(848)
Deferred revenue	32	**(8,880)**	(12,676)	(2,707)
Deferred consideration	20	**(290)**	–	–
		(98,003)	(61,021)	(74,260)
Total assets less current liabilities		**116,961**	149,665	163,394
Non-current liabilities				
Borrowings	21	**(26,979)**	(52,197)	(45,394)
Deferred revenue	33	**(2)**	(691)	(4,382)
Provisions	30	**(348)**	(774)	(594)
Obligations under leases	23	**(40,032)**	(37,573)	(43,084)
Deferred tax liabilities	22	**–**	(2,109)	(819)
Trade and other payables	24	**(1,821)**	–	–
Deferred consideration	20	**(256)**	–	–
		(69,438)	(93,344)	(94,273)
Total liabilities		**(167,441)**	(154,365)	(165,411)
Net assets		**47,523**	56,321	69,121
Shareholders' equity				
Share capital	25	**954**	953	953
Share premium	25	**63,502**	63,473	63,473
Other reserves	25	**34,997**	35,360	34,798
Foreign exchange reserve		**(24,722)**	(24,415)	(25,691)
Accumulated losses		**(27,301)**	(19,846)	(5,163)
Total shareholders' equity		**47,430**	55,525	68,370
Non-controlling interest	26	**93**	796	751
Total equity		**47,523**	56,321	69,121

[1] Restatements are detailed in Note 2 of the notes to the financial statements

The financial statements on pages 60 to 125 were approved by the Board of Directors and authorised for issue on 27 May 2022 and are signed on their behalf by:

Marwan Khalek
Director

/ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
/ FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital $'000	Share premium $'000	Other reserves $'000	Foreign exchange reserve $'000	Accumulated profit/ (losses) $'000	**Total shareholders' equity $'000**	Non-controlling interest $'000	**Total equity $'000**
Balance at 1 January 2020, as reported	**953**	**63,473**	**34,798**	**(29,179)**	**(5,062)**	**64,983**	**751**	**65,734**
Restatement[1]	–	–	–	3,488	(101)	**3,387**	–	**3,387**
Balance at 1 January 2020, restated	**953**	**63,473**	**34,798**	**(25,691)**	**(5,163)**	**68,370**	**751**	**69,121**
(Loss)/profit for the year, restated	–	–	–	–	(14,683)	**(14,683)**	45	**(14,638)**
Other comprehensive income, restated[1]	–	–	–	1,276	–	**1,276**	–	**1,276**
Total comprehensive (loss)/profit for the year, restated[1]	**–**	**–**	**–**	**1,276**	**(14,683)**	**(13,407)**	**45**	**(13,362)**
Cost of share-based payments (Note 31)	–	–	562	–	–	**562**	–	**562**
Balance at 31 December 2020, restated[1]	**953**	**63,473**	**35,360**	**(24,415)**	**(19,846)**	**55,525**	**796**	**56,321**
Loss for the year	–	–	–	–	(8,062)	**(8,062)**	(703)	**(8,765)**
Other comprehensive expenditure	–	–	–	(307)	–	**(307)**	–	**(307)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(307)**	**(8,062)**	**(8,369)**	**(703)**	**(9,072)**
Shares issued in the year	1	29	–	–	–	**30**	–	**30**
Cost of share-based payments (Note 31)	–	–	244	–	–	**244**	–	**244**
Transfer for lapsed options[2]	–	–	(607)	–	607	**–**	–	**–**
Balance at 31 December 2021	**954**	**63,502**	**34,997**	**(24,722)**	**(27,301)**	**47,430**	**93**	**47,523**

1 Restatements are detailed in Note 2 of the notes to the financial statements
2 Value of vested options forfeited by leavers as per Note 31

/ CONSOLIDATED CASH FLOW STATEMENT
/ FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 2021 $'000	Year ended 2020 Restated[1] $'000
Net cash generated by operating activities	27	**5,225**	35,344
Cash flows from investing activities			
Purchases of property, plant and equipment	15	**(3,379)**	(25,298)
Purchases of intangibles	14	**(2,604)**	(2,521)
Proceeds on disposal of investments and assets held for sale	17	**2,000**	9,954
Interest received		**1,061**	430
Acquisition of business, net of cash acquired	12	**(8,146)**	(1,544)
Net cash used in investing activities		**(11,068)**	(18,979)
Cash flows from financing activities			
Lease payments	23	**(9,567)**	(17,683)
Interest paid		**(709)**	(660)
Proceeds from borrowings	28	**22,574**	33,987
Repayment of borrowings	28	**(12,361)**	(24,471)
Net cash used in financing activities		**(63)**	(8,827)
Net (decrease)/increase in cash and cash equivalents		**(5,906)**	7,538
Cash and cash equivalents at the beginning of year		**16,136**	8,463
Effect of foreign exchange rates		**13**	135
Cash and cash equivalents at the end of year		**10,243**	16,136

[1] Restatements are detailed in Note 2 of the notes to the financial statements

Cash and cash equivalents comprise cash and bank balances. The carrying amount of these assets is approximately equal to their fair value.

1. General information

Gama Aviation Plc (the "Company") is a public limited company (company number 07264678) whose shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange under the ticker symbol GMAA and 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.

2. Basis of preparation and significant accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 (International Financial Reporting Standards, or IFRS) and the applicable legal requirements of the Companies Act 2006.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention. The preparation of consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual future outcomes could differ from those estimates.

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 nor the long-term viability of the Group.

UK-adopted international accounting standards

On 31 December 2020, EU-adopted IFRS were brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The consolidated financial statements have transitioned to UK-adopted international accounting standards.

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable.

Adoption of new and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2021:

/ Amendments to IFRS 16 – COVID-19 Related Rent Concessions
/ Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform Phase 2

The amendments listed above have not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact.

Restatement

The 2020 figures have been restated to reflect the following:

/ During 2021, a detailed review was conducted of Group leases. New information came to light from this review indicating that errors had been made on the implementation of IFRS 16 (1 January 2019) and in subsequent recognition relating to the treatment of a number of initial lease obligations at implementation (impacting subsequent impairments), contractual rental increases, computational errors on foreign exchange, identification of lease-related payments and the length of lease used for right-of-use assets and liabilities and related leasehold improvements. 2020 opening balances, results for the year, other comprehensive income, balance sheet amounts and cashflows have been restated to correct these errors.
/ A similar review and reconciliation was also conducted of foreign exchange reserve balances and consolidation journals relating to investments in subsidiaries and associated impairments. An error was found in accounting for working capital and foreign exchange reserve balances in 2018 as a result of which group liabilities were overstated. This resulted in changes to 2020 opening balances and working capital movements.
/ Reclassify of compliance and assurance costs previously included in cost of sales to administrative costs, aligning a previous inconsistency.

2. Basis of preparation and significant accounting policies (continued)
In addition, a 2020 revenue disclosure in Note 4 has been restated to reclassify revenue of $5,661k relating to the branding fee and other contracts as recognised over time rather than at a point in time following a review.

The above restatements have impacted the consolidated income statements, consolidated statements of comprehensive income, balance sheets and consolidated cash flow statements as follows:

	As previously reported $'000	IFRS 16 $'000	Investment and foreign exchange $'000	Compliance costs $'000	Restated $'000
2020 consolidated income statement:					
Revenue	197,503	–	–	–	197,503
Cost of sales	(145,468)	(318)	–	1,061	(144,725)
Gross Profit	52,035	(318)	–	1,061	52,778
Adjusted administrative expenses	(37,586)	(177)	–	(1,061)	(38,824)
Adjusting items in administrative expenses[1]	(14,435)	469	–	–	(13,966)
Administrative expenses	(52,021)	292	–	(1,061)	(52,790)
Operating profit/(loss)	14	(26)	–	–	(12)
Adjusted EBIT[1]	(4,323)	(495)	–	–	(4,818)
EBIT	(5,834)	(26)	–	–	(5,860)
Finance income	1,535	–	–	–	1,535
Finance expense	(3,940)	123	–	–	(3,817)
Loss/(profit) before tax	(8,239)	97	–	–	(8,142)
Tax	(6,496)	–	–	–	(6,496)
Loss after tax	(14,735)	97	–	–	(14,638)
Attributable to owners	(14,780)	97	–	–	(14,683)
2020 consolidated other comprehensive income:					
Loss for the year	(14,735)	97	–	–	(14,638)
Exchange differences on translation of foreign operations	2,194	(1,010)	–	–	1,184
Share of other comprehensive income of associates	92	–	–	–	92
Other comprehensive income	2,286	(1,010)	–	–	1,276
Total comprehensive loss for the year	(12,449)	(913)	–	–	(13,362)
Attributable to owners	(12,494)	(913)	–	–	(13,407)
Consolidated balance sheet 1 January 2020:					
Right-of-use assets	52,315	976	–	–	53,291
Trade and other receivables	72,956	–	3,122	–	76,078
Trade and other payables	(52,353)	729	–	–	(51,624)
Obligations under leases	(60,204)	(1,440)	–	–	(61,644)
Net assets and Total equity	65,734	265	3,122	–	69,121
Accumulated profit and loss reserve	(5,062)	(101)	–	–	(5,163)
Foreign exchange reserve	(29,179)	366	3,122	–	(25,691)
Total shareholders' equity	64,983	265	3,122	–	68,370
Net debt[1]	(97,983)	(1,440)	–	–	(99,423)

	As previously reported $'000	IFRS 16 $'000	Investment and foreign exchange $'000	Compliance costs $'000	Restated $'000
Consolidated balance sheet 31 December 2020:					
Property, plant and equipment	54,974	(305)	–	–	54,669
Right-of-use assets	38,022	(2,607)	–	–	35,415
Trade and other payables	(40,074)	(1,133)	3,122	–	(38,085)
Obligations under leases	(49,492)	3,353	–	–	(46,139)
Provisions for liabilities	(1,497)	44	–	–	(1,453)
Net assets and Total equity	53,847	(648)	3,122	–	56,321
Accumulated profit and loss reserve	(19,842)	(4)	–	–	(19,846)
Foreign exchange reserve	(26,893)	(644)	3,122	–	(24,415)
Total shareholders' equity	53,051	(648)	3,122	–	55,525
Net debt[1]	(86,553)	3,353	–	–	(83,200)
2020 consolidated cash flow statement:					
Net cash generated by operations	33,683	1,661	–	–	35,344
Lease payments	(16,022)	(1,661)	–	–	(17,683)
Finance costs	3,940	(123)	–	–	3,817
Depreciation of property, plant and equipment	4,809	(36)	–	–	4,773
Depreciation of right-of-use assets in administrative expenses	540	190	–	–	730
Depreciation of right-of-use assets in cost of sales	10,708	394	–	–	11,102
Impairment of right-of-use asset	7,013	(469)	–	–	6,544
Rent free credit	–	(259)	–	–	(259)
Decrease in payables	(12,050)	1,867	–	–	(10,183)

1 Refer to Note 6 of the notes to the financial statements for details of alternative performance measures

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Operational Performance Review and Finance Review.

To support their assessment of going concern, the Directors have performed a detailed analysis of cash flow projections for the Group covering the period from the date of approval of the annual financial statements to 30 June 2023. The Directors have also considered the outlook for the business beyond 30 June 2023 based upon its five-year Strategic Plan. The analysis takes account of the following amongst other relevant considerations:

/ The $50.0m committed revolving credit facility (RCF), of which $12.1m (2020: $24.7m) is undrawn at the reporting date and a £20.0m (2020: £20.0m) term loan;
/ The one-off and non-recurring nature of the receipt in 2021 relating to the remaining balance of the US Air Associate disposal proceeds of $17.5m and the related tax payment of $3.1m;
/ The acquisition of Jet East, which resulted in additional working capital consumption in 2021 due to operational inefficiencies at start-up locations;
/ Cash at 31 December 2021 of $10.2m (2020: $16.1m) and cash at 28 February 2022 of $16.6m; and
/ Working capital levels and the conversion of profits into cash flows

The borrowing facilities have no covenants and fall due for repayment on 14 November 2022 and 31 January 2023 respectively. The RCF is settled and drawn down on a cyclical basis. It falls due for repayment within twelve months of the reporting date and has been presented in current liabilities. The term loan falls due for repayment over twelve months from the reporting date and has been presented in non-current liabilities. The RCF and term loan are held in the Company.

The Company and Group is well advanced in its negotiations with HSBC regarding refinancing and the Directors are confident that these facilities will be renewed at the same levels, albeit based on draft term sheets at a higher finance cost. However, at the time of approving the Annual Report, the renewal of the facilities has not been concluded. Discussions with alternative potential lenders remain at too early a stage to be considered.

2. Basis of preparation and significant accounting policies (continued)

The key assumptions in the Board approved base case projections relate to revenue performance and working capital cash flows, and the Directors have included what they consider to be a cautious level of revenue performance and working capital. A severe but plausible downside scenario has also been assessed, which reflects operating cash flows in the first half of 2022 remaining no better than 2021 operating cash flows after excluding significant one-off receipts and payments. In the Group's base case forecasts, the Group maintains a minimum of $26.8m headroom against its cash and available facilities (assuming renewal of existing facilities). In the Group's downside scenario, the Group maintains a minimum of $16.8m headroom against its cash and available facilities before accounting for any significant management action to improve cash flows via curtailing operating cost, deferring capital expenditure and exploring other financing arrangements for some of its fixed asset base.

Accordingly, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Therefore, after making appropriate enquiries and considering the uncertainties described above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Company and Group financial statements. However, as the renewal of borrowing facilities with HSBC has not been concluded at the time of approving the financial statements, there is a risk that, if these facilities were not renewed at the proposed levels, and the Company and Group were not able to secure equivalent levels of funding from alternative facilities, loans and asset-backed financing, the Company and the Group may not be able to meet its liabilities as they fall due.

As a result, there is a material uncertainty that may cast significant doubt about the Company and the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company or Group were unable to continue as a going concern.

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 Revenue, Adjusted Gross Profit, 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 excluding "Adjusting items".

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 either 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 Income Statement and segmental analysis separately identify 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.

The income statement items that are excluded from the Statutory results are referred to as Adjusting items. Adjusting items include exceptional items, amortisation of acquired intangibles, share-based payment charges and tax related to Adjusting items. These items are defined and explained in more detail as follows:

(a) Exceptional items

Within Adjusting 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 significant non-recurring items that are non-trading in nature

(b) 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 a number 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.

(c) 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.

(d) 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 an Adjusting item.

(e) 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.

Significant accounting policies
The Group's significant accounting policies are set out below. These accounting policies have been applied consistently to all periods presented in these Consolidated Financial Statements.

(a) Revenue from contracts with customers
Revenue is measured based on the performance obligations and consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer or when it meets the performance obligations specified or implied in the contract. The Group has revenue from the following sources:

- Business Aviation:
    - Managed aircraft contracts and specific air services
    - Charter services
    - Maintenance of aircraft
    - Fixed base operations (FBO)

- Special Mission:
    - Mission solutions and expertise with aviation assets

- Technology & Outsourcing (T&O):
    - Airworthiness services
    - Software solutions

- Branding fees

Managed aircraft contracts and specific air services
Services provided under managed aircraft contracts include flight training, cost management, flight planning and scheduling, crew management, maintenance oversight and regulatory compliance as separate performance obligations falling into one or more of the contract components identified below.

The services are contract based with costs such as fuel, insurance, crew and maintenance being recharged to the client. Specific air services provided under this heading include a variety of specific contracts with customers where one or more elements of fully managed services are provided.

The managed aircraft contracts have three components:

1. Pre-delivery services and services prior to aircraft's entry into service (if appropriate)

2. Management services

3. Variable fees based on flying hours and related rechargeable costs

Most specific services provided arise in components 1 and 3, whilst management services relate to overarching administrative services relating to ongoing regulatory compliance requirements, billed on a regular basis over the life of the contract. These components are distinct as the customer can benefit from the services on their own and the Group's promise to provide the service is separately identifiable from other promises in the contract. The three components are therefore deemed to be separate performance obligations and revenue is recognised based on the above performance obligations as follows:

1. Revenue is recognised once the service has been performed (at a point in time)

2. The customer simultaneously receives and consumes the benefits provided by the Group, therefore revenue is recognised over time

3. Variable flying hours revenue is recognised monthly based upon actual flight information and other relevant information held on the internal billing system (at a point in time). Rechargeable costs are recognised gross, as revenue and related cost of sales and are recognised at a point in time (for example, monthly) based upon either actual rechargeable costs or estimated costs to be recharged

2. Basis of preparation and significant accounting policies (continued)
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 because they are linked to wider management services. For practical purposes, management services and rechargeable costs (and other variable fees based on flying hours) are itemised separately in billing to customers.

Charter services
Revenue from managed fleet and sub-contracted charter services are recognised once the charter service has been performed (at a point in time). 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.

Maintenance revenue is recognised over time in line with the performance of the related maintenance work as the Group's performance of maintenance services does not create assets with an alternative use and the Group has an enforceable right to payment for performance completed to date. In most cases work is carried out and billed to the customer in the same accounting period. However, for work ongoing at the end of an accounting period an assessment of the extent to which contracted work is completed is made and a corresponding amount of revenue is accrued. This assessment is made using the input method of labour hours expended and costs incurred.

Shorter duration ad-hoc maintenance revenues are recognised at a point in time in line with the performance obligation.

Fixed base operation
Within Business Aviation, the Group also provides fixed base operation activities in the US, Jersey, the UK and the Middle East. This includes hangar parking and apron parking space to customers. Revenue is recognised as the service is provided over time.

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. Revenue is recognised primarily over time based on contractual rates as the related services are performed.

The Group undertakes certain equipment design and modification activities for some customers. Revenue is recognised over time in line with the performance of the related design and modification work for design projects because the Group's performance of its contractual obligations creates or enhances an asset that the customer controls as the asset is created or enhanced. Work that is completed but not yet billed under design and modification contracts at the end of an accounting period is accrued and a contract asset (accrued income) is recognised on the balance sheet, based upon the input method of measuring progress (cost and labour hours expended to date). The input method is considered to be the best estimate of the transfer of services. A contract liability (deferred revenue) is recognised on the balance sheet for revenues received in advance from the customer until the performance obligations are discharged.

Airworthiness services
T&O provides continuing airworthiness management (CAM) and airworthiness review certification (ARC) services for business aviation, military and commercial airline operators. Revenue includes fixed contract fees and variable fees such as revenue earned with reference to ad-hoc services. Revenue is recognised relating to services rendered using an accrual method and in accordance with the terms of the contracts pursuant to which such services are rendered. Revenue from aircraft services is recognised based on contractual rates as the related services are performed.

Software solutions
myairops® has developed a suite of business aviation products deployed as "Software as a Service" (SaaS) and mobile app solutions for business aviation operators, flight support companies, FBOs and regional airports.

myairops® revenue represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration earned. Where a contract has only been partially completed at the balance sheet date, revenue represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred revenue.

Branding fees
The Group receives a branding fee from Gama Aviation LLC. The Group recognises revenue over time as the customer simultaneously receives and consumes the benefits provided by the Group.

(b) Segmental reporting
An operating segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, and whose operating results are reviewed regularly by the Chief Operating Decision Maker (the Group Chief Executive) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Reportable segments are operating segments that either meet the thresholds and conditions set out in IFRS 8 or are considered by the Board to be appropriately designated as reportable segments under IFRS 8.

(c) Government grants

During the prior year, the Group received a potentially forgivable loan under the Paycheck Protection Program (PPP), managed by the US Small Business Administration (SBA) under the auspices of the US Government Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under IAS 20, a forgiveable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. The Group has adopted the income approach in relation to this loan which provides that government grants should be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grant is intended to compensate.

The Group applied to Citibank for a loan under the PPP in order to avoid significant pandemic-driven headcount reductions in its US workforce. $5,753k was received from Citibank on 12 May 2020 and was initially recognised as borrowings in current liabilities. $4,753k of these funds are considered by the Company to be eligible for forgiveness within the terms of the PPP and have therefore been recognised as income against the related expenses in the 2020 income statement, reducing the amount of borrowings at the period end to $1,000k. The utilisation of the grant is reflected against the related expenses in cost of sales and administrative expenses. Refer to Notes 3 and 21 for further details.

Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in Section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, borrowers are required to consider the required certification that "current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant." Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. Conscious of the significant uncertainty regarding the extent and duration of the global pandemic and its potential impact on the Group's activities and financial resources, the Group applied for the loan in good faith on the above basis, and the proceeds have been used to defray qualifying expenditures. The Group submitted the loan forgiveness application on 1 September 2021 and the Group awaits confirmation from the SBA. The Board has consulted with its outside legal advisors as to the eligibility for forgiveness of the loan. The Board believes it is appropriate under IAS 20 to continue to recognise the receipt of the loan and its anticipated partial forgiveness and that such treatment is necessary for these accounts to show a true, fair and balanced view of the Group's 2020 financial position given the impact of the global pandemic on its operations.

Other forms of government grants have been received by the Group, including under the UK Furlough scheme and under a Hong Kong payroll scheme. As noted elsewhere in these accounts, the nature of the Group's operations in the UK, and the long-term nature of its Special Mission contracts, provided a greater degree of resilience to the pandemic with a consequently lower need for government support. All other forms of government grants have been recognised on the income approach, reducing the costs for which the grant is intended to compensate.

In accordance with IAS 20, in the event that a government grant becomes repayable, this would be accounted for prospectively through the income statement.

(d) Leases

Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - The Group has the right to operate the asset; or
    - The Group designed the asset in a way that predetermines how and for what purpose it will be used

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2. Basis of preparation and significant accounting policies (continued)

As a lessee

As a lessee, the Group leases many assets, including hangars, property, vehicles and IT equipment. The Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. Previously the Group leased aircraft.

Lease liabilities are measured at the present value of the remaining lease payments. Where leases commenced after the initial transition date, the lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Where appropriate, lease liabilities are revalued at each reporting date using the spot exchange rate.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment at the reporting date and further details on impairments are shown in Note 23.

The Group depreciates right-of-use assets over the over the shorter of its useful economic life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the Group, in which case the asset is depreciated to the end of the useful life of the asset.

Short-term leases are leases with a lease term of 12 months or less. Low-value leases are determined to be those with an initial discounted total obligation of less than $5k. Payments associated with short-term leases and low-value leases are recognised on a straight-line basis as an expense in the income statement.

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.

As a lessor

The Group leases out property included within its right-of-use assets. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16. The right-of-use assets recognised from the head leases are presented in leasehold property and depreciated over the life of the lease. The Group also leases out aircraft included within property, plant and equipment, on short leases. The Group recognises these leases as operating leases, with income generated included in revenue.

(e) Supplier volume rebates

The Group has supplier contracts for the provision of certain services, which attract volume rebates, the credit for which is initially recognised centrally and together with other central income and expenses allocated to the respective divisions as appropriate. The anticipated rebate receivable is accrued throughout the year based on the agreement terms.

(f) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the total of the acquisition date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners and the equity issued by the Group.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction, being a disposal or acquisition of non-controlling interest.

(g) Goodwill
Goodwill arising on consolidation represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. 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 expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

(h) Intangible assets
Internally generated intangible assets are recognised only if they satisfy the IAS 38 criteria in that a separately identifiable asset is created from which future economic benefits are expected to flow and the cost can be measured reliably. The life of each asset is assessed individually. The Group has no indefinite life intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Included in intangible assets acquired are part 145 approvals, licences and brand, customer relations, and computer software. 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.

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

/ Part 145 approvals	20% per annum, straight line method
/ Licences	10% per annum, straight line method
/ Brands	20% per annum, straight line method
/ Customer relations	10% per annum, straight line method
/ Software	20%-33% per annum, or life of licence if shorter, straight line method

Amortisation rates shown above are the maximum for these intangible assets and in the current year there were no intangibles that had a shorter useful life.

The amortisation of internally generated software commences at the start of the year following.

Prior to the acquisition of Jet East, intangible assets relating to brands were amortised at 10% per annum.

The useful life of intangible assets is reviewed each financial year end and, if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate. The Group considered the impact of climate change and other factors before concluding that there was no change in useful life of intangible assets in the current year.

(i) Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

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

/ Leasehold improvements	Life of lease and no residual value
/ Right-of-use assets	Life of lease and no residual value
/ Aircraft and refurbishments	The higher of 20 years (5% per annum) 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
/ Helicopters	5% per annum and 25% residual value (on the original cost)
/ Furniture, fixtures and equipment	20% to 33% per annum and no residual value
/ Motor vehicles	20% per annum and no residual value

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 income statement.

The residual value and useful life of property, plant and equipment is reviewed each financial year end and, if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate. The Group considered the impact of climate change and other factors before concluding that there was no change in residual value or useful life of property, plant and equipment in the current year.

2. Basis of preparation and significant accounting policies (continued)

(j) Assets held for sale

The Group classifies assets as held for sale if their carrying value will be recovered principally through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding finance costs and income tax expense.

The criteria for assets held for sale is regarded as only met when the sale is highly probable, and the asset is available for immediate sale in its present condition.

Property, plant and equipment, and intangible assets are not depreciated or amortised once classified as held for sale.

(k) Investments in associate and joint venture

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

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 significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint venture are accounted for using the equity method of accounting. The investment is carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the investment, less any impairment in the value of the investment. Losses in excess of the Group's interest in the investment (which includes any long-term interests that, in substance, form part of the Group's net investment) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investment.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment. The Group's share of the changes in the carrying value of the investments in associates is recognised in the income statement.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

/ Raw materials and consumables: purchase cost on a first in, first out basis
/ Work in progress: cost of direct materials and labour
/ Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale

Inventories include Rotable stock. 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 Rotable stock could either be recognised as property, plant and equipment or inventory. In line with industry practice, the Group policy recognises Rotable stock as inventory. In addition, the cost of any refurbishment of Rotable stock is recognised in inventory.

The Group policy on recognising inventory at the lower of cost and net realisable value does this by providing for aged inventories on a sliding scale over the preceding eight years. As a result, inventory older than eight years is written off in full.

The significant estimation uncertainty to the valuation of inventory arises out of the wide range and nature of inventory held, each with different demand, inventory days and opportunity to utilise. While no specific inventory line has material estimation uncertainty in its valuation, there is risk across all lines in aggregation.

(m) Cash and cash equivalents

The Group's cash and cash equivalents in the statements of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less from inception, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(n) 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

Trade receivables and other receivables are subsequently measured at amortised cost less an expected credit loss allowance, determined as set out below in "Impairment of financial assets". Any write-down of these assets is expensed to the income statement.

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

It is not necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date.

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 has applied the simplified approach to recognise lifetime expected credit losses for its trade receivables, accrued income and contracts assets as permitted by IFRS 9.

Expected credit losses are calculated with reference to average loss rates actually incurred in the three most recent reporting periods to which a country risk premium is added, based on the location of each business. The combined loss rate represents the maximum expected credit default risk, which is expressed as a percentage. The Group average combined loss rate is approximately 1%.

This percentage rate is then applied to the economic exposure which comprises of trade receivables, contract assets and accrued income, all of which is then reduced by any specific loss allowances, and any related trade and other payables with the debtor. A probability risk spread is used to apportion the loss rate across the ageing categories as follows:

- 80% of debt that is not yet due (i.e. the Group's average combined loss rate of 1% is discounted by 20%, meaning a 0.8% loss allowance would be made to debt not yet due)
- 85% of debt that is <30 days overdue
- 90% of debt that is 30-60 days overdue
- 95% of debt that is 60-90 days overdue
- 100% of debt that is >90 days overdue

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.

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.

Other financial liabilities

Other financial liabilities, including borrowings and payables, are initially measured at fair value and subsequently at amortised cost, net of transaction costs.

Derecognition of financial assets and financial liabilities

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.

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.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Basis of preparation and significant accounting policies (continued)

(o) 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

(p) 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 expressed in US Dollars, which is the presentation currency for the consolidated financial statements. These financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Group operates. The Company's functional currency is determined to be Pounds Sterling because this is the currency of the primary economic environment in which the Company operates.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on 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 carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. 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 Adjusted EBIT.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate for each year end.

(q) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered the service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

(r) Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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 balance sheet date.

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax is charged or credited in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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.

3. Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, which are described in Note 2, 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 considered to be relevant. Actual results may differ from these estimates.

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

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 management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(a) Sharjah operations
During 2017, the Group entered into a Build Operate Transfer and Service Concession agreement with Sharjah Airport Authority under which the Group is committed to construct a Business Aviation Centre (BAC) at Sharjah Airport. During 2020, the assets under construction and right-of-use assets associated with this project were impaired due to COVID-19 related delays, with $4,609k and $6,445k charged to the income statement respectively.

During 2021, as a result of improving conditions, a 10-year extension was signed to the agreement, and the Group contracted with a third party to start development at the site in 2022. At the date of signing the Annual Report and Accounts, the full funding for the project has not been secured, and the Directors have taken the decision to impair the new right-of-use asset relating to the extension ($1,884k). Should funding for the project become probable, then the Directors currently anticipate reversal of some or all of these impairments.

(b) Paycheck Protection Program qualifying expenditure
During the prior year, the Group received funds under the PPP in the form of a loan arrangement from Citibank guaranteed by the US Government, which is specifically intended to help businesses maintain their US workforce during the COVID-19 pandemic. The Group made the application in good faith and in the belief that the PPP loan request was necessary and otherwise in accordance with the then applicable rules, to support its ongoing operations given the economic uncertainty caused by the pandemic. $5,753k funds were received on 12 May 2020 and were initially recognised as borrowings in current liabilities. $4,753k of these funds are considered by the Company to be eligible for forgiveness within the terms of the PPP and have therefore been recognised as income against the related expenses in the income statement, reducing the amount of borrowings at the period end to $1,000k. Confirmation of partial loan forgiveness is expected within 12 months from the balance sheet date as a result of submitting the loan forgiveness application on 1 September 2021. The Board has consulted with its outside legal advisors as to the eligibility for forgiveness of the loan. The Board believes it is appropriate under IAS 20 to recognise the receipt of the loan and its anticipated partial forgiveness and that such treatment is necessary for these accounts to show a true, fair and balanced view of the Group's results given the impact of the global pandemic on its operations. The total balance is material and, while a different outcome is considered highly unlikely, this balance is sensitive to a material change in judgement in the event the US Government assessed the forgiveness differently. Refer to Note 2, Note 21 and Note 35 for further details.

(c) Presentation of consideration received from the sale of its US Air Associate, Gama Aviation LLC
During the prior year, the Group received consideration of $33.0m for the sale of its US Air Associate, Gama Aviation LLC. Management exercised judgement in determining the allocation of consideration between the 24.5% equity interest considered to be $10.0m, the $15.5m settlement of the existing branding contract (accelerated branding fees) and the $7.5m of consideration allocated for the continued use of the Gama Aviation brand for up to two years after the date of disposal, which is consistent with the pre-existing level of branding fee of $3.75m per year (total $7.5m).

(d) Classification of items of cost or income as "Exceptional" (exclusion of items from Adjusted EBIT)
Management consider exceptional items to be those that do not contribute to the underlying performance of the Group as set out in the policy on page 68. This requires judgement as management and Group's view of what qualifies as exceptional items 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. The exceptional items recorded in the income statement relate to accelerated branding fees, transaction costs; business integration and re-organisation costs; legal costs arising primarily from historical Hangar 8 activity; and other non-recurring items that management judge to be exceptional.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

(a) Valuation review on non-current assets

The review of goodwill, other intangible assets, property, plant and equipment and right-of-use assets requires the use of estimates related to future profitability and the cash-generating ability of the related businesses or in the case of the investment in associates, the fair value less costs to sell. The estimates used may differ from the actual outcome. Details of the impairment reviews performed and further details of the estimates inherent within these reviews are set out in Notes 13, 14, 15 and 23.

(b) Loss allowances on financial assets

The loss allowance is calculated based on management's best estimate of the amounts which will be recovered from trade receivables. A proportion of the trade receivables balance is with individuals and overseas groups, for whom it is more difficult to establish a credit rating. Management are in regular communication with aged debtors and assess the likelihood of recoverability on a regular basis. The estimate of the loss allowance may vary from the actual amounts recovered if an individual becomes unable to pay. An analysis of the trade receivables balance and indications of credit concentration are provided in Note 19. A change in the enforceability of these liens would materially change the loss allowance on financial assets.

(c) Valuation of inventories

In measuring inventory at the lower of cost and net realisable values, the estimate of the net realisable value represents management's best estimate and it may vary from the actual realisation, notwithstanding the regular review and monitoring. An analysis of the inventories and an inventory obsolescence allowance is provided in Note 18. Inventory valuation is sensitive to management's assessment of ageing and obsolescence of certain line items. Refer to Note 18.

(d) Estimation of revenue and costs recognised in relation to long-term contracts

In determining the revenue and costs to be recognised on long-term contracts, management estimate costs to complete, the outcome of commercial discussions at the time of contract conclusions and during renegotiation periods, and the period over which to recognise any expected changes in consideration or costs on renegotiation.

(e) Other long-term employee benefits

The acquisition of Jet East also includes a long-term incentive plan accounted for under IAS 19 with payments contractually linked to the continuing employment of executives of Jet East as well as the business performance of the combined Business Aviation MRO US business. A remuneration charge of $1,821k (2020: nil) has been recognised within Adjusting items and an accrual of $1,821k (2020: nil) is included within non-current trade and other payables. The period over which the services are received is three years and the incentive plan is estimated to result in a future cash outflow of $6,024k (2020: nil) after this three-year period.

For the long-term incentive plan to result in future payments, business performance must exceed a Board approved projection, the acquisition case. Executives can earn up to a maximum of 9% ownership in the Business Aviation MRO US equity subject to business performance in the 2023 financial year and the level of indebtedness of the combined Business Aviation MRO US business at that time. The long-term incentive plan is accounted for as remuneration for post-acquisition services and is not part of the business combination.

A Board approved five-year Strategic Plan has been used to estimate business performance in the 2023 financial year and the level of indebtedness of the combined Business Aviation MRO US business at that time.

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 the other long-term employee benefit accrual or the associated remuneration charge within the next financial year, relates to a change in forecast business performance. The Directors consider that the carrying amount of the other long-term employee benefit accrual at 31 December 2021 of $1,821k (2020:nil) represents the the present value of the service cost.

A 10% increase in the business performance in 2023 would result in an additional payment of around $602k in 2024, an additional charge for the year ended 31 December 2021 of $182k and an additional accrual at 31 December 2021 of $182k. Business performance in Business Aviation MRO US is calculated as a multiple of EBITDA less cash and cash equivalents and less borrowings.

(f) Valuation of deferred tax assets

The Group has recognised deferred tax assets on both timing differences, principally acquisition intangibles, and on taxable losses. Refer to Note 22 for further details.

4. Segment information

Reportable segments are operating segments that either meet the thresholds and conditions set out in IFRS 8 for separate reporting or are considered by the Board to be appropriately aggregated into reportable segments under IFRS 8.

The Company has made significant progress in transitioning its current year reporting to reflect the recent realignment of the business along its Strategic Business Units (SBUs), which were announced in the strategy section of the 2020 Annual Report. As a result of the transition during the current year, the results were reviewed by the Group Chief Executive Officer, who acts as the Chief Operating Decision Maker (CODM) in the new SBU structure. The CODM reviews monthly internal reporting on a pre-IFRS 16 basis at the operating segment level. The impact on application of IFRS 16 is reviewed separately ahead of statutory reporting.

The Group has three global business units: Business Aviation (Aircraft Management, Charter, FBO & Maintenance), Special Mission (Air Ambulance & Rescue, National Security & Policing, Infrastructure & Survey, Energy & Offshore); and Technology & Outsourcing (Flight Operations, FBO, CAM software, Flight Planning, CAM & ARC services). The Group believes this will provide a direct line of sight for shareholders such that each SBU's activities in each market, its investment requirements and performance can be more easily assessed and understood.

The IFRS 8 operating segments within these global divisions are Special Mission, Business Aviation MRO US, Business Aviation excluding MRO US, Technology & Outsourcing, Associates, Corporate and Branding Fees. The operating segments, except T&O, met the quantitative thresholds to report separately under IFRS 8; however, T&O is presented separately as it is of strategic importance.

Reconciliation of segmental to overall Group performance is tabulated below:

	2021 $'000					2020 $'000 Restated[1]				
	Revenue	**Gross Profit**	**Statutory EBIT**	**Adjusted EBIT**	**Adjusted EBIT pre-IFRS 16**	Adjusted Revenue	Adjusted Gross Profit	Statutory EBIT	Adjusted EBIT	Adjusted EBIT pre-IFRS 16
BA MRO US	**79,250**	**9,035**	**(11,415)**	**(7,971)**	**(8,599)**	38,606	8,474	(543)	181	(250)
BA excluding MRO US[2]	**90,896**	**10,667**	**(977)**	**(793)**	**(1,741)**	86,706	8,951	(15,779)	(3,883)	(5,251)
Special Mission[2]	**56,716**	**17,075**	**4,534**	**4,546**	**4,179**	47,918	12,534	3,024	3,056	2,598
T&O[2]	**5,297**	**4,204**	**(289)**	**47**	**41**	5,023	3,569	256	605	490
Branding fee[2]	**3,750**	**3,750**	**3,691**	**3,691**	**3,691**	3,750	3,750	19,233	3,733	3,733
Associates	**–**	**–**	**–**	**(1,491)**	**(1,491)**	–	–	(5,848)	(3,272)	(3,272)
Corporate	**–**	**–**	**(2,796)**	**(2,303)**	**(2,229)**	–	–	(6,203)	(5,238)	(4,856)
Adjusted Result	**235,909**	**44,731**	**(7,252)**	**(4,274)**	**(6,149)**	182,003	37,278	(5,860)	(4,818)	(6,808)
Adjusting items (Note 6)	**–**	**–**	**–**	**(2,978)**	**(2,978)**	15,500	15,500	–	(1,042)	(1,042)
Application of IFRS 16 (Note 23)	**–**	**–**	**–**	**–**	**1,875**	–	–	–	–	1,990
Statutory Result	**235,909**	**44,731**	**(7,252)**	**(7,252)**	**(7,252)**	197,503	52,778	(5,860)	(5,860)	(5,860)

1 Restatements are detailed in Note 2 of the notes to the financial statements

2 Special Mission and T&O operate in the Europe geography. The Branding Fee derives from the US. BA excluding MRO US operates in Europe, the Middle East and Asia

4. Segment information (continued)
An analysis of the Group's revenue is as follows:

	Year ended 2021 $'000	Year ended 2020 $'000
Sale of business aviation services	**232,159**	178,253
Branding fees	**3,750**	3,750
Total Adjusted Revenue	**235,909**	182,003
Accelerated branding fees	**–**	15,500
Statutory revenue	**235,909**	197,503

	2021 $'000	2020 Restated[1] $'000
BA MRO US	**78,904**	38,370
BA excluding MRO US	**61,536**	57,419
Special Mission	**9,163**	10,102
T&O	**3,883**	3,555
Branding fee	**–**	–
Adjusted Revenue recognised at a point in time	**153,486**	109,446
BA MRO US	**346**	236
BA excluding MRO US	**29,360**	29,287
Special Mission	**47,553**	37,816
T&O	**1,414**	1,468
Branding fee	**3,750**	3,750
Adjusted Revenue recognised over time	**82,423**	72,557
Total Adjusted Revenue	**235,909**	182,003
Accelerated branding fees (revenue recognised at a point in time)	**–**	15,500
Statutory revenue	**235,909**	197,503

[1] Restatements re detailed in Note 2 of the financial statements

Revenue recognised over time relates to the following operating divisions:

- Special Mission has contract revenue for the maintenance of aircraft and provision of air ambulance services of $153,164k to be earned over the next eight years, and $47,553k of revenue has been recognised in the year
- Business Aviation MRO US during the year earned revenue of $346k in relation to maintenance contracts with 346k contracted to be earned over the next year
- Within Technology & Outsourcing, myairops® has $1,414k of contract revenue recognised during the year in relation to the provision of software services, with $1,162k due over the next three years
- The Branding Fee of $3,750k has been recognised during the year, with the remaining $625k of Branding Fees recognised over the next year

Revenue totalling $48,760k (2020: $16,660k), which is in excess of 10% of Group revenue, has been recognised in 2021 in respect of a single customer, included within the Business Aviation MRO US reporting segment.

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

Geographic information

	2021 $'000	2020 Restated[1] $'000
Non-current assets		
US	**16,804**	11,044
Europe	**71,096**	75,810
Asia	**58**	230
Middle East	**144**	219
Group	**1,769**	2,781
	89,872	90,084

[1] Restatements are detailed in Note 2 of the notes to the financial statements

Non-current assets for this purpose consist of property, plant and equipment and right-of-use assets. Goodwill and Intangible assets are shown by SBU and thereby geographic region in Note 13 and Note 14. Refer to Note 19 for non-current trade and other receivables which relate solely to the Business Aviation MRO US SBU.

5. EBIT for the year

EBIT for the year has been arrived at after charging/(crediting):

	Year ended 2021 $'000	Year ended 2020 Restated[1] $'000
Amortisation of intangibles in Adjusted result (Note 14)	**2,155**	1,581
Amortisation of intangibles in Adjusting items (Note 14)	**1,200**	614
Depreciation of property, plant and equipment (Note 15)	**6,441**	4,783
Depreciation of right-of-use assets in administrative expenses (Note 23)	**1,017**	730
Depreciation of right-of-use assets in cost of sales (Note 23)	**6,528**	11,102
Net foreign exchange (gain)/loss on trading monetary items	**(407)**	350
Loss on disposal of property, plant and equipment (Note 15)	**6**	63
Impairment of other intangible assets (Note 14)	**–**	833
Impairment of right-of-use assets (Note 23)	**1,911**	6,544
Impairment of assets under construction (Note 15)	**–**	4,609
(Reversal)/impairment of equity accounted investments (Note 17)	**(1,491)**	3,421
Impairment of non-current assets within share of results of equity accounted investments (Note 17)	**–**	6,433
Profit on disposal of interest in associates (Note 17)	**–**	(7,278)
Accelerated branding fees (Note 6)	**–**	(15,500)
Cost of inventories recognised as an expense (Note 18)	**16,071**	14,682
Change in provision for inventory obsolescence	**(404)**	1,520
Staff costs (Note 7)	**102,256**	63,506
Impairment losses recognised on trade receivables (Note 19)	**42**	3,083
Recovery of previously impaired trade receivables (Note 19)	**(63)**	–
Auditors' remuneration:		
Audit of the Group's and Company's financial statements	**770**	198
Audit of the financial statements of subsidiaries	**828**	667
Other support services	**–**	26
Other deal support services	**–**	141

[1] Restatements are detailed in Note 2 of the notes to the financial statements

6. Adjusted performance measures

The Adjusted result has been arrived at after the following Adjusting items:

	Year ended 2021 $'000	Year ended 2020 Restated[1] $'000
Adjusting items in revenue and Gross Profit:		
Accelerated branding fees	–	(15,500)
Exceptional items:		
– Transaction costs	558	692
– Integration and business re-organisation costs	140	202
– Lease derecognition (Note 23)	(1,626)	–
– Legal costs	287	619
– Other items	(79)	(709)
– Impairment of assets under construction (Note 15)	–	4,609
– Impairment of right-of-use assets (Note 23)	1,911	6,544
– Impairment of acquired intangibles (Note 14)	–	833
Total exceptional items	1,191	(2,710)
Other Adjusting items:		
Equity-settled share-based payments expense (Note 31)	257	562
Other long-term employee benefits expense (Note 32)	1,821	–
Amortisation of acquired intangible assets (Note 14)	1,200	614
Adjusting items in Operating (loss)/profit	4,469	(1,534)
(Reversal)/impairment of equity accounted investments (Note 17)	(1,491)	3,421
Impairment of non-current assets within share of results of equity accounted investments (Note 17)	–	6,433
Profit on disposal of interest in associates (Note 17)	–	(7,278)
Adjusting items in loss before tax	2,978	1,042
Tax related to Adjusting items (Note 10)	(471)	5,017
Adjusting items in loss for the year	2,507	6,059

[1] Restatements are detailed in Note 2 of the notes to the financial statements

Accelerated branding fees

Adjusted Revenue and Adjusted Gross Profit exclude accelerated branding fees of $nil (2020: $15,500k) and their presentation improves comparability. This has been presented separately in the segmental reporting. Refer to Note 17 for further details of disposal of the US Air Associate.

	2020	
	Revenue $'000	Gross Profit $'000
Adjusted Result	182,003	37,250
Accelerated branding fees	15,500	15,500
Statutory Result	197,503	52,750

6. Adjusted performance measures (continued)

Transaction costs

Transaction costs during the year comprise $558k (2020: $662k) in relation to the acquisition of Jet East (Note 12) and $nil (2020: $30k) in relation to the acquisition of air ambulance services to Jersey and Guernsey (Note 12).

Integration and business re-organisation costs

Integration and business re-organisation costs include:

- Severance costs of $416k in relation to the acquisition of Jet East;
- A net provision release of $276k relating to direct closure costs at the Fairoaks facility (2020: cost of $16k) (Note 30);
- In 2020, redundancy provision following the notice of closure the Group's Saudi Arabian operations of $173k and other closure related costs of $17k; and
- In 2020, income on receipt of a credit for costs previously charged to exceptional integration and business re-organisation costs of $4k

Other income

A $1,626k credit (2020: $nil) for the derecognition of the Fairoaks lease release (Note 23).

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 acquired as part of the Hangar 8 reverse acquisition.

Other items

In the current year, other items comprise a credit of $63k relating to funds received from an overdue debtor against whom a litigation case has been pursued, a credit for $16k received for consultancy services for Sharjah Airport previously treated as an exceptional item. In the prior year, other items comprise $499k in income relating to part settlements on a legacy case, and a $210k release of an impairment allowance on trade receivables under the legal proceedings that had been provided for in full in the prior year through exceptional costs.

Equity-settled share-based payments

Equity-settled share-based payment charges of $257k (2020: $562k). See Note 31 for further details.

Other long-term employee benefits

Other long-term employee benefits remuneration charge of $1,821k (2020: nil). This long-term benefit relates to an incentive plan with payments contractually linked to the continuing employment of executives of Jet East as well as the business performance of the combined Business Aviation MRO US. See Note 32 for further details.

Impairment of acquired intangibles

The impairment charge of $833k on acquired intangible assets in the prior year originally recognised on acquisition of Gama Aviation Hutchison Holdings Limited (GAHH) which were impaired to nil. Refer to Note 14 for further details.

Impairment of assets under construction and right-of-use asset

As previously reported, the Group had secured a 25-year ground lease and had commenced the development of a BAC at Sharjah International airport in the UAE.

With the project having been placed on hold in 2020 pending a review of the impact of the pandemic on its viability, the Group recognised a total impairment charge of $11,153k in its 2020 financial statements, $6,544k in respect of the right of use asset arising from the ground lease and $4,609k in respect of the carrying value of the assets under construction. The impairment charge reduced the carrying amount to the recoverable amount of nil. Refer to Note 15 and Note 23 for further details.

Following its decision to recommence the development of the BAC the Company is now in the process of securing the necessary funding for the project. Whilst the Group is in advanced discussions with investors regarding the funding of this project, the Board considers that it would be inappropriate to reverse these impairments until the full funding has been contractually secured.

In parallel with its decision to recommence the development, the Group took the opportunity to negotiate a 10-year extension to the term of the ground lease, which significantly enhances the viability and value of the project. However, until the impairment charge taken in respect of the original lease is reversed, the Group is required to further impair the $1,911k asset in use value created by this lease extension.

The Board remains confident that the Group is making progress in securing the necessary funding, at which time all these impairments, which amount to $13,064k, may reverse.

Impairment of investment in associate and non-current assets in associate
In the current year, a credit of $1,491k has been recognised offsetting prior year impairment charges to ensure that the recoverable value of the CASL asset remained at the $2,000k consideration received on its sale in December 2021. In the prior year, impairment charges of $6,433k related to non-current assets in CASL and the remaining $3,421k was to reduce the carrying amount of the equity accounted investment to the recoverable amount of $2,000k. Taken together, impairment charges of $9,854k were recognised in the prior year in relation to associates. Refer to Note 17 for further details.

Adjusted EBIT pre-IFRS 16
The CODM reviews monthly internal reporting on a pre-IFRS 16 basis at the operating segment level. The impact on application of IFRS 16 is reviewed separately ahead of statutory reporting.

Tax related to Adjusting items
In the current year, the tax on Adjusting items reflects the deferred tax on deductible items before any non-recognition of deferred tax. In the prior year, a significant tax charge of $5,017k was recognised for the tax consequences of the disposal of the US Air Associate and the related accelerated branding fee.

Organic and constant currency growth
Organic and constant currency growth in Revenue, Gross Profit and EBIT is a measure which seeks to reflect the performance of the Group that will contribute to long-term sustainable growth. As such, organic and constant currency growth excludes the impact of acquisitions or disposals, and the effect of foreign exchange movements. Constant currency growth has been calculated using a constant foreign exchange rate of $1.3756 to £1, being the cumulative average USD-GBP exchange rate for 2021, which has been used to restate Revenue, Gross Profit and EBIT for 2020. A reconciliation to Rebased Revenue, Gross Profit and Adjusted EBIT, the most directly comparable IFRS measures, which are used to calculate organic and constant growth, is set out below.

The prior year has been adjusted to include full year results of acquired businesses and no results for disposed businesses where the results include only part-year results in either current or prior periods. For 2020 this comprises the results of Jet East acquired on 15 January 2021, whilst the Jersey and Guernsey Air Ambulance business was acquired on 18 July 2020. The Jet East business has been fully integrated into the US operations.

	2020 $'000 Restated[1]											
	Adjusted Revenue	Rebase for FX	Rebase for organic growth	Rebased Adjusted Revenue	Adjusted Gross Profit	Rebase for FX	Rebase for organic growth	Rebased Adjusted Gross Profit	Adjusted EBIT	Rebase for FX	Rebase for organic growth	Rebased Adjusted EBIT
BA MRO US	38,606	–	28,198	66,804	8,474	–	220	8,694	181	–	(1,373)	(1,632)
BA excluding MRO US	86,706	3,496	–	90,202	8,951	316	–	9,267	(3,883)	(292)	–	(4,175)
Special Mission	47,918	3,439	3,544	54,901	12,534	869	956	14,359	3,056	185	642	3,883
T&O	5,023	361	–	5,384	3,569	257	–	3,826	605	35	–	640
Branding fee	3,750	–	–	3,750	3,750	–	–	3,750	3,733	–	–	3,733
Associates	–	–	–	–	–	–	–	–	(3,272)	–	–	(3,272)
Corporate	–	–	–	–	–	–	–	–	(5,238)	99	–	(5,139)
Adjusted Result	182,003	7,296	31,742	221,041	37,278	1,442	1,176	39,896	(4,818)	27	(731)	(5,522)

Net debt
A reconciliation of the IFRS financial statement line items that represent the Net debt APM is tabulated below.

	2021 $'000	2020 Restated[1] $'000
Cash	**10,243**	16,136
Borrowings	**(67,154)**	(53,197)
Net debt pre IFRS 16	**(56,911)**	(37,061)
Obligations under leases	**(48,002)**	(46,139)
Net debt	**(104,913)**	(83,200)

1 Restatements are detailed in Note 2 of the notes to the financial statements

7. Staff costs

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

	Year ended 2021 Number	Year ended 2020 Number
Operations and administration	**440**	357
Pilots and cabin crew	**131**	108
Aircraft engineering	**556**	298
	1,127	763

Their aggregate remuneration comprised:

	Year ended 2021 $'000	Year ended 2020 $'000
Wages and salaries	**91,184**	56,614
Social security costs	**5,894**	4,506
Equity-settled share-based payments (Note 31)	**257**	562
Other long-term employee benefits (Note 32)	**1,821**	–
Pension costs	**3,100**	1,824
	102,256	63,506

Aggregate remuneration is stated after netting off government grants received including $41k (2020: $616k) under the UK Furlough scheme and $nil (2020: $148k) under a Hong Kong payroll scheme.

Details of Directors' remuneration are given in the Remuneration Report and refer to Note 31 for details of share option transactions approved during the year. The share-based payment costs relating to these Directors amounted to $150k (2020: $260k).

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 2021, contributions of $257k (2020: $261k) due in respect of the current reporting period had not been paid over to the schemes.

8. Finance income

	Year ended 2021 $'000	Year ended 2020 $'000
Foreign currency translation on intercompany balances	**–**	405
Foreign currency translation on borrowings	**56**	–
Interest income on financial assets	**561**	1,130
Total finance income	**617**	1,535

Interest income on financial assets includes interest due to late customer payments of $432k (2020: $nil), $92k (2020: $964k) in respect of deferred consideration relating to the disposal of the US Air Associate (Note 17) and $37k (2020: $166k) of other interest on other financial assets. The decrease of $872k on the interest received on the deferred consideration for the US associate is due to an early repayment in July 2021.

9. Finance expense

	Year ended 2021 $'000	Year ended 2020 Restated[1] $'000
Foreign currency translation on intercompany balances	**441**	–
Foreign currency translation on borrowings	**–**	178
Interest on borrowings before capitalised interest	**791**	878
Capitalised interest (Note 15)	**–**	(179)
Discounting on provisions (Note 30)	**17**	42
Discounting on deferred consideration (Note 20)	**13**	–
Interest on lease liabilities (Note 23)	**2,624**	2,606
Amortisation of loan arrangement fees	**180**	168
Other similar charges payable	**44**	124
Total finance costs	**4,110**	3,817

1 Restatements are detailed in Note 2 of the notes to the financial statements

10. Taxation

	Year ended 2021 $'000			Year ended 2020 $'000		
	Statutory result	**Adjusting items**	**Adjusted result**	Statutory result	Adjusting items	Adjusted result
Corporation tax:						
Current tax charge:						
Current year (credit)/charge	**4,292**	**(3,891)**	**401**	3,016	(2,977)	39
Adjustment in respect of prior years	**75**	**–**	**75**	–	–	–
Current tax charge	**4,367**	**(3,891)**	**476**	3,016	(2,977)	39
Deferred tax charge:						
Current year (credit)/charge	**(6,105)**	**4,362**	**(1,743)**	3,136	(2,040)	1,096
Adjustment in respect of prior years	**(242)**	**–**	**(242)**	344	–	344
Deferred tax (credit)/charge (Note 22)	**(6,347)**	**4,362**	**(1,985)**	3,480	(2,040)	1,440
Total tax (credit)/charge for the year	**(1,980)**	**471**	**(1,509)**	6,496	(5,017)	1,479

10. Taxation (continued)

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 2021 $'000			Year ended 2020 Restated[1] $'000		
	Statutory result	Adjusting items[5]	Adjusted result	Statutory result	Adjusting items[5]	Adjusted result
Loss before tax	(10,745)	2,978	(7,767)	(8,142)	1,042	(7,540)
Tax at the corporation tax rate of 19% (2020: 19%)	(2,042)	566	(1,476)	(1,547)	199	(1,348)
Effects of:						
Income not taxable – other forms of government support	–	–	–	(196)	–	(196)
Income not taxable – PPP loan forgiveness	–	–	–	(903)	–	(903)
Non-deductible – impairment of right-of-use asset	–	–	–	1,225	(1,225)	–
Non-deductible – impairment of assets under construction	–	–	–	876	(876)	–
Non-deductible – impairment of acquired intangibles	(4)	4	–	164	(164)	–
Non-deductible – (reversal)/ impairment of equity accounted investments	(246)	246	–	1,872	(1,872)	–
Non-deductible – share of losses of CASL in adjusted result	246	–	246	637	–	637
Non-deductible – share-based payments	45	(45)	–	107	(107)	–
Other expenses not deductible/ income not taxable	275	(60)	215	728	–	728
Fines for late filings[4]	328	–	328	–	–	–
Adjustment in respect of prior years	(167)	–	(167)	344	–	344
Tax rates in different jurisdictions	(371)	(137)	(508)	2,490	(842)	1,648
Deferred tax not recognised in the year[3]	(44)	(103)	(147)	32	(19)	13
De-recognition of deferred tax	–	–	–	667	(111)	556
Total tax (credit)/charge for the year	(1,980)	471	(1,509)	6,496	(5,017)	1,479

1 Restatements are detailed in Note 2 of the notes to the financial statements

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

3 Prior year has been restated to include the effect of amortisation of acquired intangibles

4 Fines have been levied by some US states as a result of management's decision to change the timing of payments of the 2020 US tax, which included the profit on the disposal of the US Air Associate (see Note 17). Prior to the early receipt of the deferred consideration from Wheels Up in 2021, an election had been made to pay taxes in instalments. Once funds had been received, the election was changed to pay immediately, which triggered punitive late payment charges. Management have requested the US states provide relief for these fines and have had external advice that relief should be provided, but due to the backlog caused by COVID-19, the timing on any decision by the state authorities is uncertain. Management consider the penalty to be tax-geared and have therefore presented it within the total tax charge for the year

5 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 6

The adjustments in respect of prior year comprise an immaterial $75k current tax charge for property taxation in Jersey, a $184k deferred tax credit relating to the implementation of IFRS 16 in the US and the offset of deferred tax assets against the $57k UK deferred tax liability. In the prior year, the adjustment includes a $293k decrease in deferred tax asset relating to temporary timing differences on the assets held for sale in the prior year. This is an immaterial change to the prior year recognised in advance of the disposal in March 2020.

11. Earnings per share (EPS)

The calculation of earnings per share is based on the earnings attributable to the ordinary shareholders divided by the weighted average number of shares in issue during the period.

	Year ended 2021 $'000	Year ended 2020 Restated[1] $'000
Numerator		
Statutory earnings:		
Loss attributable to ordinary equity holders of the parent	**(8,062)**	(14,683)
Adjusted earnings:		
Loss attributable to ordinary equity holders of the parent	**(5,555)**	(8,624)
Denominator		
Weighted average number of shares used in basic EPS	**63,660,183**	63,636,279
Effect of dilutive share options	**–**	–
Weighted average number of shares used in diluted EPS	**63,660,183**	63,636,279
Earnings per share (cents)		
Statutory earnings per share		
Basic	**(12.7)**	(23.1)
Diluted	**(12.7)**	(23.1)
Adjusted earnings per share		
Basic	**(8.7)**	(13.6)
Diluted	**(8.7)**	(13.6)

[1] Restatements are detailed in Note 2 of the notes to the financial statements

The average share price for the year ended 31 December 2021 was 39.2 pence, which is marginally higher than the exercise price of some outstanding options. However, the effect of including these shares would reduce the loss per share and adjusted loss per share, and therefore no dilutive effect is shown.

The weighted average number of shares used in basic EPS has not been reduced by any shares held by the employee benefit trust. Refer to Note 25 for further details on the employee benefit trust.

12. Acquisitions

Jet East

On 15 January 2021, the Group acquired 100% of the issued share capital of Jet East from East Coast Aviation, LLC which will significantly expand its existing US aircraft maintenance operations.

The acquisition of Jet East has been transacted by the Group's wholly owned US subsidiary Gama Aviation Engineering Inc (GAEI) for $7.7m in cash, with a further $1.0m in deferred cash payable over two years and the assumption of Jet East debt. The transaction has been entirely funded from the Group's existing resources.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	$'000
Cash paid	7,700
Deferred consideration	533
Total consideration	**8,233**

Initial deferred consideration of $1.0m has been discounted at 2.5% to a present value of consideration and adjusted by $420k for net assets acquired. Additionally, a post-closing adjustment was made to increase trade receivables by $550k relating to an insurance claim made before the acquisition that has subsequently been received.

12. Acquisitions (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

	$'000 Fair value
Property, plant and equipment	2,560
Right-of-use assets	3,394
Trade and other receivables non-current	289
Inventories	1,410
Trade and other receivables current	5,910
Cash and cash equivalents	64
Trade and other payables	(3,682)
Intangible assets – Brand	1,181
Intangible assets – Customer relationships	5,021
Deferred tax asset in entity books	1,418
Deferred tax liability on consolidation intangibles	(1,736)
Enterprise value	15,829
Borrowings	(4,202)
Obligations under leases	(3,394)
Total consideration	8,233

The purchase price accounting has now been finalised following the twelve month measurement period permitted under IFRS 3 Business Combinations.

Acquisition costs of $558k were charged to the income statement within administration expenses in 2021 (2020: $662k), with total cash outflow relating to the acquisition as follows:

	$'000
Acquisition of subsidiary, net of cash acquired	7,588
Acquisition costs	558
Total cash paid	8,146

Of the $4,202k borrowings assumed on acquisition, $2,788k has been settled to date and $1,414k remained outstanding at 31 December 2021.

The acquisition has been accounted for as an asset deal in at the entity level and as a result the consideration over the tax value of the assets is tax deductible, leading to the recognition of a deferred tax asset in the local books.

Two significant identifiable intangible assets were identified separate from goodwill. An identifiable intangible asset relating to the brand of Jet East (and related trademarks, logos and domain names) has been identified as acquired as part of the transaction. The brand (including related trademarks, logos and domain names etc associated with the brand) is valued using the "relief from royalty" valuation method. There was also an identifiable intangible asset identified relating to the customer relationships acquired as part of the transaction. This intangible asset is valued using a "multi-period excess earnings" valuation method.

The acquisition of Jet East included a long-term incentive plan which is accounted for as remuneration for post-acquisition services and is not part of the business combination. See Note 32 for further details.

As the Jet East business has been integrated into the rest of the Group's operations in the US, it is impracticable to disclose the impact that the effect the acquisition had on the income statement for the year.

Jersey and Guernsey Air Ambulance business

On 18 July 2020, the Group acquired a business to provide air ambulance services for the Government of Jersey and the Government of Guernsey. Cash consideration of $1.5m was paid. The Group determined the acquisition to be a business as defined by IFRS 3 and the transaction has been accounted for as a business combination. The following table summarises the fair value of assets acquired, and the liabilities assumed at the acquisition date.

Recognised amounts of identifiable assets acquired and liabilities assumed.

	Note	$'000
Property, plant and equipment	15	1,070
Other receivables		116
Customer relationships (included within intangibles)	14	390
Deferred tax liability	22	(62)
Total consideration		1,514
Acquisition costs	6	30
Acquisition of business, including acquisition costs		1,544

13. Goodwill

	$'000
Cost	
At 1 January 2020	46,520
Exchange differences	1,514
At 31 December 2020	48,034
Exchange differences	(520)
At 31 December 2021	**47,514**
Accumulated impairment losses	
At 1 January 2020	24,770
Exchange differences	774
At 31 December 2020	**25,544**
Exchange differences	(266)
At 31 December 2021	**25,278**
Carrying amount	
At 31 December 2021	**22,236**
At 31 December 2020	22,490

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

	2021 $'000	2020 Restated[1] $'000
Carrying amount		
Business Aviation MRO US	**787**	787
Business Aviation excluding MRO US[3]	**8,043**	8,138
Special Mission[2]	**11,119**	11,251
Technology & Outsourcing[2]	**2,287**	2,313
	22,236	20,490

1 Restated following the change of organisational structure

2 Special Mission and T&O operate in the Europe geography

3 Business Aviation excluding MRO US operates in the Europe, Middle East and Asia geography. However, the goodwill relates exclusively to the Europe geography

13. Goodwill (continued)
When testing for impairment, recoverable amounts for all of the Group's CGUs are measured at their value in use (VIU) by discounting the future expected cash flows from the assets in the CGUs. The CGUs that have goodwill are Business Aviation MRO US; Business Aviation excluding MRO US; Special Mission and Technology & Outsourcing. The goodwill for 2020 has been restated to reflect the new organisation structure, and, where not directly attributable to a specific CGU, has been allocated based on the relative gross profit of contracts in the CGU. The key assumptions and estimates used for VIU calculations are as follows:

Future expected cash flows
VIU calculations are based on estimated post-tax cash flows for 2022 through 2026 as approved by the Board. For cash flows beyond the forecast period, a terminal growth rate has been applied to a standardised terminal cash flow. CGU specific operating assumptions are applicable to the forecast cash flows for the years through 2026 and relate to revenue forecasts, expected project outcomes, cash conversion, levels of capital expenditure and forecast operating margins in each of the operating units. The Group also considered the impact of Climate change in determining operating assumptions applicable to the forecast cash flows. The relative value ascribed to each assumption will vary between CGUs as the forecasts are built up from the underlying operating units within each CGU.

Terminal growth rate
Beyond the current year forecast period, a long-term terminal growth rate has been applied to calculate terminal values for all CGUs. In the prior year, the Group used the Real GDP Growth Rate as a proxy for long-term terminal growth rate of Gama Aviation Plc. In the current year, long-term CPI projections have been deemed a better estimate because this measure appears to be more stable than GDP growth rates and a better proxy for long-term terminal growth rate of the Group. CPI has been sourced by jurisdiction of the Group CGUs from 2020 to 2026. Using an average of 2021 through 2026 was not considered appropriate as all years are benefitting from an assumed recovery from the COVID-19 pandemic. Terminal growth rates are tabulated below.

	2021 %	2020 %
United Kingdom	**2.3**	2.3
European Union	**3.5**	n/a
United States	**2.7**	2.2
Asia	**n/a**	2.1
Middle East	**1.5**	1.0

Weighted average cost of capital (WACC)
A pre-tax discount rate is calculated by reference to the post-tax WACC of each CGU, adjusted to reflect the market and other systemic risks specific to each CGU and the territories in which they operate.

A pre-tax discount rate is calculated for each CGU. For the CGUs that have goodwill, the discount rates are tabulated below.

	2021 %	2020 Restated[1] %
Business Aviation MRO US	**16.2**	13.4
Business Aviation excluding MRO US	**11.4**	11.5
Special Mission	**9.8**	10.5
Technology & Outsourcing	**10.8**	13.4

[1] Restated following the change of organisational structure

The discount rates in the current year have increased in Business Aviation MRO US due to the acquisition of Jet East, remained stable in Business Aviation excluding MRO US and decreased in T&O and Special Mission, which is driven by lower CGU specific risk premiums.

Sensitivity to changes in assumptions
The calculation of VIU is most sensitive to the discount rate, long-term growth rate and future expected cash flows used. The Group has performed sensitivity analyses across all CGUs which have goodwill, acquired intangible assets, right-of-use assets, property, plant and equipment, computer software and an allocation of corporate assets, using reasonably possible changes in the long-term growth rates and pre-tax discount rates.

No reasonably possible change in assumptions would diminish the recoverable amount below the carrying amount of assets in any CGU. No impairment has been recognised in any CGU in the current year.

14. Other intangible assets

	Commence operations $'000	Part 145 approvals $'000	Licences and brands[1] $'000	Customer relations[2] $'000	Computer software[3] $'000	Total $'000
Cost						
At 1 January 2020	1,481	3,442	1,605	15,479	7,334	29,341
Additions	–	–	–	–	2,521	2,521
Disposals	(1,481)	(3,442)	(1,605)	–	–	(6,528)
Recognised on acquisition (Note 12)	–	–	–	390	–	390
Foreign exchange differences	–	–	–	–	417	417
At 31 December 2020	**–**	**–**	**–**	**15,869**	**10,272**	**26,141**
Additions	–	–	–	–	2,604	2,604
Recognised on acquisition (Note 12)	–	–	1,181	5,021	–	6,202
Foreign exchange differences	–	–	–	(52)	(170)	(222)
At 31 December 2021	**–**	**–**	**1,181**	**20,838**	**12,706**	**34,725**
Amortisation and accumulated impairment losses						
At 1 January 2020	1,481	3,442	1,549	12,204	517	19,193
Amortisation	–	–	55	559	1,581	2,195
Disposals	(1,481)	(3,442)	(1,605)	–	–	(6,528)
Impairment loss	–	–	–	833	–	833
Foreign exchange differences	–	–	1	1	117	119
At 31 December 2020	**–**	**–**	**–**	**13,597**	**2,215**	**15,812**
Amortisation	–	–	227	973	2,155	3,355
Foreign exchange differences	–	–	–	(28)	(68)	(96)
At 31 December 2021	**–**	**–**	**227**	**14,542**	**4,302**	**19,071**
Carrying amount						
At 31 December 2021	**–**	**–**	**954**	**6,296**	**8,404**	**15,654**
At 31 December 2020	–	–	–	2,272	8,057	10,329

1 Relates to the US geography
2 Relates to the US and Europe geography which is separately disclosed below
3 Relates to the Europe geography

14. Other intangible assets (continued)
The carrying amount of customer relationships relate to:

/ Technology & Outsourcing: $978k (2020: $1,276k);
/ Business Aviation excluding MRO US: $780k (2020: $996k); and
/ Business Aviation MRO US: $4,538k (2020: nil)

Licences and brands relate to Business Aviation US arising from the Jet East acquisition.

Computer software costs comprise internally developed software costs arising in the Group's myairops® business as well as purchased software, such as operational and financial systems. The carrying value of internally developed software within this balance is $7,450k (2020: $6,729k).

In the prior year, the carrying amount of GAHH acquired intangible assets in Business Aviation excluding MRO US exceeded the recoverable amount due to uncertainties arising from the COVID-19 pandemic that resulted in the customer relationship no longer being active. An impairment charge of $833k was recognised in the year to impair the GAHH customer relationship intangible to the recoverable amount of nil.

Intangible assets are assessed for impairment in Note 13 together with other non-current assets.

Impairment review on internally developed computer software costs in myairops®
In the current year, there were indicators of impairment on internally developed computer software costs in myairops®, which is considered to be a stand-alone CGU. When testing for impairment, the recoverable amount of myairops® is measured at VIU by discounting the future expected cash flows from myairops® software. Refer to Note 13 for further details on the future expected cash flows, terminal growth rate and pre-tax discount rate used for the impairment review on myairops®.

Sensitivity to changes in assumptions
The calculation of VIU is most sensitive to the discount rate, long-term growth rate and future expected cash flows used. The Group has performed a sensitivity analysis for myairops® using reasonably possible changes in the long-term growth rates and pre-tax discount rates.

The sensitivity analysis in myairops® showed the following:

/ Operating cash flows would have to reduce by over $166k in each year of the forecast period before an impairment would arise
/ A 1% decrease in the terminal growth rate would reduce headroom by $665k to $1,246k
/ A 1% increase in the discount rate would reduce headroom by $2,213k to $303k
/ A 1% decrease in the terminal growth rate and a 1% increase in the discount rate would result in an impairment of $200k

No impairment has been recognised in the current year because there is $1,911k of headroom over the carrying value of assets in myairops®.

15. 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 2020	–	15,302	9,142	9,516	2,735	12,914	49,609
Additions, restated[1]	19,045	2,072	1,883	1,896	61	–	24,957
Acquisitions	–	–	819	251	–	–	1,070
Capitalised interest	–	–	–	–	–	179	179
Transfers	8,484	–	–	–	–	(8,484)	–
Disposals	–	(1,294)	(35)	(1,633)	(11)	–	(2,973)
Exchange differences	1,559	1,838	352	1,831	(12)	–	5,568
At 31 December 2020 as restated[1]	29,088	17,918	12,161	11,861	2,773	4,609	78,410
Additions	–	1,230	627	1,463	50	–	3,370
Acquisitions	–	683	–	1,384	493	–	2,560
Disposals	–	(33)	–	(206)	(94)	–	(333)
Reclassification[2]	117	–	(117)	–	–	–	–
Exchange differences	(342)	(187)	(153)	(77)	(2)	–	(761)
At 31 December 2021	**28,863**	**19,611**	**12,518**	**14,425**	**3,220**	**4,609**	**83,246**
Accumulated depreciation							
At 1 January 2020	–	5,077	2,252	5,571	1,385	–	14,285
Charge for the year, restated[1]	679	897	957	1,787	453	–	4,773
Impairment	–	–	–	–	–	4,609	4,609
Disposals	–	(1,294)	(35)	(1,570)	(11)	–	(2,910)
Exchange differences	43	1,048	80	1,810	3	–	2,984
At 31 December 2020 as restated[1]	722	5,728	3,254	7,598	1,830	4,609	23,741
Charge for the year	1,243	1,136	1,348	2,160	554	–	6,441
Disposals	–	(30)	–	(155)	(83)	–	(268)
Reclassification[2]	–	(25)	–	25	–	–	–
Exchange differences	(33)	3	(64)	(62)	(1)	–	(157)
At 31 December 2021	**1,932**	**6,812**	**4,538**	**9,566**	**2,300**	**4,609**	**29,757**
Carrying amount							
At 31 December 2021	**26,931**	**12,799**	**7,980**	**4,859**	**920**	**–**	**53,489**
At 31 December 2020 (restated)	28,483	12,224	8,790	4,238	943	–	54,669

1 Restatements are detailed in Note 2 to the notes to the financial statements
2 Reclassifications relate to immaterial corrections in the categorisation of property, plant and equipment

During 2021, no borrowing costs were capitalised. During the year ended 31 December 2020, before the helicopters were brought into use, the Group capitalised borrowing costs of $179k.

Deployment of the helicopters occurred on 1 June 2020 in support of a long-term contract. As a result, helicopters were transferred from assets under construction into the helicopters asset class within property, plant and equipment. They were brought into use and depreciated from 1 June 2020 having not been previously depreciated.

15. Property, plant and equipment (continued)
The assets under construction relating to the investment in the Sharjah Business Aviation Centre project were fully impaired in the year ended 31 December 2020. The impairment arose due to uncertainties arising in part from the ongoing COVID-19 pandemic. Total impairment costs of $4,609k were recognised during the prior year.

The acquisition of Jet East in the year included property plant and equipment valued at $2,560k. In the prior year the acquisition of an air ambulance business in the prior year included property, plant and equipment valued at $1,070k.

Critical management judgement
A critical management judgement at the reporting date relates to the determination of the recoverable amount of nil for the Sharjah BAC project. This is based on management's judgement that whilst the Group is in advanced discussions with investors regarding the funding of this project, the Board considers that it would be inappropriate to reverse impairments relating to the BAC project until the full funding has been contractually secured.

16. Subsidiaries and other related undertakings
Details of the Company's subsidiaries and other related undertakings held directly or indirectly at 31 December 2021 are as follows:

Name	Place of incorporation and operation	Proportion of voting and ownership interest 2021	Proportion of voting and ownership interest 2020	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%	Non-trading	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%	Non-trading	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 (Engineering) Limited[1]	England and Wales	100%	100%	Dormant	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%	Non-trading	Head Office
International JetClub Limited	England and Wales	100%	100%	Non-trading	Head Office
Ronaldson Airmotive Limited[1]	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[1,4]	SAIF Free Zone, United Arab Emirates	49%	49%	Aviation management	SAIF Suite Z-21, P.O. Box 122389, Sharjah, UAE
Gama Aviation SPV Limited (Plc)[5]	United Arab Emirates	100%	10%	Aviation management	2428 Res Co-work 03 Level 24, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE
Gama Group Mena FZE	United Arab Emirates	100%	100%	Holding company	SAIF Office Q1-09-067/C, P.O. Box 122464, Sharjah, UAE

Name	Place of incorporation and operation	Proportion of voting and ownership interest 2021	Proportion of voting and ownership interest 2020	Nature of business	Registered address
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 International Saudi Arabia[3]	Kingdom of Saudi Arabia	nil[3]	nil[3]	Aviation management	6646 Abi Haitham Al Ansari, al Madina Square Center – Office 2 & 3, Muhammadiyah District, Jeddah 23624-3270, KSA
Gama Aviation (Engineering) Inc.[1]	Delaware, USA	100%	100%	Aviation design and engineering	Delaware Office
Gama Aviation (Management) Inc.[1]	Delaware, USA	100%	100%	Non-trading	Delaware Office
Gama Group Inc.	Delaware, USA	100%	100%	Holding company	Delaware Office
GB Aviation Holdings LLC[6]	Delaware, USA	50%	50%	Joint venture – holding company for aviation management and charter company	Delaware Office
Jet East Aviation Corporation, LLC[1]	Pennsylvania, USA	100%	–	Aviation design and engineering and FBO	Trenton Office
Lynk LLC[1]	Ohio, USA	100%	–	Dormant	Trenton Office
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[2]	Nigeria	100%	100%	Applicant of Nigerian AOC	[7]
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%	–	Airworthiness management	ul. Komitetu Obrony Robotnikow 62, 2nd Floor, 02-146 Warsaw, Poland, NIP: 7831827059
Gama Hutchison Aviation 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

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
Hong Kong Office: 7th Floor, 81 South Perimeter Road, Hong Kong International Airport, Lantau, Hong Kong
Delaware Office: Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, USA
Trenton Office: 18 West Piper Ave, Trenton, New Jersey 08628, USA

16. Subsidiaries and other related undertakings (continued)

1 Indicates indirect holding.

2 The consolidated financial statements include amounts relating to Hangar 8 Nigeria Limited, a company established in Lagos, Nigeria. The Group holds 11% of the share capital. Whilst the Group therefore 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

3 No non-controlling interest has been recognised on the remaining 51%, as the Group has the full beneficial interest

4 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 26 for further details

5 Gama Group Mena FZE acquired 90% of the issued share capital on 17 February 2020

6 GB Aviation Holdings LLC is the entity jointly held with Signature Aviation plc. The Company's sole asset was its 49% investment in Gama Aviation LLC, the Group's US Air Associate, which was disposed of in the prior year (refer to Note 17). The Group's ownership interest in Gama Aviation LLC was 24.5%.

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

During the year ended 31 December 2021, the Company disposed of the following undertakings held directly or indirectly at 31 December 2020:

Name	Place of incorporation and operation	Proportion of voting and ownership interest 2021	Proportion of voting and ownership interest 2020	Method of disposal	Registered address
Aerstream Limited[1]	England and Wales	–	100%	Dissolved	Head Office
Avialogistics Limited[1]	England and Wales	–	100%	Dissolved	Head Office
Aviation Crewing Limited	England and Wales	–	100%	Dissolved	Head Office
GA 259034 Limited[1]	England and Wales	–	100%	Dissolved	Head Office
GA FM54 Limited[1]	England and Wales	–	100%	Dissolved	Head Office
Gama Aviation Group Limited[1]	England and Wales	–	100%	Dissolved	Head Office
Gama Aviation (Training) Limited[1]	England and Wales	–	100%	Dissolved	Head Office
Gama Leasing Limited[1]	England and Wales	–	100%	Dissolved	Head Office
Hangar 8 AOC Limited	England and Wales	–	100%	Dissolved	Head Office
Hangar 8 Engineering Limited	England and Wales	–	100%	Dissolved	Head Office
Infinity Flight Crew Academy Limited	England and Wales	–	100%	Dissolved	Head Office
Aviation Beauport Holdings Limited[1]	Jersey	–	100%	Dissolved	Jersey Office
Ferron Trading Limited[1]	Jersey	–	100%	Dissolved	Jersey Office
Gama Aviation SA[1]	Switzerland	–	100%	Liquidated	Boulevard Georges-Favon 43, 1204 Genève, Switzerland
Hangar 8 Mauritius Limited	Mauritius	–	100%	Struck off	[2]
China Aircraft Services Limited (CASL)	Hong Kong	–	20%	Sold	8th Floor, Main Building, Hangar and Workshop Complex, 81 South Perimeter Road, Hong Kong International Airport, Lantau, Hong Kong

1 Indicates indirect holding

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

17. Investments accounted for using the equity method and disposal of investments

Details of the Group's investments accounted for using the equity method at 31 December 2021 are as follows:

Name	Investment	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held
GB Aviation Holdings LLC[1]	Associate	USA	50%	50%

Details of the Group's investments accounted for using the equity method at 31 December 2020 were as follows:

Name	Investment	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held
GB Aviation Holdings LLC[1]	Associate	USA	50%	50%
China Aircraft Services Limited	Associate	Hong Kong	20.0%	20.0%

[1] GB Aviation Holdings LLC is the entity jointly held with Signature Aviation Limited (previously Signature Aviation plc). The company's sole asset was its 49% investment in Gama Aviation LLC, the Group's US Air Associate, which was disposed of in the prior year. The Group's ownership interest in Gama Aviation LLC is 24.5%. The Group equity accounted for the consolidated results of GB Aviation Holdings LLC, which included its' sole undertaking and trading entity, Gama Aviation LLC

The results of the equity accounted investments are as follows:

	Gama Aviation LLC		China Aircraft Services Limited	
	Year ended 2021 $'000	Year ended 2020 $'000	**Year ended 2021 $'000**	Year ended 2020 $'000
Revenue	**–**	75,053	**8,524**	33,389
Expenditure	**–**	(74,732)	**(16,079)**	(50,432)
Impairment of property, plant and equipment	**–**	–	**–**	(16,433)
Impairment of right-of-use assets	**–**	–	**–**	(15,732)
Profit/(loss) before tax	**–**	321	**(7,555)**	(49,208)
Income tax (charge)/credit	**–**	(2)	**99**	292
Profit/(loss) after tax	**–**	319	**(7,456)**	(48,916)
Statutory result: Group's share of net profit/(loss)	**–**	78	**(1,491)**	(9,783)
Statutory result: Share of results from equity accounting	**–**	78	**(1,491)**	(9,783)
Less Adjusting items:				
Group's share of impairment of property, plant and equipment	**–**	–	**–**	3,287
Group's share of impairment of right-of-use assets	**–**	–	**–**	3,146
Adjusted result: Share of results from equity accounting	**–**	78	**(1,491)**	(3,350)
Reversal of/(impairment) of equity accounted investments	**–**	–	**1,491**	(3,421)

Impairment is assessed by the recoverable amount which, is the higher of the fair value less costs to sell and the VIU. The recoverable amount has been determined on the fair value less cost to sell.

China Aircraft Services Limited

In 2021, the share of results from the equity accounted investment in China Aircraft Services Limited represents the period ending 31 May 2021, this being the date the Board accepted in principle an offer of $2m for its 20% shareholding, and subsequently recognised the asset as held for sale at fair value. Adjusting items includes an impairment reversal, recognised in line with IAS 36, to the extent of the Group's share of losses of $1.5m such that the carrying amount of the investment directly before the sale was held at $2m. On 31 December 2021, the sale of the investment was agreed and $2m cash consideration received in full. As a result, assets held for sale at 31 December 2021 were nil.

In 2020, CASL suffered substantial losses, the Group's share of which amounted to $3,350k of Adjusted EBIT, due to vastly reduced commercial aviation volumes at Hong Kong airport, impacted by COVID-19. Impairment charges of $9,854k were recognised in Adjusting items. $6,433k related to an impairment on non-current assets in CASL which were presented outside Adjusted EBIT due to their size and irregular occurrence, and to enable better comparability year on year. The remaining impairment charge of $3,421k was to reduce the equity accounted investment in CASL from the carrying amount to its recoverable amount of $2,000k. Costs to sell are estimated to be nil.

17. Investments accounted for using the equity method and disposal of investments (continued)
The investments' values are as follows:

	China Aircraft Services Limited		Gama Aviation LLC	
	Year ended 2021 $'000	Year ended 2020 $'000	**Year ended 2021 $'000**	Year ended 2020 $'000
At 1 January	**2,000**	15,112	**–**	–
Other comprehensive income	**–**	92	**–**	–
Share of net profit/(loss)	**(1,491)**	(9,783)	**–**	78
Dividends declared	**–**	–	**–**	–
Prior year dividend	**–**	–	**–**	–
Reversal of/(impairment)	**1,491**	(3,421)	**–**	–
Transfer to profit on sale	**–**	–	**–**	(78)
Disposal of investment	**(2,000)**	–	**–**	–
At 31 December	**–**	2,000	**–**	–

The summary financial positions of the equity accounted investments are as follows:

	China Aircraft Services Limited
	Year ended 2020 $'000
Total assets	63,284
Total liabilities	(46,014)
Net assets	17,270
Group's share of net assets	3,454
Goodwill	1,320
Impairment	(2,774)
At 31 December	2,000

At 31 December 2021, the equity accounted investment in China Aircraft Services Limited was disposed of following the Board's receipt of a $2m offer for its 20% share. The Group received the $2m cash consideration in full on the 31 December 2021.

	Year ended 2021 $'000
Proceeds on disposal	**2,000**
Less: Carrying amount of net assets sold	**(2,000)**
Profit on disposal of interest in associates	**–**

Gama Aviation LLC
On 2 March 2020, the Group announced the sale of its US Air Associate, Gama Aviation LLC (doing business as "Gama Aviation Signature") to Wheels Up Partners Holdings LLC ("Wheels Up"). Gama Aviation Signature was owned 49% by GB Aviation Holdings LLC, a joint venture between the Group and Signature Aviation plc, with the remaining 51% held by the Group's US partners.

Gama Aviation received consideration of $10.0m in return for its 24.5% equity interest. In addition, an amount of $23.0m was agreed related to licensing and other trading related considerations. $13.0m of the total agreed was received in cash at closing (including the full $10m associated to the equity sale), with the remaining $20.0m to be paid in cash, with interest of $2,774k, in eight equal six-month instalments over four years. At 31 December 2021, $nil (2020: $18,034k) deferred consideration was included within trade and other receivables.

On 14 July 2021, Wheels Up listed on the New York Stock Exchange, triggering a mandatory prepayment provision under the terms of the promissory note. On 20 July 2021, the Company received a combined payment of $15,250k, in cash from Wheels Up, representing the remaining amount due to the Company under the promissory note.

As a result of the early settlement of the deferred consideration, finance income recognised for the prior period to full settlement was reduced to $90k. Total interest of £1,054k was paid on the deferred consideration.

Included within deferred revenue at 31 December 2021 is licensing and other trading related considerations of $625k in current liabilities.

As part of the transaction, GB Aviation Holdings LLC licensed the continued use of the Gama Aviation Signature brand for up to two years, for which $7.5m of consideration has been allocated and is being recognised as revenue over the two-year period. In 2021, $3,750k (2020: $3,125k) has been recognised as revenue for this licensing component in the year ended 31 December 2021, in line with the $3.75m annual licence fee prior to disposal. In addition, an accelerated branding fee of $15,500k was recognised in Adjusting items in the prior year.

	Year ended 2020 $'000
Cash received	13,000
Fair value of deferred consideration	20,000
Total discounted consideration receivable at the transaction date	33,000
Less: Branding fees and other trading related considerations	(23,000)
Gross proceeds on disposal	10,000
Add: Closing working capital, cash and indebtedness adjustments	592
Add: Post-closing adjustment	254
Less: Transaction costs	(892)
Proceeds on disposal of assets held for sale, net of transaction costs	9,954
Assets held for sale at 31 December 2019	2,598
Share of profit of equity accounted investments prior to disposal[1]	78
Carrying amount of net assets sold	2,676
Profit on disposal of interest in associates, before taxation	7,278

1 The equity accounting of Gama Aviation LLC was not discontinued after Gama Aviation LLC was held for sale at 31 December 2019 and prior to disposal on 2 March 2020. Had this been the case, there would have been a $78k increase in share of losses of associates and a $78k increase in the profit on disposal of interest in associates. The impact of this reclassification, which has no impact on the statutory loss for the year, is considered immaterial

18. Inventories

	2021 $'000	2020 $'000
Raw materials and consumables	**8,911**	5,922
Work in progress	**4**	56
	8,915	5,978

The Directors consider that the carrying value of inventories is approximately equal to their fair value. The cost of inventories recognised as an expense in the year was $16,071k (2020: $14,682k). Included within inventories is an inventory obsolescence allowance of $5,896k (2020: $5,048k) to measure inventories at the lower of cost or net realisable 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. At 31 December 2021, the Board considers its assessment of net realisable value to be appropriate based on best information available. If the usage of inventory aged between two and six years decreased by 10%, thus increasing each respective provision by 10%, the loss for the year would increase by $528k.

19. Trade and other receivables

	2021 $'000	2020 $'000
Financial assets		
Amounts receivable for the sale of services	**40,559**	30,792
Loss allowance	**(5,682)**	(6,954)
	34,877	23,838
Amounts due from associates	**–**	970
Financial asset at amortised cost	**–**	18,034
Accrued income[1]	**18,453**	14,475
Financial assets	**53,330**	57,317
Non-financial assets		
Prepayments[1]	**3,667**	3,763
Other debtors	**7,102**	1,309
Total trade and other receivables	**64,099**	62,389
Current	**63,808**	49,359
Non-current	**291**	13,030
Total trade and other receivables	**64,099**	62,389

[1] Includes contract assets which are described in further detail below

Amounts receivable for the sale of services
The average Days Sales Outstanding (DSO) is 62 days (2020: 62 days). Credit controls prior to granting credit and DSO are being actively monitored by management. 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. Interest of $432k (2020: $nil) was charged on a late customer payment in the Middle East.

As there is no significant financing component to amounts receivable for the sale of services, a provision matrix has been used to calculate the expected credit losses for amounts receivable for the sale of services, contract assets and accrued income, which is permitted by IFRS 9. The Group carries an expected credit loss allowance of $5,682k (2020: $6,954k).

Amounts receivable for the sale of services include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised a specific loss allowance because there has not been a significant change in credit quality and the amounts are still considered recoverable. No loss allowance is carried other debtors.

Ageing of impaired amounts receivable for the sale of services

	2021 $'000	2020 $'000
Not yet due	**11,062**	8,590
Less than 30 days	**10,558**	3,676
30-60 days	**2,558**	2,448
61-90 days	**2,236**	1,467
91-120 days	**2,565**	2,104
Greater than 120 days	**5,898**	5,553
Total	**34,877**	23,838

Movement in the loss allowance

	2021 $'000	2020 $'000
At 1 January	**6,954**	3,896
Impairment (reversal)/losses recognised in income statement in Adjusted result	**(21)**	3,792
Impairment losses recognised in income statement in Adjusting items	**–**	(709)
Amounts written off as uncollectible	**(1,197)**	(171)
Foreign exchange translation gains and losses	**(54)**	146
At 31 December	**5,682**	6,954

The $1,197k write-off in the current year relates to the settlement of historic overdue receivables in Business Aviation. The impairment reversal in 2021 includes a settlement within Business Aviation MRO US, which resulted in a $269k credit to the impairment losses recognised in Adjusted EBIT, and a settlement within Business Aviation excluding MRO US, which resulted in a $233k charge to the impairment losses recognised in Adjusted EBIT.

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.

Ageing of impairments on amounts receivable for the sale of services

	2021 $'000	2020 $'000
Not yet due	**97**	54
Less than 30 days	**29**	43
30-60 days	**8**	9
61-90 days	**11**	63
91-120 days	**6**	73
Greater than 120 days	**5,531**	6,712
Total	**5,682**	6,954

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

In the Business Aviation excluding MRO US 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 (Maintenance, Repair & Overhaul) services and is also commonly contained within the terms and conditions of individual MRO services proposals where for higher value work programmes stage payments are the norm, and where considered appropriate a requirement for full up-front payment is imposed. At the year end, trade receivables within the Business Aviation excluding MRO US SBU that are secured by contractual liens total $4,339k (2020: $3,452k). Additionally, in the US, liens can be filed to protect past due unpaid balances.

Refer to Note 35 regarding the receipt of a historic receivable after the balance sheet date.

Sensitivity analysis on loss allowance

The estimate of the loss allowance may vary from the actual amounts recovered if an individual becomes unable to pay or able to pay. There is a $5,682k loss allowance and if a portion of the impaired receivable balance was recovered there may be material credit to the income statement. Similarly, if the unimpaired receivable balance over 120 days of $7,224k was unable to be recovered, there may be a material charge to the income statement. However, as noted earlier, there are liens over the aircraft relating to unimpaired receivables over 120 days. If all remaining gross receivable balances were impaired by an additional 1% of the gross receivables balance, the expected credit loss would be increased by $406k.

Financial asset at amortised cost

Following the disposal of the US Air Associate, a financial asset measured at amortised cost was recognised for deferred consideration on the sale. At 31 December 2021, the carrying amount is $nil (2020: $18,034k).

Accrued income

Accrued income is expected to be billed within the next twelve months. The large increase year on year is primarily due to the acquisition of Jet East in the US at the start of 2021 and specific contracts in the UK.

19. Trade and other receivables (continued)

Contract assets

As part of a Fleet Maintenance programme in the UK on a long-term contract, contract assets of $269k (2020: $579k) have been recognised in prepayments.

Contract assets arising from design and modification projects of $993k (2020: $1,419k) in the UK have been included within the accrued income.

As previously reported, the Group commenced all Helicopter Emergency Medical Services (HEMS) on behalf of the Scottish Ambulance Service on 1 June 2020 using its fleet of three Airbus H145 helicopters. In support of this long-term contract, contract assets of $1,065k (2020: $1,692k) are included within accrued income.

Total contract assets are $2,327k (2020: $3,690k).

20. Deferred consideration

The acquisition of Jet East included deferred consideration as described in Note 12.

	2021 $'000	2020 $'000
Deferred consideration recognised on acquisition, adjusted for discounting	533	–
Discount unwind on deferred consideration	13	–
	546	–
Due within one year	290	–
Due after more than one year	256	–
	546	–

21. Borrowings

	2021 $'000	2020 $'000
Secured borrowings at amortised cost		
Bank borrowings	64,739	52,197
Unsecured borrowing at amortised cost		
Repayable element of Paycheck Protection Program	1,000	1,000
Other loans	1,415	–
	67,154	53,197
Total borrowings		
Repayable element of Paycheck Protection Program	1,000	1,000
Bank borrowings	37,760	–
Other loans	1,415	–
Amount due for settlement within 12 months	40,175	1,000
Bank borrowings	26,979	52,197
Amount due for settlement after 12 months	26,979	52,197

Analysis of borrowings by currency:

	Sterling $'000	US Dollars $'000	Total $'000
31 December 2021			
Repayable element of Paycheck Protection Program	**–**	**1,000**	**1,000**
Bank borrowings	**49,739**	**15,000**	**64,739**
Other loans	**–**	**1,415**	**1,415**
	49,739	**17,415**	**67,154**
31 December 2020			
Repayable element of Paycheck Protection Program	–	1,000	1,000
Bank borrowings	52,197	–	52,197
	52,197	1,000	53,197

During the prior year, the Group received funds under the Paycheck Protection Program in the form of a loan arrangement from Citibank guaranteed by the US Government, which was specifically intended to help businesses maintain their US workforce during the COVID-19 pandemic. The Group made the application in good faith and in the belief that the PPP loan request was necessary and otherwise in accordance with the then applicable rules, to support its ongoing operations given the economic uncertainty caused by the pandemic. $5,753k funds were received on 12 May 2020 and were initially recognised as borrowings in current liabilities. $4,753k of these funds are considered by the Company to be eligible for forgiveness within the terms of the PPP and were therefore recognised in 2020 as income against the related expenses in the income statement, reducing the amount of borrowings at the period end to a repayable element of $1,000k. Confirmation of partial loan forgiveness is expected within 12 months from the balance sheet date. Refer to Note 2 (c), Note 3 (b) and Note 35 for further details.

On other unsecured loans of $1,415k (2020: $nil), interest arose at an average of 6.6% during 2021 (2020: nil). Previously the Group held secured loans which were settled during 2020 that accrued interest at an average rate of 5.4% before settlement.

The other principal features of the Group's bank borrowings are as follows:

- Bank borrowings in 2021 of $64,666k (2020: $52,197k) comprise drawdowns from an RCF and a term loan (the "Loan"), both secured with HSBC
- The RCF, which is presented in current liabilities, is settled and drawn down on a cyclical basis. The facility matures on 14 November 2022
- A letter of awareness has been provided by CK Hutchison Holdings Ltd (CKHH) to HSBC, which has an indirect shareholding of 29.8% in the Group, that CKHH's current intention, while any amount is outstanding under the facility, is not to reduce its shareholding in the Group below 25.0% without consent from the lender or discharge of the facility. No legal implications are imposed on CKHH. In addition, on 20 April 2022 an updated letter confirms that CKHH has no current intention to withdraw the current letter of awareness before the facilities are due for renewal; and that CKHH currently has no intention not to facilitate renewal of the Group's facilities with HSBC through a comparable arrangement, provided the Group continues to meet its ongoing reporting obligations and such other conditions as may be agreed between the parties
- The RCF is $50,000k, and $12,068k (2020: $24,749k) was undrawn at the end of the reporting period
- During 2020, the Group completed the purchase of three Airbus H145 helicopters, which came into use on 1 June 2020 in support of a long-term contract. The purchase was funded through a £20m term loan which matures in January 2023
- The Loan and the RCF (collectively the "Facilities") are subject to customary banking security arrangements
- During the prior year, the Group issued a debenture as security against the Loan and RCF

2021	**Interest**	**Maturity**	**Facility '000**	**Drawn (Local currency) '000**	**Drawn (Presentation currency) $'000**
RCF	**See below**	**14 November 2022**	**USD 50,000**	**GBP 17,000**	**22,932**
				USD 15,000	**15,000**
Term loan	**See below**	**31 January 2023**	**GBP 20,000**	**GBP 20,000**	**26,979**
Bank borrowing before arrangement fees					**64,911**
Capitalised loan arrangement fees					**(175)**
Bank borrowings					**64,739**

21. Borrowings (continued)

2020	Interest	Maturity	Facility '000	Drawn (Local currency) '000	Drawn (Presentation currency) $'000
RCF	LIBOR + 0.94%	14 November 2022	USD 50,000	GBP 18,500	25,251
Term loan	LIBOR + 1.12%	31 January 2023	GBP 20,000	GBP 20,000	27,298
Bank borrowing before arrangement fees					**52,549**
Capitalised loan arrangement fees					(352)
Bank borrowings					**52,197**

Following the global financial crisis in 2008, the reform and replacement of benchmark interest rates such as GBP LIBOR and other inter-bank offered rates (IBORs) became a priority for global regulators. As a result, LIBOR was wound down during 2021, and the lender for the RCF and term loans removed the reference to LIBOR, with interest instead being derived from SONIA, the Bank of England Bank Rate and a spread adjustment.

22. 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
At 1 January 2020	–	(157)	–	1,590	1,433
Acquisitions	(62)	–	–	–	(62)
Credit/(charge) in year (Note 10)	5	62	(2,986)	(561)	(3,480)
Exchange differences	–	(23)	–	23	–
At 31 December 2020	(57)	(118)	(2,986)	1,052	(2,109)
Acquisitions	(1,736)	1,418	–	–	(318)
Charge/(credit) in year (Note 10)	203	(1,261)	3,147	4,258	6,347
Exchange differences	–	(2)	–	–	(2)
At 31 December 2021	**(1,590)**	**37**	**161**	**5,310**	**3,918**

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:

	2021 $'000	2020 $'000
Deferred tax asset due after more than one year	**3,918**	–
Deferred tax liability	**–**	(2,109)
Net deferred tax asset/(liability)	**3,918**	(2,109)

Estimation uncertainty

The Group has recognised deferred tax assets on both timing differences, principally acquisition intangibles, 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 deferred tax asset at 31 December 2021 includes an amount of $1,328k arising on the acquisition of Jet East during the year. The initial valuation of the asset on acquisition ($1,418k) equated to the tax value of the consideration paid in excess of the fair value of assets acquired, which is tax deductible in the US over 15 years and adjusts future taxable profits and losses.

The Group has the following tax losses:

	2021 Recognised $'000	2020 Recognised $'000	2021 Unrecognised $'000	2020 Unrecognised $'000	2021 Total $'000	2020 Total $'000
UK[1]	**2,222**	2,321	**27,059**	29,184	**29,281**	31,505
US federal	**16,806**	1,464	**–**	–	**16,806**	1,464
US state	**20,418**	5,064	**–**	–	**20,418**	5,064
Poland	**–**	–	**75**	–	**75**	–
HK	**–**	–	**5,139**	5,095	**5,139**	5,095
Tax losses	**39,446**	8,849	**32,273**	34,279	**71,719**	43,128

1 Tax losses relating to dissolved companies have been surrendered in the year (see Note 16)

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

	2021 Recognised $'000	2020 Recognised $'000	2021 Unrecognised $'000	2020 Unrecognised $'000	2021 Total $'000	2020 Total $'000
UK	**555**	441	**6,765**	5,545	**7,320**	5,986
US	**4,754**	611	**–**	–	**4,754**	611
Poland	**–**	–	**14**	–	**14**	–
HK	**–**	–	**848**	968	**848**	968
Potential tax benefit of tax losses	**5,310**	1,052	**7,627**	6,513	**12,937**	7,565

Losses in the UK, US and Hong Kong can be carried forward indefinitely. Tax losses in Poland can be carried forward for 5 years.

In the UK, expected changes to borrowing rates reduce future taxable profits, reducing the value of taxable losses that have been recognised. In the US, management have concluded that the losses, including those relating to unwinding of the asset on the Jet East acquisition, are recoverable against expected future taxable income. 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.

Temporary differences of $26,291k (2020: $26,233k) have arisen as a result of the translation of the financial statements of the Group's subsidiaries. However, a deferred tax liability has not been recognised as the liability will only crystallise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future. As a result, there is no deferred tax charge in other comprehensive income in relation to the translation of the Group's subsidiaries into the presentation currency of US Dollars.

At 31 December 2020, future profitable projections were impacted by the ongoing COVID-19 pandemic and as a result deferred tax balances of $485k were written off during 2020.

23. Obligations under leases
The Group leases many assets, including property, aircraft, vehicles, fixtures, fittings and equipment. Information about leases for which the Group is a lessee is presented below.

Restatement
During 2021, a review was conducted on Group leases. This found errors on the implementation of IFRS 16 (1 January 2019) and subsequent recognition relating to the treatment of contractual rental increases, initial balances held at implementation (impacting subsequent impairments), completeness, computational errors on foreign exchange, identification of payments and the length of lease used. 2020 figures have been restated to correct these errors.

The restatement has impacted the consolidated income statements, consolidated statements of comprehensive income, balance sheets and consolidated cash flow statements, as shown in Note 2.

23. Obligations under leases (continued)
Right-of-use assets

	Leasehold property $'000	Fixtures, fittings and equipment $'000	Aircraft $'000	Vehicles $'000	Total $'000
Cost					
At 1 January 2020 as reported	51,596	72	19,118	205	70,991
Restatement[1]	940	–	–	9	949
At 1 January 2020 as restated	52,536	72	19,118	214	71,940
Additions as reported	6,846	–	–	–	6,846
Restatement[1]	(3,399)	–	–	113	(3,286)
Additions as restated	3,447	–	–	113	3,560
Derecognition as reported	(2,539)	–	(19,417)	–	(21,956)
Restatement[1]	1,592	(55)	–	(23)	1,514
Derecognition as restated	(947)	(55)	(19,417)	(23)	(20,442)
Exchange differences as reported	1,595	2	299	8	1,904
Restatement[1]	(193)	(3)	–	5	(191)
Exchange differences restated	1,402	(1)	299	13	1, 713
At 31 December 2020 restated	56,438	16	–	317	56,771
Additions	7,265	123	–	164	7,552
Disposals	(2,862)	(10)	–	(161)	(3,033)
Acquisition	3,387	7	–	–	3,394
Exchange differences	(385)	–	–	(1)	(386)
At 31 December 2021	**63,843**	**136**	**–**	**319**	**64,298**
Accumulated depreciation and impairment					
At 1 January 2020 as reported	8,270	46	10,285	75	18,676
Restatement[1]	10	2	(37)	(2)	(27)
At 1 January 2020 as restated	8,280	48	10,248	73	18,649
Charge for the year – admin expenses as reported	521	19	–	–	540
Restatement[1]	190	–	–	–	190
Charge for the year – admin expenses as restated	711	19	–	–	730
Charge for the year – cost of sales as reported	5,582	–	5,052	74	10,708
Restatement[1]	368	–	–	26	394
Charge for the year – cost of sales as restated	5,950	–	5,052	100	11,102
Impairment as reported	7,013	–	–	–	7,013
Restatement[1]	(469)	–	–	–	(469)
Impairment as restated	6,544	–	–	–	6,544
Derecognition as reported	(2,539)	–	(15,574)	–	(18,113)
Restatement[1]	1,775	(55)	1	(23)	1,628
Derecognition as restated	(764)	(55)	(15,573)	(23)	(16,415)
Exchange differences as reported	691	4	237	7	939
Restatement[1]	(224)	(5)	36	–	(193)
Exchange differences as restated	467	(1)	273	7	746
At 31 December 2020 as restated	21,188	11	–	157	21,356
Charge for the year – admin expenses	955	15	–	47	1,017
Charge for the year – cost of sales	6,426	2	–	79	6,507
Impairment	1,911	–	–	–	1,911
Disposals	(2,603)	(10)	–	(161)	(2,774)
Exchange differences	(101)	–	–	(1)	(102)
At 31 December 2021	**27,776**	**18**	**–**	**121**	**27,915**
Carrying amount					
At 31 December 2021	**36,067**	**118**	**–**	**198**	**36,383**
At 31 December 2020 restated[1]	35,250	5	–	160	35,415
At 1 January 2020 restated[1]	44,256	24	8,870	141	53,291

[1] Restatements are detailed in Note 2 of the notes to the financial statements

Obligations under leases

	Leasehold property $'000	Fixtures, fittings and equipment $'000	Aircraft $'000	Vehicles $'000	Total $'000
At 1 January 2020 as reported	47,817	20	12,228	139	60,204
Restatement[1]	1,599	4	(207)	44	1,440
At 1 January 2020 as restated	49,416	24	12,021	183	61,644
Additions as reported	6,846	–	–	–	6,846
Restatement[1]	(3,656)	–	–	113	(3,543)
Additions as restated	3,190	–	–	113	3,303
Finance expense as reported	2,592	–	147	4	2,743
Restatement[1]	(139)	–	–	2	(137)
Finance expense as restated	2,453	–	147	6	2,606
Lease payments as reported	(8,094)	(13)	(7,878)	(44)	(16,029)
Restatement[1]	(1,616)	(8)	–	(30)	(1,654)
Lease payments as restated	(9,710)	(21)	(7,878)	(74)	(17,683)
Derecognition as reported	–	–	(4,083)	–	(4,083)
Restatement[1]	(184)	–	–	–	(184)
Derecognition as restated	(184)	–	(4,083)	–	(4,267)
Rent free credit as restated	(259)	–	–	–	(259)
Exchange differences as reported	264	(9)	(414)	(37)	(196)
Restatement[1]	729	9	207	46	991
Exchange differences as restated	993	–	(207)	9	795
At 31 December 2020 restated	45,899	3	–	237	46,139
Additions	7,265	123	–	164	7,552
Disposals	(259)	–	–	–	(259)
Acquisitions	3,387	7	–	–	3,394
Finance expense	2,614	3	–	7	2,624
Derecognition	(1,626)	–	–	–	(1,626)
Lease payments	(9,447)	(19)	–	(107)	(9,573)
Rent free credit	(110)	–	–	–	(110)
Exchange differences	(144)	–	–	5	(139)
At 31 December 2021	**47,579**	**117**	**–**	**306**	**48,002**

1 Restatements are detailed in Note 2 of the notes to the financial statements

23. Obligations under leases (continued)

Following the surrender of the lease at Fairoaks Airport, a $1,626k profit has been recognised in derecognition of remaining lease liabilities. This amount is recognised within other income.

	2021 $'000	2020 Restated[1] $'000
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	**8,101**	8,762
One to five years	**22,307**	22,030
More than five years	**56,760**	37,030
Total undiscounted lease liabilities at 31 December	**87,168**	67,822
Lease liabilities included in the statement of financial position at 31 December:		
Current	**7,970**	8,566
Non-current	**40,032**	37,573
Total lease liabilities at 31 December	**48,002**	46,139

1 Restatements are detailed in Note 2 of the notes to the financial statements

Amounts recognised in income statement

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

	2021 $'000	2020 Restated[1] $'000
Depreciation charge of right-of-use assets		
Leasehold property	**7,381**	6,661
Fixtures, fittings and equipment	**17**	19
Aircraft	**–**	5,052
Vehicles	**126**	100
Total depreciation charge of right-of-use-assets	**7,524**	11,832
Interest expense (included in finance cost)	**2,624**	2,606
Expenses relating to short-term leases of twelve months or less	**1,370**	740
Impairment of right-of-use assets	**1,911**	6,544
Profit on derecognition of leases	**(1,626)**	(240)
Rent free credit[2]	**(110)**	(259)

1 Restatements are detailed in Note 2 of the notes to the financial statements

2 The rent free credit arose on the Sharjah lease as the landlord gave the Group COVID-19 related concessions. No other concessions have been received by the Group

There are no expenses relating to low value assets or expenses relating to variable lease payments. An impairment loss of $1,911k has been recognised in 2021 in relation to the right-of-use leased asset at Sharjah Airport (2020: impairment of $6,544k restated) as the lease was extended in 2021 but funding for the project has not yet been finalised.

Average incremental borrowing rates applied across the Group were:

	2021 %	2020 %
Leasehold property	**5.7**	5.5
Vehicles	**4.9**	3.9
Fixtures, fittings and equipment	**6.8**	4.6

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.

In June 2017, the Group entered into a non-cancellable Build Operate Transfer and Service Concession agreement with Sharjah Airport Authority under which the Group is committed to construct a BAC at Sharjah Airport. The agreement now runs from June 2017 until June 2052 following the exercise of the ten-year extension option during the year. The lease liability has been discounted at an incremental borrowing rate of 7.3% (2020: 7.3%). The Sharjah BAC includes a $9,850k (2020: $7,964k restated) obligation under leases at 31 December 2021 following the formalisation of the ten-year lease extension.

Critical management judgement
A critical management judgement at the reporting date, relates to the determination of the recoverable amount of nil for the Sharjah BAC project. This is based on the Management's judgement that whilst the Group is in advanced discussions with investors regarding the funding of this project, the Board considers that it would be inappropriate to reverse impairments relating to the BAC project until the full funding has been contractually secured.

24. Trade and other payables

	2021 $'000	2020 Restated[1] $'000
Financial liabilities		
Trade and other payables	**15,470**	11,484
Accruals	**15,482**	10,864
Amounts due to associates	**–**	1,046
	30,952	23,394
Non-financial liabilities		
Other long-term employee benefits accrual	**1,821**	–
Other taxation and social security	**1,591**	5,002
Income received in advance	**6,799**	6,689
	10,211	11,691
Total trade and other payables	**41,163**	35,085
Current	**39,342**	35,085
Non-current	**1,821**	–
Total trade and other payables	**41,163**	35,085

1 Restatements are detailed in Note 2 of the notes to the financial statements.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average Days Payables Outstanding (DPO) is 30 days (2020: 29 days).

No interest is charged on the trade payables. 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 approximates to their fair value.

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. See Note 33 for other contract liabilities.

See Note 32 for further details on the other long-term employee benefits accrual.

25. Issued capital and reserves

	Number	£'000	$'000
Ordinary shares: authorised, issued and fully paid			
At 1 January 2020	63,636,279	636	953
At 31 December 2020	63,636,279	636	953
Shares issued	50,000	1	1
At 31 December 2021	**63,686,279**	**637**	**954**

Share capital represents the amount subscribed for share capital at nominal value. 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 2020	63,473
At 31 December 2020	63,473
Shares issued	29
At 31 December 2021	**63,502**

Share premium represents the amount subscribed for share capital in excess of nominal value, net of historic placement fees of £1,526k or $1,987k (2020: £1,526k or $1,987k).

Other reserves

	Merger relief reserve $'000	Reverse takeover reserve $'000	Other reserve $'000	Share-based payment reserve $'000	Total $'000
At 1 January 2020	108,595	(95,828)	20,336	1,695	34,798
Share-based payment expense (Note 31)	–	–	–	562	562
Balance at 31 December 2020	108,595	(95,828)	20,336	2,257	35,360
Share-based payment expense for share options (Note 31)	–	–	–	244	244
Transfer for lapsed options	–	–	–	(607)	(607)
Balance at 31 December 2021	**108,595**	**(95,828)**	**20,336**	**1,894**	**34,997**

The merger relief reserve represents differences between the fair value of the consideration transferred and the nominal value of the shares. In 2015, this occurred as a result of the reverse takeover. The reserve was increased in 2016 upon 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 is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 31 for further details of these plans.

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 and no own share reserve is recognised. At the end of the reporting period, there are 219,310 (2020: 219,310) shares which are held in the employee benefit trust. The fair value of these shares at 31 December 2021 was £95k (2020: £84k).

26. Non-controlling interest

	$'000
Balance at 1 January 2020	751
Total comprehensive income attributable to minority interests	45
Balance at 31 December 2020	796
Total comprehensive income attributable to minority interests	(703)
Balance at 31 December 2021	**93**

The non-controlling interest in the current and prior year relates to a 49% shareholding in Gama Aviation FZC, which is consolidated as 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. In addition, the Group has a call option on the remaining shareholding.

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

	2021 $'000	2020 $'000
Current assets	**14,454**	14,362
Current liabilities	**(14,022)**	(10,416)
Current net assets	**432**	3,946
Non-current assets	**32**	32
Net assets	**464**	3,978
Accumulated NCI	**93**	796
Revenue	**28,081**	18,418
(Loss)/profit for the year	**(3,514)**	227
Other comprehensive income	**–**	–
Total comprehensive income	**(3,514)**	227

27. Net cash generated by operating activities

	2021 $'000	2020 Restated[1] $'000
Loss before tax	(10,745)	(8,142)
Adjustments for:		
Finance income (Note 8)	(617)	(1,535)
Finance costs (Note 9)	4,110	3,817
Depreciation of property, plant and equipment (Note 15)	6,441	4,773
Depreciation of right-of-use assets in administrative expenses (Note 23)	1,017	730
Depreciation of right-of-use assets in cost of sales (Note 23)	6,507	11,102
Amortisation of intangible assets (Note 14)	3,355	2,195
Impairment of right-of-use assets (Note 23)	1,911	6,544
Impairment of property, plant and equipment (Note 6)	–	4,609
Impairment of non-current assets within share of results from equity accounted investments (Note 6)	–	6,433
Impairment of other intangible assets (Note 14)	–	833
Lease credit recognised (Note 23)	(110)	(259)
Non-cash lease settlement (Note 23)	(1,626)	–
Loss on disposal of property, plant and equipment (Note 15)	6	63
Share of loss/(profit) of associates (Note 17)	1,491	3,272
Profit on disposal of interest in associate (Note 17)	–	(7,278)
(Reversal)/impairment of equity accounted investment in associate (Note 6)	(1,491)	3,421
Utilisation of PPP loan (Note 28)	–	(4,753)
Share-based payment (Note 31)	257	562
Operating cash inflow before movements in working capital	10,506	26,387
Unrealised foreign exchange movements	(656)	843
Increase in gross inventories	(1,567)	(80)
Increase in inventory obsolescence (Note 18)	18	1,520
Decrease in gross receivables[3]	6,229	10,161
(Decrease)/increase in loss allowance for receivables (Note 19)	(1,255)	3,083
Decrease in payables and deferred consideration	(19)	(10,183)
(Decrease)/increase in deferred revenue	(4,847)	6,365
(Decrease)/increase in provisions	(685)	333
Working capital movements	(2,782)	12,042
Cash generated by operations[2]	7,724	38,429
Taxes paid on operating activities[4]	(3,289)	(3,085)
Tax refunds received	790	–
Net cash generated by operating activities	5,225	35,344

1 Restatements are detailed in Note 2 of the notes to the financial statements
2 Included within cash generated by operations is cash outflows on exceptional items of $832k in the year (2020: $0.7m)
3 Included within decrease in gross receivables is $17,500k (2020: $2,500k) relating to branding fees agreed on the sale of the US Air Associate
4 Taxes paid on operating activities includes $3,129k (2020: $3,067k) relating to the sale of the US Air Associate

28. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are tabulated below.

	Borrowings		Obligations under leases		
	Long-term $'000	Short-term $'000	Long-term $'000	Short-term $'000	Total $'000
At 1 January 2020, as reported	45,394	848	43,838	16,366	106,446
Restatement[1]	–	–	(754)	2,194	1,440
At 1 January 2020, as restated	45,394	848	43,084	18,560	107,886
Cash flows:					
Repayments	(23,623)	(848)	–	–	(24,471)
Proceeds	28,234	5,753	–	–	33,987
Lease payments	–	–	–	(17,683)	(17,683)
Non-cash:					
Rent free credit	–	–	–	(259)	(259)
Lease additions[1]	–	–	2,717	586	3,303
Assumed loan forgiveness	–	(4,753)	–	–	(4,753)
Interest on lease liabilities	–	–	2,307	299	2,606
Foreign currency translation on borrowings in profit or loss (Note 9)	178	–	–	–	178
Derecognition	–	–	(2,517)	(1,750)	(4,267)
Exchange differences[1]	1,872	–	549	246	2,667
Arrangement fee movement on new facility	(26)	–	–	–	(26)
Amortisation of arrangement fees	168	–	–	–	168
Reclassification	–	–	(8,566)	8,566	–
At 31 December 2020, as restated	52,197	1,000	37,573	8,566	99,336
Cash flows:					
Repayments	(9,573)	(2,788)	–	–	(12,361)
Proceeds	–	22,574	–	–	22,574
Lease payments	–	–	–	(9,573)	(9,573)
Non-cash:					
Rent free credit	–	–	–	(110)	(110)
Disposal	–	–	(259)	–	(259)
Acquisition	–	4,202	1,818	1,576	7,596
Interest on lease liabilities	–	–	2,373	251	2,624
Lease additions	–	–	6,978	574	7,552
Derecognition	–	–	(1,060)	(566)	(1,626)
Foreign currency translation on borrowings in profit or loss (Note 9)	(24)	–	–	–	(24)
Exchange differences	(531)	(83)	(114)	(25)	(753)
Arrangement fee movement	180	–	–	–	180
Reclassification	(15,270)	15,270	(7,285)	7,285	–
At 31 December 2021	**26,979**	**40,175**	**40,032**	**7,970**	**115,156**

1 Restatements are detailed in Note 2 of the notes to the financial statements

29. Contingent liabilities

The Group had a material contingent liability at 31 December 2021 in respect of a subsidiary of the Group, Gama Support Services FZE (GSSF), which entered into a Build Operate Transfer Agreement (BOT) and a Concession Agreement with Sharjah Airport Authority (SAA) on 1 July 2017. Under the BOT, GSSF agreed to procure the design and construction of the buildings and other structures comprising a BAC and hangars at Sharjah Airport, UAE and to use reasonable endeavours to ensure that the completion of the construction occurs by the construction completion date as envisaged under the BOT. The prospects for which were initially frustrated by the COVID-19 pandemic and financing of the BAC, which resulted in related assets under construction and right-of-use assets being impaired in the prior year. A 10-year extension to the Sharjah lease was signed in June 2021 and the related right-of-use asset has been impaired in the current year. Whilst the Group is in advanced discussions with investors regarding the funding of this project, the Board considers that it would be inappropriate to reverse impairments relating to the BAC project until the full funding has been contractually secured.

GSSF has until June 2023 to complete and satisfy its construction obligations. SAA may terminate the BOT if there is a breach of any material obligations under the BOT which remain unremedied. In the event GSSF fails to comply with its construction obligations under the BOT, SAA will have the right to seek compensation for any damage or loss it sustains. It is not possible to estimate the potential contingent liability.

30. Provisions for liabilities

	Closure provision $'000	Dilapidations provision $'000	Employees' end of service provision $'000	Integration provision $'000	Total $'000
At 1 January 2021	665	332	500	–	1,497
Restatement[1]	–	(44)	–	–	(44)
At 1 January 2021, as restated	665	288	500	–	1,453
(Credit)/charge to the income statement during the year	(276)	14	348	416	502
Utilised during the year	(384)	–	(110)	(358)	(852)
Foreign exchange	4	(4)	–	–	–
Discounting (Note 9)	–	17	–	–	17
At 31 December	**9**	**315**	**738**	**58**	**1,120**

1 Restatements are detailed in Note 2 of the notes to the financial statements

	2021 $'000	2020 Restated[1] $'000
Current	**772**	679
Non-current	**348**	774
Total	**1,120**	1,453

1 Restatements are detailed in Note 2 of the notes to the financial statements

The dilapidations provision relates to leases entered into during 2020.

The closure provision at 31 December 2021 comprises $9k relating to the reduction of business activities in Saudi Arabia. At 31 December 2020, the closure provision included $486k relating to the cessation of the Group's business activities at Fairoaks Airport and $173k in redundancy provisions relating to the reduction of business activities in Saudi Arabia. Actual closure costs incurred relating to the cessation of the Group's activities at Fairoaks Airport amounted to $276k (Note 6).

Provision for employees' end of service indemnity 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, of which $58k remains at 31 December 2021 (2020: $nil), relates to severance costs following the acquisition of Jet East during the year. This is expected to be paid in 2022.

31. Share-based payments

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, options that have been awarded 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 were granted to Directors over 155,000 shares on 29 March 2021 where they vested immediately (the "Director ASOP Awards"). 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 of options are forfeited 90 days after leaving, being the proportion of the original shares granted that relate to the period after leaving and prior to vesting, 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.

When exercisable, each option is convertible into one ordinary share at most 30 days after the valid exercise of an option.

Under the CSOP and ASOP, the exercise price of options is 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.

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

	2021		2020	
	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	**165.3**	**3,301**	161.6	3,747
Granted during the year	**29.1**	**4,136**	–	–
Exercised during the year[1]	**1.0**	**(25)**	–	–
Surrendered during the year	**164.9**	**(2,276)**	–	–
Forfeited during the year	**135.4**	**(1,119)**	134.3	(446)
At 31 December	**34.6**	**4,017**	165.3	3,301
Vested and exercisable at 31 December	**87.9**	**226**	183.1	1,503

[1] The weighted average share price at the date of exercise of options exercised during the year was 40.5 pence (2020: not applicable)

Included in the above, 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 on 29 March 2021 (the "Replacement Awards").

No options expired during 2020 or 2021.

31. Share-based payments (continued)
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 2021 '000**	Share options 31 December 2020 '000
9 August 2016	8 August 2026	155.0	**–**	670
22 June 2018	21 June 2028	205.5	**33**	843
22 June 2018	21 June 2028	205.5	**63**	921
17 June 2019	16 June 2029	91.5	**86**	867
26 March 2021	25 March 2031	39.0	**965**	–
29 March 2021	28 March 2031	68.8	**1,046**	–
29 March 2021	28 March 2031	1.0	**1,694**	–
29 March 2021	28 March 2031	1.0	**130**	–
TOTAL			**4,017**	3,301
Weighted average remaining contractual life of options outstanding at end of period			**9.14 years**	7.36 years

The estimated fair values of the awards under the CSOP and ASOP have been established using a Black Scholes model. This model uses a number of 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 a number of inputs, including expected dividends, expected share price volatility and the expected period to exercise, and it factors the likelihood of the market-based performance condition being met at the grant date.

The inputs into the models and assessed fair value at grant date of options granted during the year ended 31 December 2021 are as follows:

	CSOP/ASOP Awards 26 March 2021	Replacement Awards 29 March 2021	LTIP Awards 29 March 2021	Director ASOP Awards 29 March 2021
Share price, pence[1]	39.0	39.0	39.0	39.0
Exercise price, pence[2]	39.0	68.8	1.0	1.0
Expected share price volatility	47.2%	47.2%	56.2%	n/a
Expected life, years	6.5 years	6.5 years	3 years	0 years
Risk-free rate	0.46%	0.52%	0.13%	n/a
Expected dividend yields	0%	0%	0%	0%
Fair value per share granted, pence[2]	18.0	12.0	11.0	38.0
Total fair value at date of grant (£'000)	184	See below	200	59
Total fair value at date of grant ($'000)[1]	256	See below	277	82

1 Previous period disclosures have been represented from USD cents to GBP pence throughout
2 The GBP expense has been translated to USD based on the exchange rate prevailing at the time of grant

Expected volatility was determined by calculating the historical volatility of the Group's share price over a historical 6.5-year period prior to grant for the ASOP and CSOP, with the exception of the Director ASOP Awards.

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.

Shares issued to Director
On 19 January 2021, Daniel Ruback, an Executive Director of the Company, was issued a total of 25,000 ordinary shares of 1 penny each in the capital of the Company at nil cost, in accordance with the terms of his Service Agreement. The shares had a grant date fair value of 44.5 pence based on the open market price at that date.

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

	2021 $'000	2020 $'000
Options issued under equity-settled share employee option schemes plan	244	562
Shares issued to Director	13	–
	257	562

Refer to Note 35 regarding the effect of a Director resigning after 31 December 2021.

32. Other long-term employee benefits

The acquisition of Jet East also includes a 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 combined Business Aviation MRO US business. A remuneration charge of $1,821k (2020: $nil) has been recognised within Adjusting items and an accrual of $1,821k (2020: $nil) is included within non-current trade and other payables. The period over which the services are received is three years and the incentive plan is estimated to result in a future cash outflow of $6,024k (2020: $nil) after this three-year period.

For the long-term incentive plan to result in future payments, business performance must exceed a Board approved projection, the acquisition case. Executives can earn up to a maximum of 9% ownership in the Business Aviation MRO US equity subject to business performance in the 2023 financial year and the level of indebtedness of the combined Business Aviation MRO US business at that time. The long-term incentive plan is accounted for as remuneration for post-acquisition services and is not part of the business combination.

A Board approved five-year Strategic Plan has been used to estimate business performance in the 2023 financial year and the level of indebtedness of the combined Business Aviation MRO US business at that time.

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 the other long-term employee benefit accrual or the associated remuneration charge within the next financial year, relates to a change in forecast business performance. The Directors consider that the carrying amount of the other long-term employee benefit accrual at 31 December 2021 of $1,821k (2020: nil) approximates the present value of the service cost.

A 10% increase in the business performance in 2023 would result in an additional payment of around $602k in 2024, an additional charge for year ended 31 December 2021 of $182k and an additional accrual at 31 December 2021 of $182k. Business performance in Business Aviation MRO US is calculated as a multiple of EBITDA less cash and cash equivalents and less borrowings.

33. Deferred revenue

	2021 $'000	2020 $'000
Deferred revenue	8,882	13,367
Current	8,880	12,676
Non-current	2	691
Total	8,882	13,367

The deferred revenue arises in respect of management fees, maintenance contracts and SaaS contracts invoiced in advance, nearly all of which are expected to be settled in the next twelve months. Deferred revenue also arises on licensing revenue connected to the disposal of the US Air Associate, with $nil (2020: $625k) recognised as non-current and $625k (2020: $3,750k) recognised as current. See Note 17 for further details on licensing revenue. Deferred revenue represents a contract liability.

Deferred revenue has decreased year on year, primarily due to $3,750k of US Air Associate licensing revenue being unwound as noted above.

Contract liabilities
Deferred revenue of $8,882k (2020: $13,367k) is a contract liability and so too is income received in advance, as shown in Note 24, of $6,799k (2020: $6,689k). Total contract liabilities are $15,681k (2020: $20,056k).

34. Financial instruments

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

At 31 December 2021	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	**10,243**	**–**	**10,243**	**10,243**
Trade and other receivables (Note 19)	**53,330**	**–**	**53,330**	**53,330**
Financial liabilities				
Trade and other payables (Note 24)	**–**	**(30,952)**	**(30,952)**	**(30,952)**
Borrowing (Note 21)	**–**	**(67,154)**	**(67,154)**	**(67,154)**
Lease obligation (Note 23)	**–**	**(48,002)**	**(48,002)**	**(48,002)**
Net financial assets/(liabilities)	**63,573**	**(146,108)**	**(82,535)**	**(82,535)**

At 31 December 2020 (restated[1])	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	16,136	–	16,136	16,136
Trade and other receivables (Note 19)	57,317	–	57,317	57,317
Financial liabilities				
Trade and other payables (Note 24)	–	(23,394)	(23,394)	(23,394)
Borrowings (Note 21)	–	(53,197)	(53,197)	(53,197)
Lease obligation (Note 23)	–	(46,139)	(46,139)	(46,139)
Net financial assets/(liabilities)	73,453	(122,730)	(49,277)	(49,277)

[1] Restatements are detailed in Note 2 of the notes to the financial statements

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.

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.

34.1 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 21 and obligations under leases disclosed in Note 23, cash and cash equivalents and equity, comprising issued capital, reserves and accumulated profit as disclosed in the consolidated statement of changes in equity and in Note 25.

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

34.2 Market risk

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 manner in which these risks are managed and measured.

34.2.1 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. In particular, the Group is exposed 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 FX exposure on the net monetary position of entities against their respective functional currency, expressed in each group's presentational currency:

	GBP $'000	USD $'000	EUR $'000	AED[3] $'000	HKD $'000	Other $'000	Total $'000
At 31 December 2021							
Borrowings							
Entities with functional currency USD	–	(2,414)	–	–	–	–	(2,414)
Entities with functional currency GBP	(49,666)	(15,074)	–	–	–	–	(64,740)
Entities with functional currency PLN[4]	–	–	–	–	–	–	–
Total borrowings	(49,666)	(17,488)	–	–	–	–	(67,154)
Obligations under leases							
Entities with functional currency USD	–	(12,284)	–	(9,850)	–	–	(22,134)
Entities with functional currency GBP	(25,809)	–	–	–	–	–	(25,809)
Entities with functional currency PLN	–	–	–	–	–	(59)	(59)
Total obligations under leases	(25,809)	(12,284)	–	(9,850)	–	(59)	(48,002)
Cash							
Entities with functional currency USD	2	5,148	–	67	1	23	5,241
Entities with functional currency GBP	3,861	988	132	1	–	3	4,985
Entities with functional currency PLN[4]	–	–	–	–	–	17	17
Total cash	3,863	6,136	132	68	1	43	10,243
Net trade financial assets[1]							
Entities with functional currency USD	(182)	13,848	100	(789)	(14)	(66)	12,897
Entities with functional currency GBP	3,115	4,657	1,756	–	–	(22)	9,506
Entities with functional currency PLN	–	–	–	–	–	(25)	(25)
Total net trade financial assets	2,933	18,505	1,856	(789)	(14)	(113)	22,378
Net exposure							
Net monetary in USD entities	(181)	–	100	(731)	(12)	(42)	(866)
Net monetary in GBP entities	–	(9,428)	1,887	1	–	(19)	(7,559)
Net monetary in PLN entities	–	–	–	–	–	–	–
Total net exposure	(181)	(9,428)	1,987	(730)	(12)	(61)	(8,425)
At 31 December 2020, restated[2]							
Net monetary in USD entities	(71)	–	(6)	(8)	385	(10)	290
Net monetary in GBP entities	–	8,075	468	–	–	42	8,585
	(71)	8,075	462	(8)	385	32	8,875

1 Net trade financial assets per Note 19 of $53,330k and financial liabilities per Note 24 of $30,952k
2 Restatements are detailed in Note 2 of the notes to the financial statements
3 United Arab Emirates Dirham
4 Polish Zloty

34. Financial instruments (continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10 per cent 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 year end for a 10 per cent change in foreign currency:

	GBP $'000	USD $'000	EUR $'000	AED $'000	HKD $'000	Other $'000	Total $'000
At 31 December 2021							
Total effect on profit/(loss) of depreciation in foreign currency exchange rates	**18**	**943**	**(199)**	**73**	**1**	**6**	**842**
At 31 December 2020 Restated[1]							
Total effect on profit/(loss) of depreciation in foreign currency exchange rates	7	(808)	(46)	1	(39)	(3)	(888)

1 Restatements are detailed in Note 2 of the notes to the financial statements

34.2.2 Interest rate risk management

The Group is exposed to interest rate risk as it finances fixed asset purchases using floating interest rates.

The Group's exposure to interest rates on financial liabilities is detailed in section 34.3 Liquidity risk management section. The Group's exposure to interest rates on financial assets has been assessed by management as insignificant.

Interest rate sensitivity analysis

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

If interest rates had been 1% basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2021 would increase by $647k (2020: $522k). The Company's sensitivity to interest rates has increased during the current year due to the increase in the value of loans held.

34.3 Liquidity risk management

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 risks or the manner in which 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 2020 figures have been restated to remove income received in advance since there are no cash out flows associated with this balance. 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 2021					
Trade and other payables (Note 24)	**n/a**	**30,952**	**–**	**–**	**30,952**
Lease liabilities (Note 23)	**1**	**8,101**	**22,307**	**56,760**	**87,168**
Bank borrowings	**1.1%**	**40,175**	**26,979**	**–**	**67,154**
At 31 December 2020, restated[2]					
Trade and other payables (Note 24)[2]	n/a	23,394	–	–	23,394
Lease liabilities (Note 23)[2]	1	8,762	22,030	37,030	67,822
Bank borrowings	1.1%	1,000	52,197	–	53,197

1 Refer to Note 23, which provides the incremental borrowing rate for each category of lease

2 Restatements are detailed in Note 2 of the notes to the financial statements

34.4 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 endeavours to only deal with creditworthy counterparties and requesting payments on account, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure is continuously monitored.

Financial assets, including trade receivables, 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 19.

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

35. Events after the balance sheet date
The following events occurred after the reporting date:

Resignation of Director
On 10 January 2022, the Group announced that Daniel Ruback, Group CFO, tendered his resignation as Director of the Group in order to pursue other opportunities outside the Group. Daniel remained with the business until 8 April 2022. The Board has appointed Michael Williamson as interim CFO pending the appointment of a permanent replacement.

The cost of Daniel Ruback's unvested share options outstanding has been reversed during 2021, as this event is an adjusting event.

Paycheck Protection Program qualifying expenditure
On 11 April 2022, the SBA requested further information for its review of the forgiveness application on qualifying expenditure under the PPP loan arrangement. The Board has since consulted with its outside legal advisors as to the eligibility for forgiveness of the loan. The Board believes it is appropriate under IAS 20 to recognise the receipt of the loan and its anticipated partial forgiveness and that such treatment is necessary for these accounts to show a true, fair and balanced view of the Group's results given the impact of the global pandemic on its operations. The total balance is material and, while a different outcome is considered highly unlikely, this balance is sensitive to a material change in judgement in the event the US Government assessed the forgiveness differently. Refer to Note 2, Note 3 and Note 21 for further details. This event is a non-adjusting event.

Receipt of long-standing accounts receivable balance
On 21 April 2022, the Group received $3,448k cash in settlement of part of a long-standing accounts receivable balance that had been secured under a lien. The expected credit loss allowance at 31 December 2021 is not impacted by this part settlement. This event is a non-adjusting event.

Adjustments to deferred consideration
The Group agreed a further adjustment to the deferred consideration payable in respect of the acquisition of Jet East with seller after the reporting date. The adjustment is valued at $230k and will reduce the deferred consideration balance outstanding and result in income in the income statement as an Adjusting item. This event is a non-adjusting event.

36. 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.

- **Oneti Lebanon Sarl** – is a company that is majority owned and controlled by Mr G A Khalek, brother of Mr M A Khalek (Chief Executive Officer). Mr M A Khalek holds 30% of the shares in Oneti Lebanon Sarl according to the corporate register in Lebanon, however the beneficial ownership of these shares was transferred to Mr G Khalek in 2008;
- **Mr G Khalek** – the brother of Mr M A Khalek;
- **Cedar Trading Investment Corporation** – is a company beneficially owned by Mr G A Khalek;
- **Oneti SAL** – a company that is majority owned and controlled by Mr G A Khalek;
- **Gladwall Limited** – is a company where Mr M A Khalek is the sole Director;
- **Mr M A Khalek** – has significant influence over the Company through his position as Chief Executive Officer and his ownership interest >20%;
- **EBAA** – is the European trade 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 16). The principals of Felix also have significant ownership interest in Air Arabia, which is a client of the Group;
- **Gama Aviation SPV** – is a company registered in Abu Dhabi Global Market – a related party through potential ownership and control rights via the terms of a loan agreement and because the Group has significant influence over its operations (but not control);
- **Mr Canning Fok** – is an Executive Director of CK Hutchison Holdings, a company which has an indirect shareholding of 29.8% in the Company; and
- **CK Hutchison Holdings** – has an indirect shareholding of 29.8% in the Company

36. Related party transactions (continued)

Associates

- **GB Aviation Holdings LLC** – is a joint venture in which the Group owns a 50% membership interest;
- **Gama Aviation LLC** – was an associate in which GB Aviation Holdings LLC owned a 49% member interest before disposal in March 2020 (Note 17); and
- **China Aircraft Services Limited** – was an associate in which the Group owned a 20% equity interest prior to sale in 2021

Trading transactions

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

	Sale of services		Purchase of services	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
China Aircraft Services Limited	**564**	1,993	**1,377**	2,950
Air Arabia/Felix Trading Company LLC	**198**	25	**158**	151
Gama Aviation LLC (branding fee)[1]	**–**	625	**–**	–
Gama Aviation LLC (other trading balances)[2]	**–**	1,552	**–**	561
Mr Canning Fok	**1,275**	1,646	**–**	–
M Khalek	**37**	23	**–**	–

1 In the prior year branding fees are for the two months prior to disposal

2 For ease of understanding, the branding fee and other trading balances have been separated in the summary table above

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	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Air Arabia/Felix Trading Company LLC	**198**	204	**127**	182
China Aircraft Services Limited	**–**	970	**–**	1,046
Mr Canning Fok	**12**	138	**101**	–
GB Aviation Holdings LLC	**–**	40	**–**	–

Material transactions with related parties

Gama Aviation LLC

During the prior year, Gama Aviation LLC paid $3.75m (of which $0.625m was prior to disposal and $3.125m was post disposal) in cash to the Group in accordance with the branding agreement and a further $15.5m accelerated branding fee as part of the disposal of the associate (Note 17).

Merritt Property LLC

As reported in the 2018 Annual Report, in January 2017 the Group entered into a Termination Agreement (the "Agreement") with Gama Aviation LLC. The Agreement brought the previous branding agreement between the Group and Gama Aviation LLC to a close at the same time as the Group entered into a new branding agreement with GB Aviation Holdings LLC.

The Termination Agreement made provision for a final payment from Merritt Property LLC (which was a 39% owner of Gama Aviation LLC at the time) to the Group of $1.0m in lieu of branding fees forgone.

During the prior year, the Group received cash consideration of $1.0m to settle the full amount due.

Mr Canning Fok

During the year, within the Business Aviation SBU, sales of services of $1,275k (2020: $1,646k) 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 below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. As all the key management personnel are remunerated in Pounds Sterling, the disclosure has been presented in that currency.

	2021 £'000	2020 £'000
Short-term employee benefits	**1,229**	1,410
Post-employment benefits	**168**	181
Total	**1,397**	1,591

Details of Directors' remuneration are given in the Remuneration Report on pages 38 to 42.

Ultimate controlling party
The Company's ordinary shares are publicly traded on the AIM of the London Stock Exchange. There is no single controlling party.

37. Capital commitments
In June 2017, as described in Note 29, a subsidiary company entered into a non-cancellable Build Operate Transfer and Concession agreement with Sharjah Airport Authority under which it is committed to construct a BAC at Sharjah Airport. At 31 December 2021, the Group had other outstanding contracted commitments of nil (2020: $nil).

As part of the commitment to voluntary carbon offsetting, the Group has the intention to purchase verified emission reductions for 2,723 tonnes of CO_2e during 2022 (2021: 3,210 tonnes). At the reporting date, this has not been contracted.

38. Dividends
The Board does not recommend a dividend for 2021 (2020: nil).

/ PARENT COMPANY STATEMENT OF FINANCIAL POSITION
/ FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Investments	3	**51,551**	51,683
		51,551	51,683
Current assets			
Trade and other receivables	4	**48,468**	37,536
Cash at bank and in hand		**1,823**	5,582
		50,291	43,118
Total assets		**101,842**	94,801
Current liabilities			
Trade and other payables	5	**(20,531)**	(21,223)
Borrowings	6	**(27,993)**	–
		(48,524)	(21,223)
Net current assets		**1,767**	21,895
Total assets less current liabilities		**53,318**	73,578
Non-current liabilities: Borrowings	6	**(20,000)**	(38,242)
Total liabilities		**(68,524)**	(59,465)
Net assets		**33,318**	35,336
Capital and reserves			
Called up share capital	7	**637**	636
Share premium account		**46,298**	46,278
Share-based payment reserve		**1,454**	1,714
(Accumulated losses)/accumulated profits	2	**(15,072)**	(13,292)
Equity shareholder funds		**33,318**	35,336

As permitted by Section 408 of the Companies Act 2006, no separate Company profit and loss account has been included in these financial statements. The Company made a loss after tax of £1,780k for the year (2020: £40,554k loss).

The financial statements on pages 126 to 132 were approved by the Board of Directors on 27 May 2022 and signed on its behalf :

Marwan Khalek
Director

The notes on pages 128 to 132 form part of these parent company financial statements.

/ PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
/ FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £'000	Share premium £'000	Share-based payment reserve £'000	Merger reserve £'000	Accumulated profit/ (accumulated losses) £'000	Total £'000
At 1 January 2020	636	46,278	1,276	21,415	5,847	75,452
Loss for the year	–	–	–	–	(40,554)	(40,554)
Utilisation of merger reserve	–	–	–	(21,415)	21,415	–
Share-based payment contribution	–	–	438	–	–	438
At 31 December 2020	636	46,278	1,714	–	(13,292)	35,336
Shares issued	1	20	–	–		21
Loss for the year	–	–	–	–	(1,780)	(1,780)
Share-based payment contribution	–	–	179	–	–	179
Lapsed and exercised options	–	–	(439)	–	–	(439)
At 31 December 2021	**637**	**46,298**	**1,454**	**–**	**(15,072)**	**33,318**

1. Accounting policies

Statement of Compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 The Reduced Disclosure Framework (FRS 101). The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have all been applied consistently throughout the period unless otherwise stated. The financial statements have been prepared on a historical cost basis. The Company's financial statements are presented in Sterling.

Changes in accounting policies

There have been no changes in accounting policies during the year.

Disclosure exemptions adopted

The following disclosure exemptions have been adopted:

- Preparation of a cash flow statement
- 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
- Capital management disclosures
- Disclosures in respect of standards in issue not yet effective
- The following disclosure exemption has also been adopted as equivalent disclosures are provided in the parent consolidated financial statements:
- Reduced financial instruments disclosures relating to IFRS 7

Going concern

The financial statements have been prepared on a going concern basis. The Company recorded a loss of £1,780k for the year (2020: loss of £40,554k), had net current assets of £1,729k (2020: £21,895k), and had net assets of £33,318k (2020: £35,336k).

The Directors have considered the cash flow requirement for the Group for a period including twelve months from the date of approval of these financial statements. Based on these projections the Directors consider that the Company and the Group will have sufficient cash resources during this period to pay its liabilities as they fall due.

The borrowing facilities have no covenants and fall due for repayment on 14 November 2022 and 31 January 2023 respectively. The RCF is settled and drawn down on a cyclical basis. It falls due for repayment within twelve months of the reporting date and has been presented in current liabilities. The term loan falls due for repayment over twelve months from the reporting date and has been presented in non-current liabilities.

The Company and Group is well advanced in its negotiations with HSBC regarding refinancing and the Directors are confident that these facilities will be renewed at the same levels, albeit based on draft term sheets at a higher finance cost. However, at the time of approving the Annual Report, the renewal of the facilities has not been concluded. Discussions with alternative potential lenders remain at too early a stage to be considered.

Accordingly, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Nevertheless, as disclosed in note 2 to the group financial statements, as the renewal of borrowing facilities with HSBC has not been concluded at the time of approving the financial statements there is a risk that, if these facilities were not renewed at the proposed levels, and the Group were not be able to secure equivalent levels of funding from alternative facilities, loans and asset-backed financing, the Company and the Group may not be able to meet its liabilities as they fall due.

As a result, there is a material uncertainty that may cast significant doubt about the Company and the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company or Group were unable to continue as a going concern.

Financial assets

Trade receivables and other receivables are subsequently measured at amortised cost less an expected credit allowance. The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Any write-down of these assets is expensed to the income statement. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has concluded that the expected loss rates for trade and other receivables excluding amounts owned by subsidiary undertakings is nil. Amounts owed by subsidiary undertakings are non interest bearing, unsecured and repayable on demand. Refer to Note 4 for the expected loss allowance on amounts owed by subsidiary undertakings.

Taxation
The Company is part of a tax group and surrenders losses for group relief.

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying temporary differences. Deferred tax balances are not discounted.

Valuation of 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 Gama Aviation Plc 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 in order 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. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the investment asset for which the estimates of future cash flows have not been adjusted. 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. Refer to Note 3 for further details.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the parent company accounting policies, 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 that are considered to be relevant. Actual results may differ from these estimates.

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

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 material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Investments impairment review
The investments impairment review requires the use of estimates related to future profitability and the cash generating ability of the related businesses based on management's assessment of future cash flows and other assumptions including discount rates and terminal growth. The estimates used may differ from the actual outcome. Details of the impairment review performed are set out in Note 3.

2. Profit/(loss) attributable to shareholders
As permitted by Section 408 of the Companies Act 2006, no separate Company profit and loss account has been included in these financial statements. The Company made a loss of £1,780k for the year (2020: £40,554k). As at 31 December 2021, the Company had accumulated losses amounting to £15,072k.

The Directors apply the guidance provided by ICAEW TECH 02/17 in determining reserves available for distribution.

The Company did not pay an ordinary dividend in the year (2020: £nil) to shareholders.

The total fees of the Group's auditors for services provided are analysed in Note 5 to the consolidated financial statements.

The average monthly number of employees (including Executive Directors) was nil (2020: nil). There are no employees of the Company and the Directors are employed and remunerated by other companies within the Group. Details of the total average employee numbers and employee costs are included in Note 7 to the consolidated financial statements.

3. Investments

	Total £'000
Balance at 1 January 2020	75,715
Additions – parent contribution in respect of share-based payments	438
Provision for impairment	(24,470)
Balance at 31 December 2020	51,683
Additions – parent contribution in respect of share-based payments	179
Reductions – lapsed share options	(429)
Reversal of provisions for impairment	117
Investment in new subsidiary	1
Closing balance at 31 December 2021	**51,551**

In the current year, an impairment of £117k has been reversed, relating to share options lapsed. In 2020, an impairment charge of £24,470k was made to reduce the investment carrying amount to the recoverable amount.

The recoverable amount was again assessed in 2021 and is calculated as the higher of fair value less costs to sell and VIU. Market capitalisation is used as a proxy for the fair value less cost to sell and the VIU is measured by discounting the future expected cash flows. The key assumptions and estimates used for VIU calculations are set out in Note 13 of the notes to the Group financial statements.

The additions of £179k (2020: £438k) are in respect of share-based payment charges arising in relation to subsidiaries of the Company, and the £429k relates to lapsed options.

Details of the Company's subsidiaries at 31 December 2021 are set out in Note 16 to the Group financial statements.

The market capitalisation for the Group at the time of reporting of circa £40.4m is higher than the net asset at 31 December 2021 of £33.3m.

Sensitivity to changes in assumptions
The investment which is most sensitive to a change in assumptions is the investment in Gama Group Inc which holds BA MRO US and at 31 December 2021 has £5.2m of headroom over the carrying amount of the investment. For an impairment to occur a £0.7m reduction in the projected operating cash flows in the five-year forecast horizon would be required. No impairment charge has been recognised on this investment.

No reasonably possible change in assumptions on other investments would diminish the recoverable amount below the carrying amount of investments.

4. Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	**48,438**	37,512
Tax and social security	**23**	22
Prepayments and accrued income	**7**	2
	48,468	37,536

Amounts due from subsidiary undertakings are repayable on demand. Amounts due from subsidiary undertakings do not carry any interest charge.

In the prior year, an impairment £14,252k was made against amounts owed by subsidiary undertakings to reduce the carrying amount to the recoverable amount. Balances were impaired where subsidiaries have negative net assets and their future valuations (VIUs) do not exceed the carrying amount. The significant impairment is in relation to funding historically provided to Business Aviation excluding MRO US, where as a result of the COVID-19 pandemic there was increased uncertainty. No change was made on the loss allowance on amounts owed by subsidiary undertakings in the current year. The loss allowance on amounts owed by subsidiary undertakings at the reporting date is £16,748k (2020: £16,748k).

5. Trade and other payables

	2020 £'000	2020 £'000
Amounts owed to subsidiary undertakings	**20,102**	20,738
Trade creditors	**143**	147
Accruals and deferred income	**286**	338
Other payables	**–**	–
	20,531	21,223

Amounts due to subsidiary undertakings are carried at amortised cost, are repayable on demand, and do not carry any interest charge.

6. Borrowings

	2021 £'000	2020 £'000
Amount due for settlement within 12 months: Bank borrowings	**27,993**	–
Amount due for settlement after 12 months: Bank borrowings	**20,000**	38,242
	47,993	38,242

The principal features of bank borrowings are as follows:

/ Bank borrowings in 2021 of £47,993k (2020: £33,955k) comprise of drawdowns from a revolving credit facility (RCF) and a term loan (the "Loan"), both secured with HSBC.
/ A letter of awareness has been provided by CK Hutchison Holdings Ltd (CKHH) to HSBC, which has an indirect shareholding of 29.8% in the Group, that CKHH's current intention, while any amount is outstanding under the facility, is not to reduce its shareholding in the Group below 25.0% without consent from the lender or discharge of the facility. No legal implications are imposed on CKHH. In addition, on 20 April 2022 an updated letter confirms that CKHH has no current intention to withdraw the current letter of awareness before the facilities are due for renewal; and that CKHH currently has no intention not to facilitate renewal of the Group's facilities with HSBC through a comparable arrangement, provided the Group continues to meet its ongoing reporting obligations and such other conditions as may be agreed between the parties.
/ During 2020, the Group completed the purchase of three Airbus H145 helicopters, which came into use on 1 June 2020 in support of a long-term contract. The purchase was funded through a £20m term loan which matures in January 2023 The Loan is separate from the RCF which was transferred from RBS to HSBC on improved terms in November 2019.
/ The RCF is settled and drawn down on a cyclical basis and the current facility is subject to renewal within the next twelve months. The RCF is presented in current liabilities.
/ The Loan and the RCF are subject to customary banking security arrangements.
/ During the prior year, the Company issued a debenture as security against the Loan and RCF.

6. Borrowings (continued)

2021	Interest	Maturity	Facility ’000	Drawn (Local currency) ’000	Drawn (Presentation currency) £’000
RCF	See below	14 November 2022	USD 50,000	GBP 17,000	17,000
				USD 15,000	10,993
Term loan	See below	31 January 2023	GBP 20,000	GBP 20,000	20,000
Bank borrowing before arrangement fees					
Capitalised loan arrangement fees					127
Bank borrowings					**48,120**

2020	Interest	Maturity	Facility ’000	Drawn (Local currency) ’000	Drawn (Presentation currency) £’000
RCF	LIBOR + 0.94%	14 November 2022	USD 50,000	GBP 18,500	18,500
Term loan	LIBOR + 1.12%	31 January 2023	GBP 20,000	GBP 20,000	20,000
Bank borrowing before arrangement fees					**38,500**
Capitalised loan arrangement fees					(258)
Bank borrowings					**38,242**

Following the global financial crisis in 2008, the reform and replacement of benchmark interest rates such as GBP LIBOR and other inter-bank offered rates (IBORs) became a priority for global regulators. As a result, LIBOR was wound down during 2021, and the lender for the RCF and term loans removed the reference to LIBOR, with interest instead being derived from SONIA, the Bank of England Bank Rate and a spread adjustment.

7. Share capital and reserves

	Nominal value	2021 Number	2020 £’000	2020 Number	2020 £’000
Issued and fully paid ordinary shares					
At the beginning of the period	1p	63,636,279	636	63,636,279	636
Issued	1p	50,000	1	–	–
At the end of the period	**1p**	**63,686,279**	**637**	**63,636,279**	**636**

Further details of movements in the Company’s authorised and issued share capital are given in Note 25 to the consolidated financial statements.

The share premium, share-based payment reserve and merger reserve are not distributable.

8. 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 the Company are controlled within the Group, and the Company is included in Note 36 of the notes to the consolidated financial statements. The Company had no other related party transactions.

9. Events after the balance sheet date

Refer to Note 35 to the consolidated financial statements for details on non-adjusting events that occurred after the reporting date that are relevant to the Company.

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