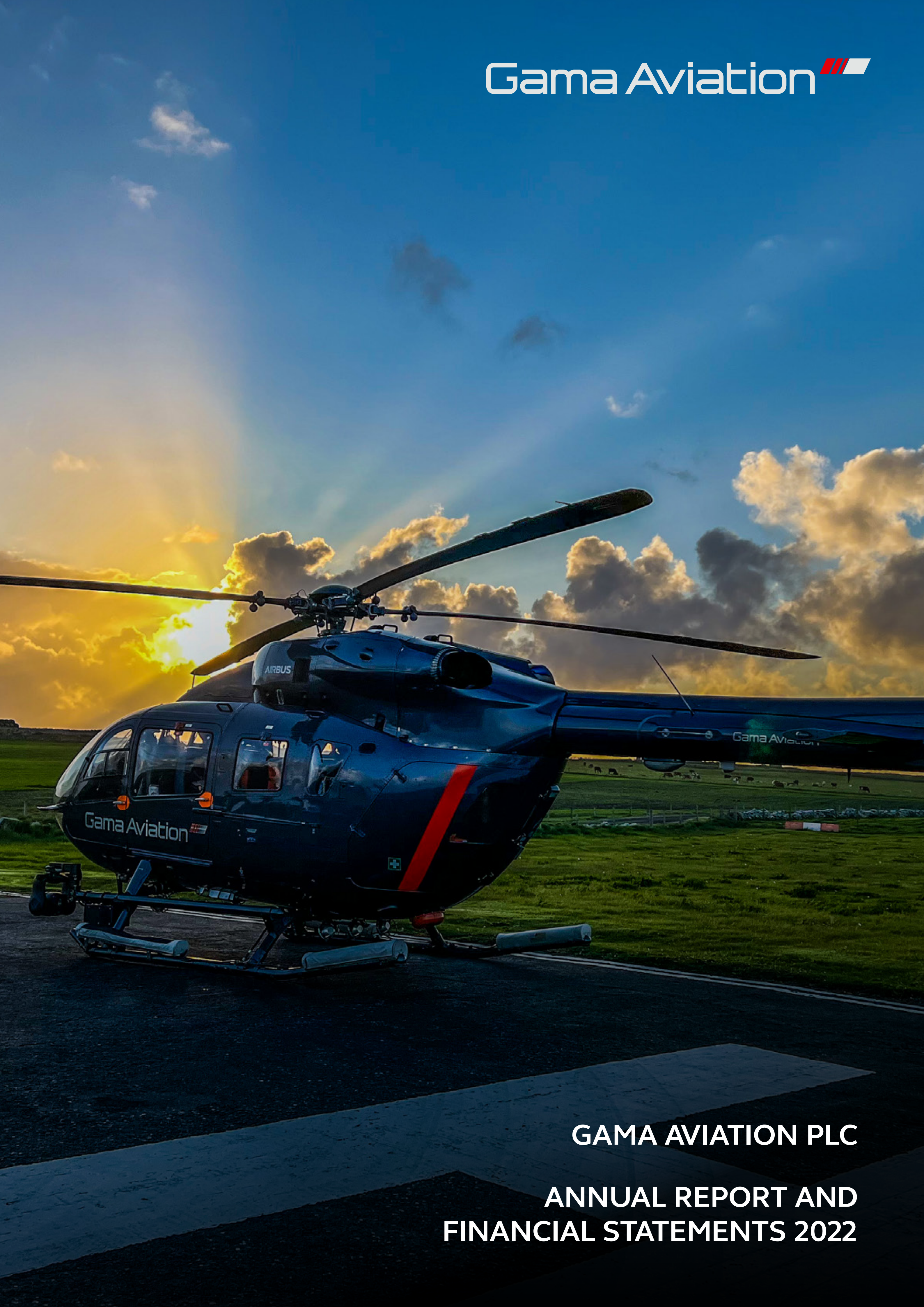
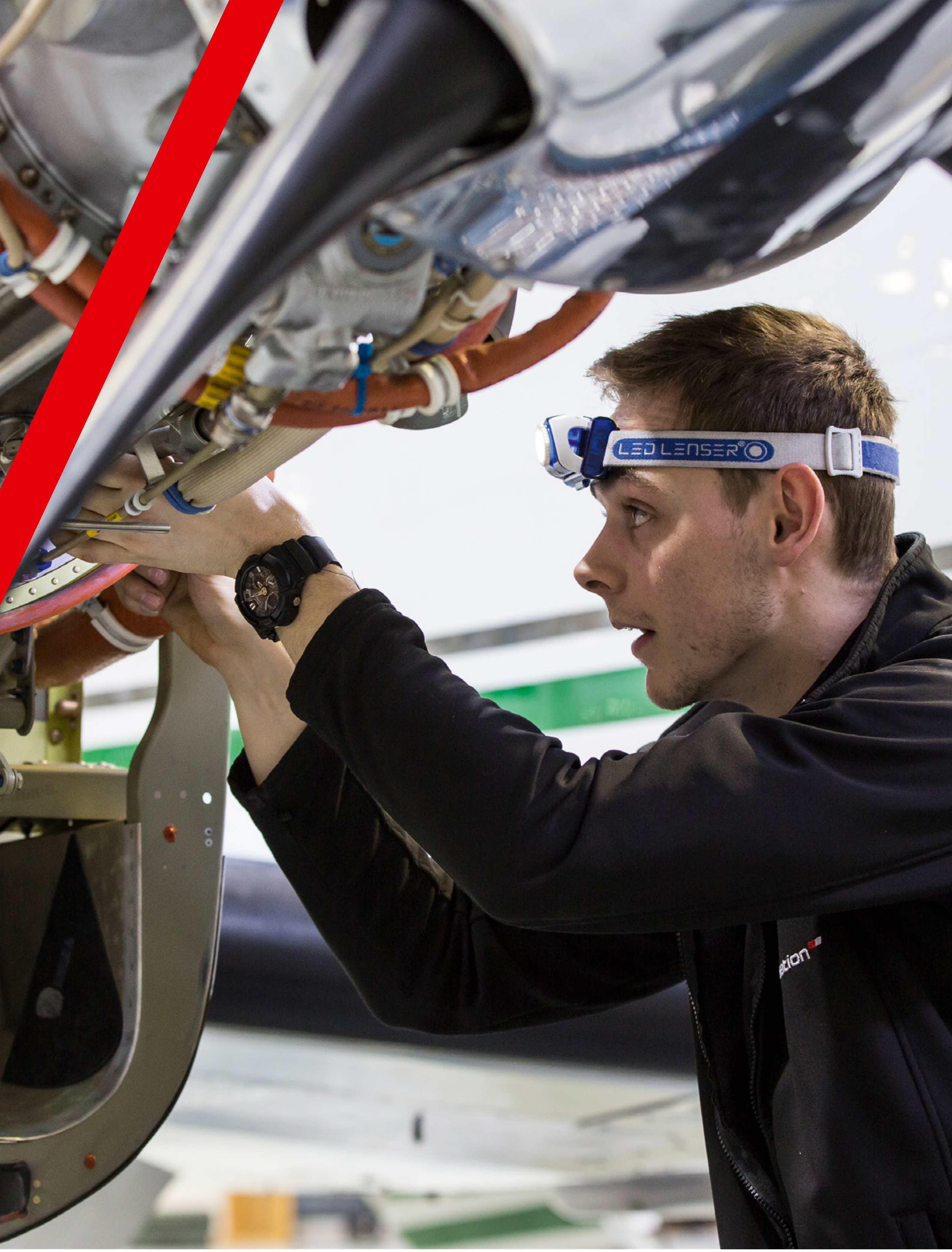


GAMA AVIATION PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022


LED LENSER

OUR PURPOSE

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

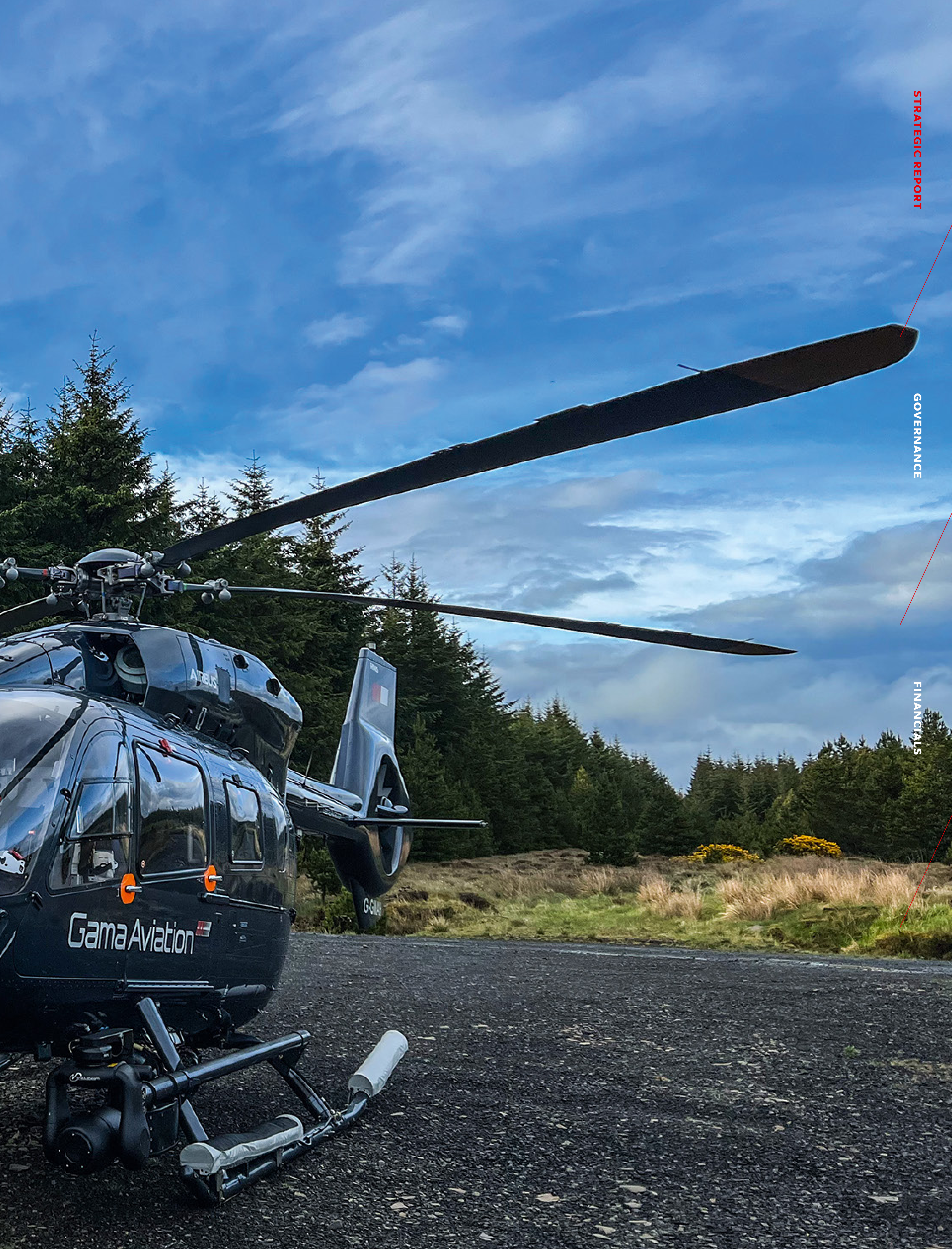
STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

Safe and Dependable

Strategic Report
2022 Highlights
Chief Executive Officer's statement
Strategy
Group operational performance review
Finance review
Principal risks and uncertainties
Section 172 statement


Gama Aviation
AIRBUS

Gama Aviation Plc is pleased to announce the results for the year ended 31 December 2022.

Financial Highlights:

Revenue

$285.6m

Up 21% (2021: $235.9m)

At constant currency[2] up 27% (2021: $224.5m)

Gross profits

$55.0m

Up 33% (2021: $41.5m)

At constant currency[2] up 41% (2021: $39.1m)

Adjusted EBIT profit[1]

$8.8m

(2021: $4.3m loss)

Statutory loss for the year

$8.6m

(2021: $8.8m loss)

Net debt[1]

$66.4m

(2021: $104.9m)

Net cash inflow from operating activities

$31.4m

(2021: $5.2m cash inflow)

Financial summary

	Adjusted[1] $m		Statutory $m	
	Dec-22	Dec-21[3]	**Dec-22**	Dec-21[3]
Revenue	**285.6**	235.9	**285.6**	235.9
Gross Profit[3]	**55.1**	41.5	**55.0**	41.5
Gross Profit %[3]	**19.3%**	17.6%	**19.3%**	17.6%
EBITDA[4]	**22.9**	11.8	**19.1**	10.1
EBIT	**8.8**	(4.3)	**0.4**	(7.3)
Loss for the year	**(1.4)**	(6.3)	**(8.6)**	(8.8)
Loss per share (cents)	**(2.6)**	(8.7)	**(13.9)**	(12.7)

1 The Adjusted Performance Measures (APMs) are defined in Note 15 to the financial statements and reconciled to the nearest International Financial Reporting Standards (IFRS) measure. APMs include Adjusted Gross Profit, Adjusted EBIT and Net Debt

2 To aid comparability, a further version of the 2021 results has also been calculated on a constant currency basis using a constant foreign exchange rate of $1.24 to £1, being the cumulative average USD/GBP exchange rate for 2022, instead of the reported exchange rate of $1.38 to £1 for 2021. On a constant currency basis 2021 Revenue is $224.5. Gross Profit is $39.1m, Gross Profit percentage is 17.4%, and Adjusted EBIT is a loss of $4.3m. Refer to Note 15 of the notes to the financial statements for further details

3 Depreciation charges of $3.2m in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reviewed and reclassified from administrative expenses to cost of sales to be consistent with the current year presentation and to show depreciation of assets used in the delivery of revenues in cost of sales. There has been no change in loss for the year in respect of the prior year

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

Financial highlights

/ Revenue up 21% (27% at constant currency[2]) to $285.6m (2021: $235.9m)
/ Gross Profit up 33% (41% at constant currency[2]) to $55.1m (2021[3]: $41.5m)
/ Gross Profit Margin up by 1.7ppts (up 2.7ppts at constant currency) at 19.3% (2021[3]: 17.6%)
/ Adjusted EBITDA profit up $11.1m to $22.9m (2021: $11.8m)
/ Adjusted EBIT profit up $13.1m to $8.8m (2021: $4.3m loss)
/ Net cash inflow from operating activities of $31.4m (2021: $5.2m cash inflow). Improvement of $26.2m with $7.7m improvement in EBIT and $14.7m positive contribution from working capital
/ Group cash balances were $22.4m (2021: $10.2m) of cash and $9.0m of the Group's US $15.0m revolving credit facilities (RCF) (2021: $12.1m of Group $50m revolving credit facilities) was undrawn as of 31 December 2022
/ Net debt, inclusive of $52.7m (2021: $48.0m) of lease obligations, decreased to $66.4m (2021: $104.9m).
/ As at 7 June 2023 cash balances were $12.5m
/ The Board of Directors does not recommend a dividend to be paid

Strategic highlights

/ Significant growth and improved profitability in the Group's US Business Aviation maintenance and repair operations ("MRO") business, Jet East
/ The award of a seven-year, five aircraft Wales Air Ambulance Charity contract, finalised in February 2023, represents a significant contract win for the group's Special Mission Strategic Business Unit ("SBU") in line with its organic growth plans
/ The award of a five-year, multi aircraft, North Sea offshore contract to Bond Helicopters, the Group's newly created joint venture with Peter Bond to specifically target niche opportunities within the UK offshore energy market
/ Continued investment in strategically important airport infrastructure with the acquisition of a hangar in Statesville, North Carolina, to provide additional capacity and fuel further organic growth of our US MRO business
/ Successful restructuring of the Group's debt facility allowing for the timely and full repayment of legacy expiring facilities.
/ Continued programme of optimisation of the Group's core lines of business.

Overview

I am very pleased to report that the Group delivered a much-improved performance underpinned by our focus of the growth strategy and optimisation initiatives. It is particularly encouraging to see the significant improvement in the financial performance of core lines of business such as Business Aviation's US MRO, the FBOs and our Charter offer as well as improvements in Special Mission's capture rate of new, long-term, contracts.

These financial performance improvements are a consequence of our continued strategic focus on organic growth opportunities, combined with a programme of 'Fix & Optimise' initiatives within the Strategic Business Units ("SBU's") to ensure the organisation remains resilient to external factors.

This improved financial performance provided a platform from which the Group has been able to restructure its debt facilities and secure the funding it needed, discharging its maturing legacy credit facilities in full, in a timely manner. This was achieved through a combination of a new targeted RCF and loan facility to support the execution of the US MRO strategic plan and aircraft specific related financing; allowing us to unlock the value of our aircraft assets to raise the necessary funding. This was achieved despite the significant tightening of the worldwide debt markets experienced from Q4 2022.

Continued organic investment in our SBU's remains a strategic priority. During 2022, investments were made in myairops (the Group's leading SaaS aircraft and airport operations software product) and strategically important airport infrastructures. These include our hangar development projects in Sharjah and Jersey and the acquisition of facilities in Statesville, North Carolina which will provide additional capacity and capability for our FBO business and our US MRO business respectively. Whilst the absorption of cash into these investments is not reflected with immediate improvement in profitability, they are the seed investments necessary to deliver future organic growth in revenues, and profitability, in line with our strategic objectives.

As a service business, strong performances cannot be achieved without our people. The Board and I recognise our peoples' resilience and unwavering support as we have navigated the last three years of uncertainty. As we enter a new fiscal era of higher interest rates and inflation, we recognise new pressures on cost of living and in turn wage inflation. We will act to support our people, doing so responsibly to protect the quality of our service delivery and the interests of shareholders. Additionally, we will continue to provide all employees with appropriate support such as those we deliver through our innovative and industry leading 'We care' programme.

Similarly, within wider society we continue to make progress with the Group's Social Value commitments particularly in areas such as Women in Aviation, the Armed Forces Covenant, and the Scottish Business Pledge. However, in all areas of social value, the Board recognises that we are on a journey and have much still to do in partnership with our clients and suppliers.

SBU Performance

Business Aviation

The solid growth in our Business Aviation SBU continues to be driven largely by the strong US market (the world's largest business aviation market by volume and value) resulting in strong growth and significant improvement in the financial performance of our US MRO business, which we operate under the Jet East brand. The purchase of a hangar in Statesville, North Carolina, which became operation in April 2023, will provide additional maintenance capacity for our network positively enhancing both growth prospects and business mix.

The same market dynamics that are serving Jet East well, have negatively influenced our Aircraft Management line of business in the UK Europe and the Middle East where many business jet owners have capitalised on robust pre-owned aircraft values in the US and the strong US dollar and have sold aircraft assets. This has resulted in a fall in aircraft ownership amongst our customer base and a subsequent reduction in the Group's activities in this business line over the period.

That said, both Charter and the FBO lines of business have performed well. The FBO business particularly benefited from increased flight volumes into Jersey, Glasgow, and Sharjah, with Sharjah being enhanced by the World Cup hosted by Qatar.

Outside of the US, the rest of the world ("ROW") MRO business had a mixed year and was hindered by a delayed start to the maintenance operations of a major fleet client. A reorganisation of this line of business occurred in Q4 2022, with a greater focus being placed on business development and capture in 2023.

Special Mission
The Special Mission SBU achieved two notable contract awards in Q4, 2022.

The contracts are strategically valuable, one extending the Group's coverage of the UK Air Ambulance market and the other allowing market entry into the offshore energy market. The latter, which is operated through Bond helicopters, our strategic join venture partnership with Peter Bond, provides the Group with considerable future opportunity particularly when considering other transportation contracts, future decommissioning work and the potential offered by offshore wind.

With a focus on organic growth within its four defined market sectors, a stable leadership team, a strong track record in delivery and a visible pipeline, the SBU is firmly focused on optimising the delivery of its contracts, and the conversion of new opportunities.

Technology & Outsource (T&O)
The T&O SBU continues to make progress with its suite of aviation focused, enterprise resource planning software products. Activity in the US, the world's largest business aviation market by volume and value, continues to drive sales activity for the software as a service (SaaS) product.

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. T&O's FlyerTech brand is seeing increased transaction volume in the helicopter, business jet and airline sectors.

Financial Performance
Revenue growth has been principally driven by the Business Aviation SBU and more specifically the US MRO line of business which includes the impact of the first full year effect of the acquisition of Jet East. Likewise, the improvement in gross profit arose principally due to Business Aviation's revenue performance.

Most pleasingly, improvements in revenue and gross profit have translated into a much-improved Adjusted EBITDA and EBIT performance reflecting our continuing and increasing focus on optimising business delivery.

Outlook
The significant progress the Group has made over the last two years in delivering strong growth and improved profitability is very encouraging. The Board remains confident that progress could be sustained through the coming year. However, we remain understandably circumspect in our outlook for 2023 given the backdrop of high inflation, high interest rates and the uncertainties that come from a protracted conflict in Europe.

Notwithstanding this, the Group remains firmly focused on the execution of our strategy, capturing organic growth opportunities through its SBUs and continuing to optimise the operational performance of the business and is well positioned for continued success.

Marwan Khalek
Chief Executive Officer

7 June 2023

STRATEGY

FIVE-YEAR STRATEGY; FOCUS ON GROWTH

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

Our focus for growth strategy will be underpinned by:

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

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

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

/ **Focusing on our place in society**
Aviation has challenges; however, it provides significant economic benefits to a wide variety of communities worldwide. In both respects, we must ensure we maintain the highest standards and ethics while adapting and encouraging the use of the latest technologies to improve our world.

2023 IMPERATIVES

Business Aviation (BA)

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

/ **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, stabilising the number of aircraft in the fleet and the margins attained from that business; and
/ **Support our clients with charter solutions.** Develop the charter business to respond to the trends in customer demand from sectors that include specialist cargo, entertainment tours, band tours and the travel needs of high-net-worth individuals.
/ **Enhance our FBO offer, our network and performance.** Ensure that the maximum opportunity is gained from aircraft transitioning through our FBOs and strategically review new opportunities that consolidate or enhance our network.

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

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

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

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

Revenue

$'000	Adjusted[1,2] 2022	Adjusted[1,2] 2021	Statutory 2022	Statutory 2021
Business Aviation	**224,300**	170,146	**224,300**	170,146
Special Mission	**55,503**	56,716	**55,503**	56,716
Technology & Outsourcing	**5,214**	5,297	**5,214**	5,297
Branding fees	**625**	3,750	**625**	3,750
Total	**285,642**	235,909	**285,642**	235,909

Gross Profit[3]

$'000	Adjusted[2] 2022	Adjusted[2] 2021[3]	Statutory 2022	Statutory 2021[3]
Business Aviation[3]	**37,318**	19,100	**37,157**	19,100
Special Mission[3]	**13,753**	14,481	**13,753**	14,481
Technology & Outsourcing	**3,452**	4,204	**3,452**	4,204
Branding fees	**625**	3,750	**625**	3,750
Total	**55,148**	41,535	**54,987**	41,535

EBIT

$'000	Adjusted[1,2] 2022	Adjusted[1,2] 2021	Statutory 2022	Statutory 2021
Business Aviation	**(8)**	(8,764)	**(7,094)**	(12,392)
Special Mission	**5,439**	4,546	**5,357**	4,534
Technology & Outsourcing	**(914)**	47	**(1,191)**	(289)
Branding fees	**625**	3,691	**625**	3,691
Associates	**–**	(1,491)	**–**	–
Corporate[2]	**3,665**	(2,303)	**2,675**	(2,796)
Total	**8,807**	(4,274)	**372**	(7,252)

1 APMs are defined in Note 15 to the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Gross Profit, Adjusted EBIT and Net Debt

2 Corporate activities generated a credit during the year reflecting gain on sale of helicopters, foreign exchange gains on working capital, partially offset by corporate costs not allocated to SBU's

3 Depreciation charges of $3,196,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation and to show depreciation of assets used in the delivery of revenues in cost of sales. This has resulted in a reduction of $3,196,000 in gross profit and is attributable to Business Aviation ($602,000) and Special Mission ($2,594,000)

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
/ **Fixed Based Operations (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 and repair operations 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. Therefore, Business Aviation MRO US has been presented separately from Business Aviation excluding MRO US.

	BA MRO US[1]			BA excluding MRO US				Total			
$'000	**2022**	2021[2]	Constant currency growth[2]	**2022**	2021[2]	Constant currency 2021[4]	Constant currency growth[4]	**2022**	2021[2]	Constant currency 2021[4]	Constant currency growth[4]
Revenue	**118,250**	79,250	49%	**106,050**	90,896	85,668	24%	**224,300**	170,146	164,918	36%
Gross profit[2,3]	**25,894**	9,035	186%	**11,424**	10,065	9,634	19%	**37,318**	19,100	18,669	100%
Gross profit %[2]	**22%**	11%	–	**11%**	11%	11%	–	**17%**	11%	11%	–
Adjusted EBIT[3]	**1,332**	(7,971)	–	**(1,340)**	(793)	(676)	–	**(8)**	(8,764)	(8,647)	–

1 The Jet East business operations were merged with those of the Group's 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

2 Depreciation charges of $602,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation. This has resulted in a reduction of $602,000 in gross profit and is attributable to BA excluding MRO US

3 APMs are defined in Note 15 to the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Gross Profit, Adjusted EBIT and Net debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT

4 To aid comparability 2021 results have been calculated on a constant currency basis

Overall, the Business Aviation SBU grew its revenues by 36% on a constant currency basis to $224.3m. Gross profit was up 100% on a constant currency basis to $37.3m.

The US market continued to benefit from an increase in aircraft activity leading to continued strong demand for base and line maintenance services. Furthermore, organic investment in the development of the base maintenance facilities, contributed to revenue growth of 49% in the BA MRO US business line. In addition, gross profit was much improved on the prior year, up 186% to $25.9m (2021: $9.0m) reflecting the aforementioned investment and market conditions, together with a full year of trading following the acquisition of Jet East in 2021.

Outside the US, revenues increased by 24% to $106.1m and gross profit improved by 19% to $11.4m, both on a constant currency basis.

The rest of the world Charter and the FBO lines of business both performed well. Charter saw strong growth 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 competition. The FBO business particularly benefited from increased flight volume into Jersey and Sharjah, with Sharjah being enhanced by the World Cup in Qatar.

The rest of the world MRO business has had a mixed year and was hindered by a delayed start to the maintenance operations of a major UK fleet client. A reorganisation of this line of business occurred in Q4 2022, with a greater focus being placed on business development in 2023. MRO demand and activity at our Bournemouth and other non-US bases, which are predominantly targeted at base maintenance, remained steady.

The SBU's airport infrastructure development projects in Jersey and Sharjah remain a priority for the Group, however, volatility in the financial markets during the latter half of 2022, has required the Board to take a more cautious approach to these investments.

Adjusted EBIT for the SBU grew by $8.8m to a break-even level (2021: $8.8m loss). The US business improved from a negative adjusted EBIT of $8.0m in 2021 to a positive $1.3m in 2022 reflecting the improved gross profit levels noted above of $16.9m, partially offset by higher overheads of $7.6m reflecting investment in capability for increased activity levels. Adjusted EBIT for BA excluding MRO US fell from a negative $0.8m in 2021 to a negative $1.3m in 2022 as improved gross profits noted above of $1.5m, were more than offset by higher overheads of $1.9m largely due to higher recharges from the Special Mission SBU ($1.1m).

	BA MRO US		BA excluding MRO US		Total	
$'000	**2022**	2021	**2022**	2021	**2022**	2021
Adjusted EBIT	**1,332**	(7,971)	**(1,340)**	(793)	**(8)**	(8,764)
Exceptional items – transaction costs	**258**	(558)	**126**	–	**384**	(558)
Exceptional items – integration and business re-organisation costs	**(265)**	(413)	**–**	1,901	**(265)**	1,488
Exceptional items – other items	**–**	–	**–**	79	**–**	79
Exceptional items – Impairment of right-of-use assets	**–**	–	**–**	(1,911)	**–**	(1,911)
Exceptional items – Impairment of goodwill	**(787)**	–	**–**	–	**(787)**	–
Exceptional items – Impairment of property, plant and equipment	**(124)**	–	**–**	–	**(124)**	–
Exceptional items – Impairment of assets under construction	**–**	–	**(2,516)**	–	**(2,516)**	–
Exceptional items – onerous contract provision	**–**	–	**(900)**	–	**(900)**	–
Long-term incentive plan	**(1,821)**	(1,821)	**–**	–	**(1,821)**	(1,821)
Share-based payments	**(197)**	58	**(17)**	(52)	**(214)**	6
Amortisation	**(738)**	(710)	**(105)**	(201)	**(843)**	(911)
EBIT	**(2,342)**	(11,415)	**(4,752)**	(977)	**(7,094)**	(12,392)

EBIT improved from a loss of $12.4m in 2021 to a loss of $7.1m in 2022. In addition to the movements discussed above, there was a $2.5m impairment of assets under construction that relates to the impairment of further development costs incurred during the period in respect of the Business Aviation Centre at Sharjah International Airport in the UAE ($2.1m) and impairment of development costs in Jersey ($0.4m).

The non-cash impairment of goodwill ($0.8m) and the impairment of property, plant and equipment ($0.1m) relate to the impairment of the goodwill and leasehold improvements respectively, associated with the closure of the paint and interior completion operations at Fort Lauderdale Executive Airport.

The amortisation of acquired intangibles of $0.8m and the $1.8m charge for the long-term incentive plan relate to the acquisition of Jet East in the prior year.

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 in 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

$'000s	**2022**	2021[1]	Constant currency 2021[3]	Constant currency growth[3]
Revenue	**55,503**	56,716	51,037	9%
Gross profit	**13,753**	14,481	12,772	8%
Gross profit %	**25%**	26%	25%	
Adjusted EBIT[2]	**5,438**	4,546	4,096	32%

1 Depreciation charges of $2,594,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation. This has resulted in a reduction of $2,594,000 in gross profit

2 APMs are defined in Note 15 of the notes to the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Gross Profit, Adjusted EBIT and Net Debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT

3 To aid comparability 2021 results have been calculated on a constant currency basis

Special Mission has delivered 9% revenue growth on a constant currency basis, reflecting strong demand for services on its core contracts and result of the fix and optimise agenda.

Gross profit has improved year on year reflecting the improved revenue generation noted above, partially offset by inflationary cost pressures and foreign exchange movements. Gross profit margins have remained consistent at 25% on a constant currency basis.

Adjusted EBIT improved to $5.4m (2021: $4.5m) reflecting the impact of internal cost allocations.

$'000	**2022**	2021
Adjusted EBIT	**5,439**	4,546
Share-based payments	**(10)**	(12)
Amortisation	**(72)**	–
EBIT	**5,357**	4,534

EBIT increased from a profit of $4.5m in 2021 to $5.3m in 2022. In addition to the movements discussed above, EBIT includes amortisation charges in respect of acquired customer relations.

TECHNOLOGY & OUTSOURCING

The Technology & Outsourcing SBU is focused on the delivery of advisory, technology and outsource services to aviation customers who seek to gain a decisive advantage using real and near real time intelligence. The Technology & Outsourcing SBU comprises four lines of business which trade as Gama Aviation, and two further brands, FlyerTech and myairops®.

/ **Software and data services via myairops®.** myairops® has developed a suite of business aviation products deployed as "Software as a Service" (SaaS) and mobile app solutions for flight and aircraft management, maintenance tracking, ground operations and crew scheduling and operations.
/ **Maintenance management and advisory services.** Comprehensive range of services from full Continuing Airworthiness Management and Airworthiness Review Certificates through to supplying the software for an organisation to manage the through-the-life maintenance of its aircraft.
/ **Ground operations.** Providing third party trip support services, including flight planning and the arrangement of services such as permits, slots and fuel, to aircraft operators who are seeking to outsource their flight operations tasks.

$'000s	2022	2021[1]	Constant currency 2021[3]	Constant currency growth[3]
Revenue	**5,214**	5,297	4,834	8%
Gross profit	**3,452**	4,204	3,901	(12%)
Gross profit %	**66%**	79%	80%	-
Adjusted EBIT[2]	**(914)**	47	121	-

1 Depreciation charges of $2,594,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation and to show depreciation of assets used in the delivery of revenues in cost of sales. This has resulted in a reduction of $2,594,000 in gross profit

2 APMs are defined in Note 15 to the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Gross Profit, Adjusted EBIT and Net Debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT

3 To aid comparability 2021 results have been calculated on a constant currency basis

Technology and Outsourcing revenue increased on a constant currency basis by 8% reflecting a shift in the long-term strategy in sales and marketing to North America and is concentrating on raising awareness within the US and Canadian markets. Gross profit decreased by $0.4m on a constant currency basis due to a $0.4m increase in direct payroll related costs. Adjusted EBIT decreased by $1.0m to a loss of $0.9m (2021: $0m) due to the decline in gross profit, foreign exchange and an increase in overheads.

$'000	2022	2021
Adjusted EBIT	**(914)**	47
Share-based payments	**(17)**	(47)
Amortisation	**(260)**	(289)
EBIT	**(1,191)**	(289)

EBIT fell from a loss of $0.3m in 2021 to a loss of $1.2m in 2022. In addition to the movements discussed above, EBIT included lower amortisation charges in respect of acquired intangible assets and lower share-based payment charges.

ASSOCIATE INVESTMENTS

	CASL	
$'000	**2022**	2021
Adjusted EBIT[1]	**–**	(1,491)
Adjustments:		
Exceptional items – Impairment reversal	**–**	1,491
EBIT	**–**	–

[1] APMs are defined in Note 15 to the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Gross Profit, Adjusted EBIT and Net Debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT

The Group's investment in China Aircraft Services Limited ("CASL") was reclassified as "held for sale" effective the end of May 2021 following a Board decision on the receipt of a $2.0m offer for its 20% shareholding in CASL. Since reclassification the asset was held at the fair value of $2.0m, until it was sold with full and final cash settlement of $2.0m 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 the COVID-19 pandemic. In 2021, the Group's share of these losses amounted to $1.5m at the Adjusted EBIT level.

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 was recognised in 2021.

Overall, all non-core associate investments have been sold and result in associate statutory EBIT showing a $nil result in both 2022 and 2021.

BRANDING FEES

	Total	
$'000	**2022**	2021
Revenue	**625**	3,750
Gross profit	**625**	3,750
GP %	**100%**	100%
EBIT	**625**	3,691

Revenue and gross profit from branding fees ended on 2 March 2022. Branding fees EBIT decreased from $3.7m in 2021 to $0.6m in 2022. The current year includes two months of branding fees, whereas the prior year includes twelve months' of branding fees.

FINANCE REVIEW

We report a significant improvement in the Group's reported results, with an improvement in Revenue and Adjusted EBIT, a significant positive movement in working capital and the successful refinancing of debt facilities previously held with HSBC. The facilities with HSBC comprised a $50m RCF and £20m term loan and were replaced by new facilities with Great Rock Capital in the US in December 2022 and with Close Brothers Aviation and Marine in the UK in March 2023. The Company also completed the sale and lease-back of three helicopters with LCI in September 2022. During 2023, management has continued to work to optimise the Company's capital structure via further sale and leaseback and asset sale activities so as to further improve the Group's capital structure and to assist its liquidity requirements and to finance its development projects.

Performance

Revenue

The Group reported an increase in revenue of 21%, which came principally from the Business Aviation MRO US operation in its second year as part of the Group, having been acquired in January 2021. We have an experienced management team in the Business Aviation MRO US operation and a significant contract with a major private jet provider. The Group made an investment in October 2022 in a new facility in Statesville, North Carolina, which will widen services and support more growth. Our Business Aviation Rest of the World ("ROW") operation also reported increased revenues at $106.1m (2021: $90.9m).

EBITDA

The Group delivered an improvement in EBITDA to $19.1m (2021: $10.1m). The improved profitability came principally from growth in our Business Aviation MRO US acquisition. This business was loss making in 2021 and made an EBITDA profit of $4.3m in 2022. Management executed the strategic plan resulting in improved performance and effectively completed the integration programme. The operation absorbed closure costs of $1.6m for its Florida executive jet centre.

Business Aviation excluding MRO US delivered an EBITDA loss of $1.7m in very difficult trading conditions. We experienced a decline in demand for aircraft management services, offset by significant growth in charter and FBO activities.

The Special Mission contracts business delivered EBITDA of $8.4m (2021: $7.6m). Technology & Outsourcing held EBITDA profits in line with 2021, as investments were made to support growth prospects in future years.

The Group also benefitted from $3.1m of foreign exchange gains and a $1.7m gain on the sale of three helicopters, which also improved EBIT.

Adjusted EBIT

On the back of improved trading the Group reported Adjusted EBIT of $8.8m, which is a return to profit since before the Covid-19 pandemic. This reflects the integration of the Business Aviation MRO US acquisition and the effect of recurring revenue from the Special Mission contracts.

Adjusting items

The Board refinanced its bank debt as the three-year term on its two HSBC facilities were expiring in November 2022 and January 2023. The refinancing resulted in advisory fees and transaction fees of $0.7m. Conditions for refinancing in 2022 were challenging with rising interest rates and bank caution to new lending. Other significant adjusting items represent accrued costs for equity incentive plans, amortisation of intangible assets and impairment of goodwill and assets under course of construction.

Financial summary

	Adjusted[1] $m		Statutory $m	
	2022	2021[2]	**2022**	2021[2]
Revenue	**285.6**	235.9	**285.6**	235.9
Gross profit	**55.1**	41.5	**55.0**	41.5
Gross profit %	**19.3%**	17.6%	**19.3%**	17.6%
EBITDA[3]	**22.9**	11.8	**19.1**	10.1
EBIT	**8.8**	(4.3)	**0.4**	(7.3)
Loss for the year	**(1.4)**	(6.3)	**(8.6)**	(8.8)
Basic and diluted loss per share (cents)	**(2.6)**	(8.7)	**(13.9)**	(12.7)

1 APMs are defined in Note 15 to the financial statements and reconciled to the nearest IFRS measure. APMs include Adjusted Gross Profit, Adjusted EBIT and Net Debt. APMs also include organic and constant currency Revenue, Gross Profit and Adjusted EBIT

2 Depreciation charges of $3,196,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation and to show depreciation of assets used in the delivery of revenues in cost of sales. This has resulted in a reduction of $3,196,000 in gross profit and is attributable to Business Aviation ($602,000) and Special Mission ($2,594,000)

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

Revenue and gross profit bridges

	Revenue $m	Gross profit[1] $m
Revenue and gross profit – 2021	235.9	41.5
Impact of foreign exchange movements	(11.4)	(2.4)
Rebased revenue and gross profit – 2021 at 2022 exchange rates	224.5	39.1
Impact of organic growth	(1.5)	(2.8)
Rebased revenue and gross profit	223.0	36.3
Business Aviation MRO US	37.4	16.4
Business Aviation excluding MRO US	20.4	1.8
Special Mission	4.4	1.0
Technology & Outsourcing	0.4	(0.5)
Revenue and gross profit – 2022	**285.6**	**55.0**

1 Depreciation charges of $3,196,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation. This has resulted in a reduction of $3,196,000 in gross profit and is attributable to BA excluding MRO US ($602,000) and Special Mission ($2,594,000)

Business Aviation MRO US growth reflects the continued expansion of the Business Aviation's US maintenance operations on the back of the acquisition of Jet East and revenue growth from new facilities and from 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 in aircraft management.

Special Mission growth includes the impact of increased flying hours and the related costs rechargeable to customers across major contracts.

Impairments
As previously reported, the Group has 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 had a cumulative impairment charge of $13.1m in its financial statements at the start of the financial year. This increased by a further $2.1m during the year reflecting further expenditure on this asset.

Following its decision to recommence the development of the BAC, the Company is in the process of securing the necessary funding for the project. Whilst the Group is in discussions with investors regarding funding, the Board considers that it would be inappropriate to reverse these impairments until profits can be forecast with greater certainty.

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

Expenditure of $0.4m incurred during the year on the Jersey FBO project has been impaired. Whilst the Group is in discussions with investors to secure the necessary funding for the project, the Board considers that it is appropriate to recognise an impairment loss in respect of this expenditure until profits can be forecast with greater certainty.

Finally, an impairment loss against leasehold improvements of $0.1m and against goodwill of $0.8m has been recognised associated with the closure of the paint and interior completion operations at Fort Lauderdale Executive Airport.

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

Finance expense
Net finance expense was $9.8m (2021: $3.5m). Foreign currency translation movements resulted in a net loss of $5.9m (2021: $0.4m).

Taxation
There is a statutory taxation credit for the year of $0.9m (2021: credit of $2.0m), 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. The adjusted taxation charge for the year is $0.4m (2021: credit of $1.5m); refer to Note 13 for further details.

Earnings per share (EPS)
Shares in issue increased to 64.0m (2021: 63.7m) following the issue of shares in the year. The average share price for the year ended 31 December 2022 was 59.4 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 a loss per share of 13.9 cents (2021: 12.7 cents).

Dividend
The Board does not recommend a dividend for 2022 (2021: nil pence per share). The Board intends to restore the Company's distributable reserves when practicable.

Net debt and cash flow movements
The Group has reported a significant increase in the net cash inflow from operating activities of $31.4m (2021: $5.2m). This reflects improved trading as seen in the EBITDA of $19.1m (2021: $10.1m) and better working capital with a positive inflow of $14.7m compared with an outflow in 2021 of $2.8m.

The proceeds from the sale and leaseback of three helicopters of $27.0m and the utilisation of $11.0m of new credit facilities in the US were used to pay down the RCF during the year and, subsequently, a term loan in January 2023, both debt items with HSBC.

Liquidity
The Group liquidity comprises $22.4m (2021: $10.2m) of cash and $9.0m of its $15.0m RCF with Great Rock Capital was undrawn as at 31 December 2022.

Net debt, inclusive of $52.7m (2021: $48.0m) of lease obligations, decreased to $66.4m (2021: $104.9m), largely due to the $31.4m net cash inflow from operating activities.

Financing
The Company paid back its bank debt as the three-year term on its two HSBC facilities was expiring in November 2022 and January 2023.

Sale and lease back transaction
On 27 September 2022, the Group completed the sale and leaseback of its helicopter assets resulting in a cash inflow of $27.0m and a gain on disposal of $1.7m.

Credit facilities
During 2022, the Group benefitted from two credit facilities provided by HSBC, a $50m RCF and a £20m term loan. The HSBC RCF matured on 14 November 2022 and the outstanding balance of $32m was repaid in full utilising the proceeds of $27m from the sale and leaseback of three helicopters, together with cash at hand.

On 30 December 2022, new credit facilities were secured by the Group's wholly owned US operating subsidiary, Gama Aviation (Engineering) Inc. ("GAEI"), from a US lender Great Rock Capital LLC. The $25.0m facilities are for a term of four years and comprise a combination of a RCF and up to $6.5m of term loans. A total of $20.0m was available immediately, with a further $5.0m available contingent on future trading performance. The facilities are subject to customary financial covenants.

$11.0m of the facility was drawn down to repay GAEI's intercompany loan from the Company. The balance of the facility is available to fund the investment capital expenditure and other working capital requirements of the US business in the execution of the Group's organic growth strategy in the US.

On 25 January 2023, the Group repaid its £20m term loan from HSBC (which had a maturity date of 31 January 2023) in full utilising the $11.0m received from the repayment of the Company's intercompany loan with GAEI, together with cash at hand.

On 3 March 2023, the Group received £9.4m ($11.1m) from Close Brothers Aviation and Marine by way of a loan secured by a mortgage over the Group's owned aircraft. The loan will be used to fund the investment capital expenditure and other working capital requirements of the non-US business.

During 2023, management has continued to work to optimise the Company's capital structure via further sale and leaseback and asset sale activities to ensure that the group is fully capitalised to meet its liquidity requirements and to finance its development projects.

Collection of receivables
Following the litigation update provided in the Company's 2021 Annual Report and 2022 Interim release, the Group continues to pursue the recovery of its long-standing trade receivables through enforcement actions both in the UK and in other jurisdictions. The Group has made progress through court proceedings in the UK, which has resulted in material collections in 2023. It remains the Board's expectation that other than the provisions already made against these claims, no further provisions will be required.

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management
During 2022, the Group continued to operate a risk register as a system of internal control. Risk appetite and mitigation strategy are overseen by the Board, with the support of the Audit Committee, which reviews and considers the effectiveness of the processes that underpin risk assessments and our system of internal control. The Executive Directors meet regularly to review the financial and operational risks in the business, as summarised in the risk register and the internal and external political, economic, social, technological, legal, environmental, and potential reputational risks which may affect or influence the execution of the Group's strategy. The scope of the review includes consideration of the regulatory frameworks and compliance obligations applicable to the Group's businesses.

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

Internal audit
KPMG provided internal audit services in 2022 with an agreed internal audit plan. Specific assignments were undertaken on areas of key risks, based on feedback from the external audit process and guidance from the Directors.

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

/ Inadequate funding and liquidity constraints to deliver the strategy and to support the investment needs of the business
/ 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 Group's information security environment
/ Reliance on, and challenges in retaining, key individuals who are important to the evolution and measured development of the organisation
/ 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

Business liquidity
Liquidity and ensuring the Group has sufficient financial resources to operate the business and to make the appropriate strategic investments is a principal risk which the Directors continually monitor and assess. The Directors assess the business requirements in terms of investment capital and funding of start costs and lines of business which are trading unprofitably. The delivery of appropriate funding lines to enable the strategy and operational effectiveness of the Group is continually assessed by the Directors. If appropriate facilities are not in place, the operational effectiveness of the business and investment requirements of the business can be adversely affected. Details of the Directors considerations regarding going concern are contained in note 3 to the financial statements.

Financial underperformance
Robust financial performance is a key imperative for the Group; however financial performance has in recent years been below what was targeted, significantly impacted by the COVID-19 pandemic and certain other factors. The 2021 restructuring of the organisation into SBU segments has enabled the Directors and senior management to more easily identify opportunities to grow gross margin within the major trading components of the Group. 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.

Cash resources to support the future growth of the business
The Group's liquidity position has changed significantly and details of the Directors considerations regarding going concern are contained in note 3 to the financial statements.

In September 2022, the Group sold and leased back three helicopters for $27.0m to fund the repayment of the $50.0m HSBC RCF which was repaid in full on its due repayment date of 14 November 2022.

The Group benefits from two new credit facilities. In December 2022 the Group secured a term loan and RCF with Great Rock Capital to support its growth plans in the US.

In addition, the Group had a £20.0m term loan which was due for repayment on 31 January 2023, which was repaid in full on 25 January 2023.

In March 2023, the Group received the proceeds from a loan from Close Brothers mortgaged against its six owned aircraft.

The Directors have identified that additional financing is likely to be required to support larger capital-intensive related opportunities whilst also considering any potential increases in the cost of debt financing resulting from evolving macro-economic factors.

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 if 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 widening its opportunity pipeline in key areas of the business and seeks to build on this initial momentum in 2023.

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 for 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. The Group has invested in its SaaS sales function, seeking to take advantage of any customer investment relating to new operating systems.

Impact of pandemics, climate change and significant changes in the political or economic landscape
The global aviation industry was significantly impacted by the COVID-19 pandemic. This has had both negative but also some positive effects on different aspects of the Group's activities, at different times, in different territories and across different service lines. The Directors remain highly alert to the potential impact from the evolving pandemic impacted landscape and take active measures to offset any potential challenges caused by COVID-19. The Group pays particular attention to the impact that the pandemic has had on its staff and implemented measures to support colleagues during this challenging time. The ongoing financial and commercial review of the short and long-term impact of the pandemic on different segments of the Group's service offerings has been made more effective due to the 2021 re-organisation within the Group and the move to focus on SBU's.

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

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

Cyber threat and information security
In common with most businesses, the Group 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 Information Assurance for Small and Medium Sized Entities ("IASME") accreditation, building on the Group's existing Cyber Essentials Plus accreditation. This process has supported the Group in enhancing 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 retention of individuals over the medium term. In addition, outside of the US, the Group operates a formal talent and succession planning framework, with software that supports this HR led process, which enables managers to identify key team players and assess the flight risk of those individuals. The system also supports the identification of high potential team members and supports the creation of a development plan to guide anticipated future growth of the individual.

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

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

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

Approval
This report was approved by the Board of Directors on 7 June 2023 and signed on its behalf by:

Michael Williamson
Chief Financial Officer

7 June 2023

SECTION 172 STATEMENT

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:

/ The likely consequences of any decision in the long term,
/ The interests of the company's employees,
/ The need to foster the company's business relationships with suppliers, customers, and others,
/ How the board considers stakeholders including investors, customers, suppliers, and employees in decision making,
/ The impact of the company's operations on the community and the environment,
/ The desirability of the company maintaining a reputation for high standards of business conduct, and
/ 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.

The Board remains focused on the continued delivery of the Focus for Growth strategy and 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. This will be delivered through the now established strategic business units, those being Business Aviation, Special Mission, and Technology & Outsourcing.

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

/ Its ongoing response to the receding impact of COVID-19 pandemic
/ The war in Ukraine and its effect on the Group strategy and that of the SBUs
/ Approval of budgets, bonus targets and incentive plans
/ Re-financing the Group's revolving credit and medium-term loan facilities
/ Prospects of, and funding for, large, capital-intensive projects in business and geographic areas consistent with the Group's strategy
/ Moving from assets held to leases of aircraft and facilities
/ Opportunities to realise shareholder value outside of the Group's strategy

Interest of the Company's employees

Our People Strategy remains focused on key areas to attract, develop, and retain our employees. We are committed to having a clear employer value proposition, being recognised for what we do, growing our own talent, upskilling our managers, and creating leaders, and investing in and realising the potential of a truly diverse and inclusive culture. We further commit to hold the wellbeing of our people at the front and centre of everything we do and to develop reward and recognition to underpin our business culture, values and objectives.

We continue with our initiatives to support our Diversity Equality and Inclusion and have made progress in all areas, investing significantly in Talent Acquisition, with the aim to expand our reach to a truly diverse audience.

In 2022, with the sudden spike in the cost of living, we implemented a cost-of-living salary package specifically aimed to support lower earners, as well as carrying out a thorough market review of compensation and benefits.

Creating leaders, empowering managers, and bringing new talent into the business is key. With that in mind we have revamped our employee experience from application, interview, induction, and onboarding. We are maximising our apprentice levy to upskill managers and add resource in the form of apprentices in areas of the business where it is required.

Finally, we remain steadfast in our commitment to our employee's wellbeing and work-life balance and have continued to support hybrid working across the business where the role permits. Our regular information sessions, open for all employees and contractors to attend, cover useful, practical, and trending topics, such as menopause, cancer awareness, burnout and how to build resilience.

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 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 their alignment to our customers' changing requirements.

It is important to us that we have a strong relationship with our suppliers. We are always looking to collaborate 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 reputation.

To ensure the non-regulatory quality aspect of our supply chain we continue to promote our Procurement Charter (www.gamaaviation.com/procurement-charter/). The Charter requires that qualifying suppliers declare they will meet Gama Aviation's standards on a range of topics from modern slavery to cyber protection. A supplier's declaration is held within our customer relationship management system, and this is used from time to time for the purpose of auditing those suppliers.

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 study 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 a confidential online whistleblowing service, with the ability to submit reports anonymously; reports are fully investigated and, where appropriate, forwarded to the relevant authorities.

The needs and expectations of interested parties are identified, reviewed and updated as one of the documented processes within the Company's management systems (ISO 45001 for safety and ISO 14001 for environment). The Company operates to these management systems and certain sections of the Company are externally audited and accredited. The process itself ensures that the needs and expectations of stakeholders, including investors, customers, suppliers, and employees, are fully understood and acted upon.

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 Board believes that the Group's activities help its customers in turn minimise their environmental impact through the more efficient operation of their aircraft.

Since 2018 the Group has commissioned an independent external organisation, Carbon Footprint Ltd, to assess its annual Greenhouse Gas ("GHG") Emissions. The 2022 status on the matter is set out in the Corporate Social Responsibility section of this Annual Report.

Furthermore, the Group has stated its direction of travel to achieve Net Zero by 2050. This strategy is updated every year based on the Group's GHG performance and any prevailing changes in the macro political, technological or legislative environment that may change our target. In addition, waste recycling schemes are implemented throughout the Group's operations to limit environmental impact.

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.

To supplement the Employee Handbook a Code of Ethics (the "Code") has been published to all employees. 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. 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.

The Company has implemented several corporate compliance initiatives in 2022 including:

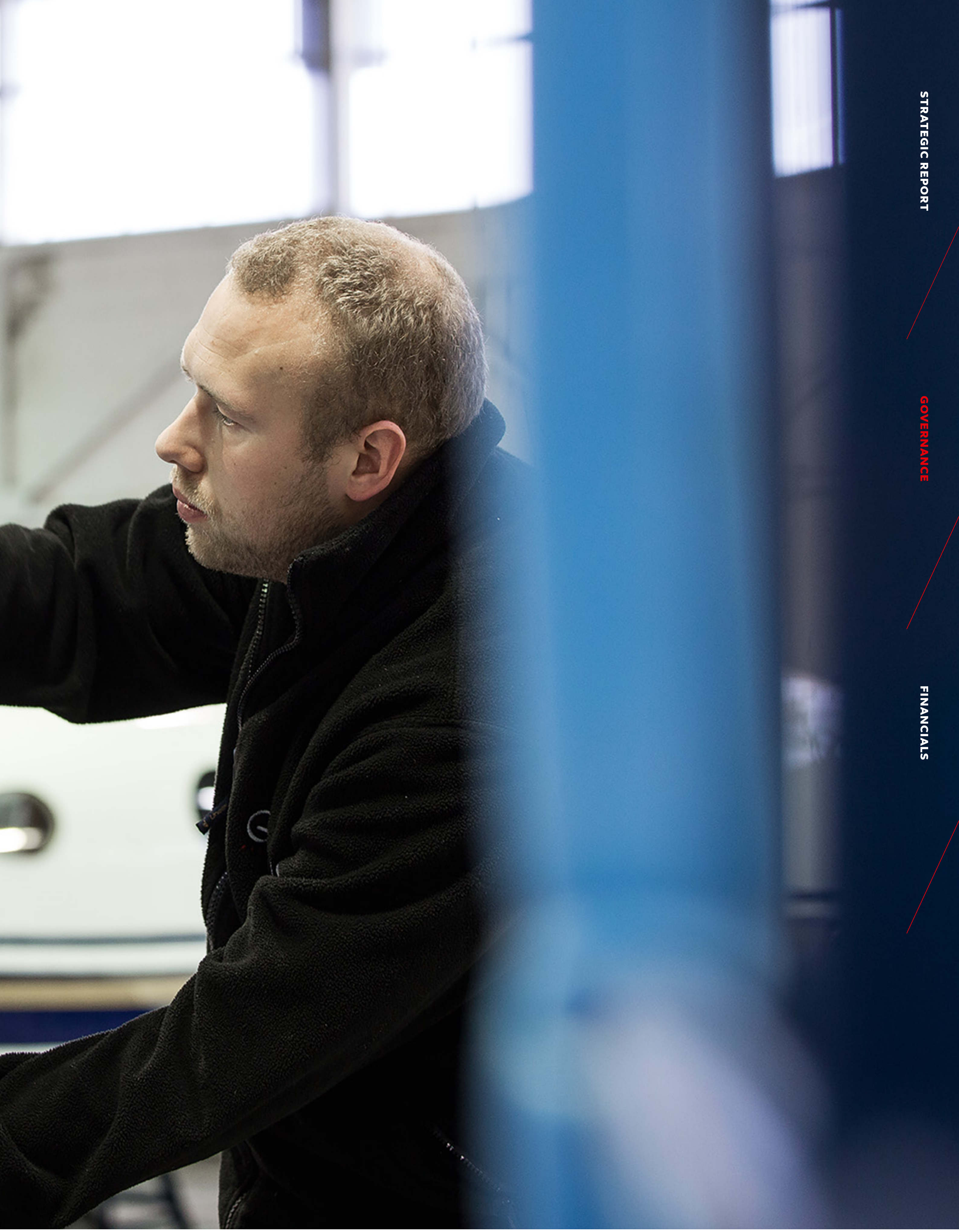
/ Updated the Anti-Bribery Corruption (ABC) compliance plan to ensure the Group continues to comply fully with the UK Bribery Act 2010 (and Foreign Corrupt Practices Act in the US);
/ Revised and improved mandatory ABC training to all staff across the Group;
/ Enhanced our "Know Your Customer" questionnaire and updated policy with appropriate and focused training and guidance to relevant employees;
/ A gifts, hospitality and entertainment policy including a formal Group gift register to ensure full transparency; and
/ Increased awareness of the whistleblowing online service amongst employees within the Group.

The need to act fairly between members of the Company

The importance of acting fairly between all the shareholders and managing any potential conflicts of interest remained a key consideration for the Board during its decision-making process in 2022. This is particularly relevant due to the small number of major shareholders in the Company. All decisions (strategic, transactional, financial or otherwise) are reached following the Board's objective and careful appraisal of whether a particular course of action will benefit shareholders as a whole. The liquidity of the market for the Company's shares continues to be closely monitored by the Board.

Continually Developing Our Expertise

Governance



BOARD OF DIRECTORS

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:

/ Peter Brown
/ Chairman

Peter was appointed as the Non-Executive Chairman of the Group and Company on 29 July 2022.

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.

/ 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.

/ Michael Williamson
/ Chief Financial Officer

Michael was appointed as Group Chief Financial Officer on 17 October 2022 following his appointment as interim Group CFO in January 2022. Michael is a chartered accountant and has a degree in Economics. He has held a variety of senior finance positions and board directorships with publicly listed and private companies. These positions have been within FTSE 100, 250, AIM listed, Private Equity backed and private businesses. He has operated in international markets across Europe, the US, Middle East, Africa, Asia Pacific and India. He offers a broad range of multi-sector experience from businesses in consumer goods, technology, financial and professional services, real estate and construction, infrastructure, transport, energy, retail, pharmaceuticals and healthcare.

/ 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.

/ Simon To
/ Non-Executive Director

Simon is Hutchison's appointee to the Board. Simon resigned as the Non-Executive Chairman of the Group and Company, a position he held from 2019, on 13 July 2022. He continues to serve as a Non-Executive Director.

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. He 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.

/ Stephen Mount
/ Non-Executive Director

Stephen is a member of the Regulatory Decisions Committee of the Financial Conduct Authority and the Determinations Panel of The Pensions Regulator, where he also chairs the Audit Committee and is a member of the Quality Committee 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 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 100 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.

/ Christopher Clarke
Christopher Clarke, a former Non-Executive Director, resigned as a Director of the Company and left the business on 28 June 2022.

/ Michael Howell
Michael Howell, a former Non-Executive Director, resigned as a Director of the Company and left the business on 28 June 2022.

/ Daniel Ruback
Daniel Ruback, the former Chief Financial Officer, resigned as a Director of the Company on 10 January 2022 and left the business on 8 April 2022 to pursue other opportunities outside of the Group.

CORPORATE GOVERNANCE

Governance Code
The Company is listed on the 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
It is my responsibility as Chairman to ensure that Gama Aviation not only has sound corporate governance and an effective Board but that it can also deliver shareholder value over the medium to long term, whilst at the same time recognising the interests of all its stakeholders - be they employees, customers, suppliers, regulators or wider society as a whole.

To achieve these objectives, it is incumbent upon me to make sure that the Board operates in the most effective and efficient manner as possible, whilst being properly structured and comprising the right balance of skills. Being appropriately informed with timely and reliable information is a key element in achieving these objectives.

I am therefore pleased to report that the Board meets regularly with at least eight scheduled Board meetings taking place in the year, along with a number of other formal and informal Board meetings for specific purposes such as reviewing and approving the Group's long term Strategic Plan. The Board currently comprises three executive and three Non-Executive Directors, with two of the Non-Executive Directors being deemed independent. As well as meetings of the Board as a whole, the Non-Executive Directors hold regular meetings as do the two independent Non-Executive Directors.

To assist the Board there are three sub-committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these sub-committees is chaired by a non-executive director with one of the other non-executive directors also being a member of each sub-committee. The Company Secretary provides support and assistance to these sub-committees as and when required.

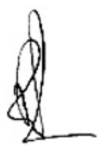
The Board and the non-executive directors take external advice on a range of matters when deemed appropriate such as on matters relating to remuneration policies, executive recruitment as well as legal, financial and corporate finance matters.

There were a number of changes in 2022 in the Board membership as well as in the chairmanships of the Remuneration and Nomination Committees. Simon To, who remains a non-executive director, stood down as Chairman in July 2022 at which point I succeeded him. The Board regularly reviews its composition and gives consideration to whether it has the right balance of executive and non-executive directors and will not hesitate in making any additional appointments if deemed necessary. In addition to the Board changes in 2022, the Group's previous auditors have been replaced by Crowe U.K. LLP. Despite these changes, I and the Board believe that our governance structure and practices have continued to comply with the expectations set out by the QCA Code.

The Board has responsibility for the Group's risk register which is developed through a bottom-up approach by collecting risks from each SBU and then consolidating and refining these risks by the Executive team before approval by the Board. I and the other members of the Board consider the identification and mitigation of risks to be one of our key responsibilities.

The financial reporting capabilities of the Group have been further strengthened with the appointment as Chief Financial Officer of Michael Williamson, who has brought with him a wealth of experience from his previous roles in other businesses. KPMG have also commenced provision of internal audit services to the Group.

Further information on how Gama is applying the ten principles of the QCA Code is available on the Company's website under Investors / Corporate governance. It is the Company's intention to include these details in future Annual Report & Accounts.



Peter Brown
Chairman of the Board

STRATEGIC REPORT

GOVERNANCE

FINANCIALS

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 of Directors comprises three Non-Executive Directors and three Executive Directors. As of 31 December 2022, the three Executive Directors were the Chief Executive Officer, the Chief Financial Officer and the Chief Compliance Officer.

Following the resignation of Daniel Ruback as the Chief Financial Officer on 8 April 2022, the Board appointed Michael Williamson as the new Chief Financial Officer on 17 October 2022. In addition, two Non-Executive Directors did not seek re-election at the 2022 Annual General Meeting and resigned on 28 June 2022. The Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to properly discharge its duties effectively.

The Executive Directors are full-time employees of the Company. The Non-Executive Directors are independent of management and are not eligible to participate in the Company's ongoing bonus, pension or benefit schemes and any shareholding in the Company is noted on the Remuneration Report.t 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 2022 our commitment to supporting a diverse and inclusive working environment included introducing an Army Reservist policy, publishing our Women in Aviation 2030 target and holding Equality, Diversity and Inclusion information sessions for our employees. Our aim is to broaden our reach to a more diverse workforce, and to support our people by educating them and giving them the skills to create truly inclusive teams. The current composition of the Board is not however diverse.

The Independent Non-Executive Directors meet separately to consider relevant matters on an appropriate and timely basis, which further strengthens governance and provides oversight on behalf of shareholders.

In 2022 the Board had 10 scheduled meetings for which it had a formal schedule of matters specifically referred to it for decision, as required by the Companies Act 2006. 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.

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	10	10
Marwan Khalek	10	10
Stephen Wright	10	10
Michael Williamson (appointed 8 October 2022)	2	2
Stephen Mount	9	10
Peter Brown	10	10
Daniel Ruback (resigned on 8 April 2022)	2	2
Christopher Clarke (resigned on 28 June 2022)	5	5
Michael Howell (resigned on 28 June 2022)	5	5

Board skills and evaluation
The assessed skillset of the Board is sufficiently broad and deep, encompassing appropriate experience in the aviation industry. The Board believes that when combined with the leadership team, this creates a group with varied and balanced experience and skills relevant to the Group's requirements and challenges.

Details of the skills and experience of the Directors are identified above at pages 26 and 27 of this Annual Report.

Audit Committee
The Audit Committee is chaired by Stephen Mount, who is deemed by the Board to have recent and relevant financial expertise, supported by Peter Brown and, until 28 June 2022, by Michael Howell.

Under its terms of reference, the Audit Committee must meet twice a year. The Committee formally convened six times in 2022. In addition, there were a number of informal meetings, calls and email correspondence between the Chairman, Committee and other Board members, management and the external auditors.

The Audit Committee assists 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 overseeing the independence and quality of external audit.

The Audit Committee provides oversight of, and governance over, the financial integrity of the Group's financial reporting by challenging the judgements and estimates and agreeing the accounting proposed by management, and ensuring sufficient controls are in place to mitigate against potential misstatement or management override in the financial statements.

The Committee reviews the independence and work of the external auditor. This includes approving the audit scope and approach, the fees for both audit and non-audit services, and reviewing the outcome of audit work. Any non-audit work provided by the external auditor must be approved by the Committee and the Board.

The Chief Financial Officer and the Chief Compliance Officer present the risks as documented by the Group's risk management function, with an assessment of likelihood and severity, and the associated mitigations of those risks to the Board. The key risks faced by the Group are summarised in the Strategic Report. The Committee also reviews the Group's Code of Conduct and any instances of whistleblowing in the year. There have been no incidents of whistleblowing events in the current financial year.

Audit Committee Report
During the year, the Audit Committee met with the Chief Financial Officer and other members of management from time to time to review the annual and interim results; and other financial, internal control and risk management matters of the Group. It considered and discussed the reports, presentations from management and draft announcements, with a view to ensuring that the Group's Consolidated Financial Statements are properly prepared in accordance with IFRS and other legal and regulatory requirements.

Following a competitive tendering process initiated and managed by the Audit Committee, Crowe U.K. LLP were appointed by the Board as the Group's external auditor, to replace PricewaterhouseCoopers LLP ("PwC") who resigned with effect from 3 October 2022. The Committee expresses its thanks to PwC for their work over the past three years.

The Audit Committee Chair, Chief Financial Officer and Chief Executive Officer, other members of management, the Board and Audit Committee, met on a number of occasions with the Senior Statutory Auditor and his team, both in the UK and the USA, to provide Crowe U.K. LLP with as comprehensive an induction to the Group as possible; and to facilitate effective planning and execution of the Group audit. PwC have provided Crowe U.K. LLP with access to their files, and both firms have liaised effectively in handing over external audit responsibilities. The Audit Committee has considered and approved Crowe's proposals and reports on the scope, strategy, fees, progress and outcome of its audit of these consolidated financial statements.

Daniel Ruback (former Group Chief Financial Officer) left the Group in April. The Committee appreciate the progress he and his finance team 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 Chief Financial Officer, Michael Williamson, was appointed shortly after his resignation in January. Michael was most recently Group Chief Financial Officer for AIM-listed Sanderson Design Group Plc and has held senior management and listed company board positions over the last 25 years. Between December 2017 and September 2018, he served as Interim Group Chief Financial Officer for Gama Aviation Plc.

Considerable emphasis continues to be placed on reviews at SBU level by Group Finance of programme performance, income, expenditure, balance sheets and cash flows. Improvements in accounting processes delivered in the year include:

/ 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 commencing Q2 2022; and
/ Simplification and reduction in number of subsidiary companies and bank accounts.

During the year the Committee has focused, inter alia, on oversight of the following matters:

/ Recruitment of new CFO to replace Daniel Ruback
/ Competitive tender, appointment and induction of Crowe U.K. LLP as external auditors
/ Appointment of KPMG as internal auditors' assessment of risk areas for review and review of findings
/ Review of H1 results
/ Cash, working capital management, re-financing of the HSBC RCF and MTL and ongoing review of the Group's capital requirements and structure
/ Business unit financial reviews, opportunities and major contract bids/tenders, including visits by the Audit Committee Chair and Senior Statutory Auditor to the USA
/ Assessment of the prospects for the sale of certain Group businesses and related valuation and financing matters
/ Ongoing integration and performance of Jet East (US)
/ Progress of litigation and long outstanding receivables
/ 2023 Budget and 2023 to 2027 Strategic Plan, including opportunities to enhance/realise shareholder value
/ Annual impairment review of goodwill and other intangible assets
/ Inventory valuation
/ Long-term revenue contract accounting estimates
/ Presentation of exceptional items
/ Assessment of the going concern status of the Group and associated disclosures

As part of its review of the 2022 Annual Report and Accounts the Committee gave careful consideration to the completeness of key risks identified by the external auditors 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:

- / Consideration of the reasonableness of assumptions relating to going concern;
- / Consideration of the recoverability of receivables balances and likely outcome of litigation matters, some of which date back a number of years;
- / Consideration of the reasonableness of the Company's alternative performance measures;
- / Consideration of the appropriateness of, and compliance with, the Company's accounting policies and any changes thereto;
- / An impairment assessment of goodwill and the allocation of goodwill to cash-generating units;
- / An impairment assessment of assets under construction relating to planned developments in Sharjah and Jersey;
- / An impairment assessment of the Parent Company's investments in, and intercompany balances receivable from, its subsidiaries; and
- / Review of accounting issues associated with sale and leaseback transactions.

Priorities for the Committee in 2023 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 current members of The Nomination Committee are Peter Brown, who was appointed Chairman of the Committee on 28 July 2022, and Simon To, both of whom were members of the Committee throughout 2022. Prior to his resignation as a Director on 28 June 2022, the Committee was chaired by Michael Howell.

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

- / 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; and
- / Monitoring and managing any Director conflicts of interest.

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

There were three resignations of Directors during the year and the appointment of one new Director, Michael Williamson, on 17 October 2022. Prior to his appointment, Michael had been interim CFO of the Company since January 2022, having held the same position between December 2017 and August 2018.

Corporate and Social Responsibility (CSR) Committee
Due to various changes within the Board's structure during 2022, the CSR Committee has not formally convened. Despite not holding formal meetings, the Group's Executive and management remain focused on improving its 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 2020, 2021 and 2022 CO_2 emissions. Further details, including the Streamlined Energy & Carbon Report, can be found on pages 39 to 41.

Remuneration Committee
During the year, there had been changes to the composition of the Remuneration Committee (the "Committee"), namely, in the period from 1 January 2022 to 28 June 2022, the members of the Committee were Christopher Clark (Chairman) and Michael Howell, and from 28 June 2022 to current date, the members comprise of Simon To as Chairman, supported by Stephen Mount as the other member.

During the year and until the date of publication the Annual Report & Accounts, the Committee had from time to time held discussions with the Chairman of the Company, Peter Brown and the CEO on remuneration related matters. The Committee also sought advice from the Human Resources department of the Company.

During the year, the 2022 bonus scheme had not been finalised albeit on-going discussions have been engaged with the CEO (with the Chairman of the Company in attendance), and continue to do so in an effort to conclude at the earliest opportunity. A bonus accrual has been included in the 2022 financial statements to reflect the directors current best estimate of the amount payable.

The responsibilities of the Committee include making recommendations and assisting the Board in achieving its objectives of attracting, retaining and motivating employees of the highest calibre and experience needed to share and execute strategy across the Group's business operations and in the interests of all the shareholders. It also assists the Group in the administration of a fair and transparent procedure for setting policies including assessing the performance of the Executive Directors and senior executives of the Group and determining their remuneration packages.

A Remuneration Report is included on pages 32 to 36. Below is the annual report of the Remuneration Committee (the "Committee").

Remuneration Committee Report

The Committee is appointed by the Board and is formed solely of Non-Executive Directors with the involvement of Executive Directors from time to time on an invitation basis. During the year there had been changes to the composition of the Committee, namely, in the period from 1 January 2022 to 28 June 2022 the members of the Committee were Christopher Clark (Chairman) and Michael Howell, and from 28 June 2022 to current date, the members comprise of Simon To as Chairman and Stephen Mount as the other member of the Committee.

The Committee had from time to time held discussions with the Chairman of the Company, Mr. Peter Brown and the CEO on remuneration related matters. The Committee also seeks advice from the Human Resources department of the Company.

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

The Committee normally meets towards the end of each year to consider and/or determine (as appropriate), amongst other matters, the bonus scheme awards, remuneration package of the Executive Directors and senior executives of the Group, granting of share options, long term incentive plan (LTIP) awards and other remuneration related matters.

During the year, the bonus scheme awards for the year ended 31 December 2022 had not been finalised but the Committee has engaged the CEO (with the Chairman of the Company in attendance) in ongoing discussions and continue to do so in an effort to conclude at the earliest opportunity. A bonus accrual has been included in the 2022 financial statements to reflect the directors best estimate of amounts payable.

The responsibilities of the Committee include making recommendations to and assisting the Board in achieving its objectives of attracting, retaining and motivating employees of the highest calibre and experience required to execute the Company's strategy across the Group's business operations and in the interests of all shareholders. It also assists the Group in the administration of a fair and transparent procedure for setting policies including assessing the performance of the Executive Directors and senior executives of the Group and determining their remuneration packages.

Pay policy

The Committee believes that the overall level of compensation for Directors and senior executives should be comparable with similar-sized organisations and other peer groups, such that they are sufficiently rewarded for their responsibility and experience, that they are incentivised for strong performance, that the Group is able to retain and develop the management capability and qualities needed for timely delivery of its strategy and that their interests are aligned with that of the shareholders. 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 2022, base salaries were as follows: Marwan Khalek £367,684 (2021: £367,684), Stephen Wright £201,884 (2021: £201,884), Michael Williamson, who was appointed on 17 October 2022, £300,000 (2021: £nil), Daniel Ruback, who left the Group on 8 April 2022, £270,000 (2021: £270,000).

Pension and benefits

Executive Directors are entitled to a pension contribution as follows: Marwan Khalek: 22.5%; Stephen Wright: 18%; Michael Williamson: 10%; 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. Marwan Khalek had opted to receive cash in lieu of a pension of 19.77% of salary and Michael Williamson, from his appointment date, has opted to receive cash in lieu of a pension of 10% 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

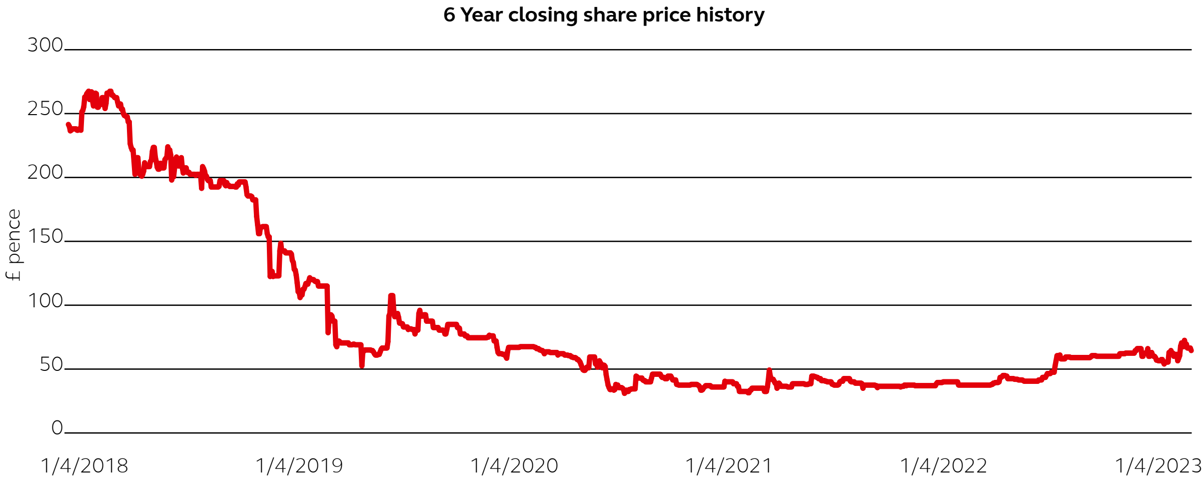
The remuneration policy allows the Committee, at its sole discretion, to make recommendations of annual bonus awards to the Executive Directors and staff. The Board approves such recommendations and bonuses. However individual Executive Directors do not vote on their own bonuses.

Bonus payments for the Directors for the financial year ended 31 December 2022 is still under discussion and not yet concluded.

A history of Directors' bonus awards over the previous five years is shown below:

£'000	**2021**	2020	2019	2018	2017
Executive Directors					
Marwan Khalek	–	80	–	–	–
Stephen Wright	–	25	–	150	–
Michael Williamson	–	–	–	–	–
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	–
Stephen Mount	–	–	–	–	–
Simon To	–	–	–	–	–
Aggregate Emoluments	–	180	25	353	–

One element that has historically been considered for bonus payments is share price performance, A graphic of the Company's share price over the past five years is shown below:



Option awards
During the year no options were awarded to Directors, senior managers and other staff.

Long-term incentives
During the year no LTIP awards were made.

Director's loan
At 31 December 2022 and throughout 2022, there were no Director loan balances outstanding (2021: 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 (2021: £53,000 per annum). The annual fee of each remaining individual Non-Executive Directors does not exceed £50,000 (2021: £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
Michael Williamson (appointed 17 October 2022)	17 October 2022	12 months
Non-Executive Directors		
Peter Brown	8 December 2014	3 months
Stephen Mount	27 June 2019	3 months
Chi Keung (Simon) To	2 March 2018	3 months

Under these Service Agreements, 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 notice period. No bonus would be payable in the event of an Executive Director's resignation.

The Directors received the following remuneration for the financial year ended 31 December 2022:

£'000	Salary & fees	Additional cash payment	Consultancy fees	Benefits in kind[1]	Pension[2]	2022 Total
Executive Directors						
Marwan Khalek	368	–	–	28	73	**469**
Stephen Wright	202	–	–	9	36	**247**
Michael Williamson (appointed 17 October 2022)	61	–	–	4	6	**71**
Daniel Ruback (resigned 8 April 2022)	74	–	–	3	7	**84**
Executive total	705	–	–	44	122	**871**
Non-Executive Directors						
Peter Brown	53	–	–	–	–	**53**
Chi Keung (Simon) To	50	–	–	–	–	**50**
Stephen Mount	49	–	–	–	–	**49**
Christopher Clarke (resigned 28 June 2022)	24	–	–	–	–	**24**
Michael Howell (resigned 28 June 2022)	–	–	24	–	–	**24**
Non-Executive total	176	–	24	–	–	**200**
Aggregate emoluments	**881**	**–**	**24**	**44**	**122**	**1,071**

1 Including cash car allowances and private medical insurance

2 Includes pension contributions and cash paid in lieu of a contribution to a pension scheme

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

£'000	Salary & fees	Additional cash payment[1]	Consultancy fees	Benefits in kind[2]	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	196	–	47	–	–	**243**
Aggregate emoluments	**1,251**	**100**	**47**	**74**	**168**	**1,640**

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

2 Including cash car allowances and private medical insurance

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

Statement of Directors' Interests

The table below sets out the beneficial interests in shares and unexercised share options of all Directors holding office as of 31 December 2022.

	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
Michael Williamson	–	–	–
Non-Executive Directors			
Stephen Mount	10,000	40,000	50,000
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 as of 31 December 2022:

	CSOP/ASOP[1]	LTIP[2]	Total share options
Executive Directors			
Marwan Khalek	–	526,526	526,526
Stephen Wright	387,500	289,099	676,599
Michael Williamson	–	–	–
Non-Executive Directors			
Stephen Mount	40,000	–	40,000
Peter Brown	30,000	–	30,000

1 Company Share Option Plan/Additional Share Option Plan

2 The LTIP scheme has performance conditions attached to the vesting of the options. Refer to Note 40 to the financial statements for further information

The aggregate share-based payment expense recognised by the Group during the year for Directors is $65,000 (2021: $150,000). The prior year 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.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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;
/ A Procurement Charter which seeks to encourage good Social Value behaviours through our supply chain particularly regarding employment and labour practices;
/ Comprehensive legal compliance framework and audit schedule to ensure compliance obligations are met; and
/ Programme of development to ensure business continuity and responsible growth based on ethical business practices and associated codes of conduct.

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 Procurement Charter which seeks to encourage good Social Value behaviours through our supply chain particularly regarding 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

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 Greenhouse Gas (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 (SECR) 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 Group Chief Executive Officer.
/ Our Group's GHG reporting covers our business activities in the US, UK, and Middle East.
/ 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 (CO2e). The Group's carbon footprint is therefore made up of two parts, direct and indirect emissions.

Direct emissions

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

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

Indirect emissions

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

Footprint	Activity	Scope
Indirect	Employee commuting	3
	Transportation of an organisation's products, materials or waste by another organisation	3
	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 CO2 emissions for scope one and two as well as reporting additional scope three emissions (the scope two assessment follows the location-based approach for emissions from electricity usage). The Group's reporting extends to all operations of the business including its wholly owned business interests in the USA1, UK, and Middle East.

[1] The data has been collected on a best endeavours basis for 2022 based on fluctuations in staffing, facilities and other factors due to the ongoing integration of the two operations

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

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

2022 Greenhouse Gas emissions
Although business travel requirements picked-up from the lows of 2020 and 2021, the GHG emissions table below reflects a year of continued lower than expected flight activity in scope 3.

Table 1: GHG emissions for reporting year: 1 January 2022 to 31 December 2022 and comparatives

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

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

2 The data for 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 for the business has been collected on a best endeavours basis for 2021

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

Total tonnes of CO_2e	40,129
Total Energy Consumption (kWh)[1]	137,172,478
Tonnes of CO_2e per tonne of jet fuel	6.8
Tonnes of CO_2e per £m turnover[2]	174.9

Scope 1, 2, 3 excluding customer aircraft fuel consumption

Total tonnes of CO_2e excl. customer aircraft fuel consumption	3,255
Tonnes of CO_2e per employee	2.64

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

2 40,129/((Revenue of $284.5m)/1.24) = 174.9

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 CO2e per sales revenue, or tonnes of CO2e 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 CO2e per employee as its primary intensity ratio going forward. Tonnes of CO2e will use scope 1 and scope 2 plus the previously defined treatment of scope 3 that excludes customer aircraft fuel consumption.

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

1 Based on the total tonnes of CO2e 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 1,231

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

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

Selection of new programmes and approaches will maintain our previous policy of:

/ Not including tree-planting in the UK as its sole means of carbon reduction,
/ Not limiting activities in the UK to reflect the geographic diversity of the Group,
/ Empowering gender and racial diversity and encourage economic growth within a community, and
/ Compliance with the Group's ethical standards.

Project Element Six: Carbon reduction and a low carbon future
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.

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

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

DIRECTORS' REPORT

The Directors present their report together with the audited Consolidated Financial Statements for the year ended 31 December 2022.

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

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

Information about the use of financial instruments by the Company and its subsidiaries, and financial risk management policies, are given in note 41 to the Consolidated Financial Statements.

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

Employees
Our people, which includes contractors as well as direct employees, are at the heart of the Group's business and key to delivering our strategy and vision. The average monthly number of employees during the year ended 31 December 2022 was 1,231 (2021: 1,127).

The Group invests in recruitment, training, development, reward, and retention to ensure that our people are highly capable and motivated. The Group's recruitment policy is designed to ensure that all applications for employment, including those made by disabled persons, are given full and fair consideration, in light of the applicant's particular aptitudes and abilities. The Group also has an equal opportunities policy which is designed to ensure that all employees are treated equally in terms of training, career development and promotion. Where employees develop a disability during their employment by the Group, we will actively seek to retain them wherever possible by adjusting their work content and environment, or by retraining them to undertake new roles.

The Group gives a high priority to communications with all our employees, thus encouraging a common awareness of the financial and economic factors affecting the Group. The sharing of Group-wide information is largely facilitated via the Group's intranet and email systems. News is regularly communicated via both the intranet and email distributions. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

The communications policy, which is in operation throughout the business, is designed to ensure the successful cascading of information. Taken together, these communications have allowed the Group to engage successfully with all our people, wherever they are employed.

The Group continues to offer qualifying staff a long-term share option plan and a variety of performance-related bonus arrangements, which serve to encourage staff interest in the Group's performance.

We offer a variety of Wellbeing initiatives to employees as well as medical insurance.

We also have a confidential reporting procedure for employees who wish to report any concerns.

Engagement with employees and other stakeholders
The Section 172 statement covering the interest of the Company's employees, on pages 22 and 23, 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 22 and 23.

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

/ M Khalek	
/ S Wright	
/ D Ruback	(resigned 8 April 2022)
/ M Williamson	(appointed 17 October 2022)
/ SCK To	
/ P Brown	
/ C Clarke	(resigned 28 June 2022)
/ M Howell	(resigned 28 June 2022)
/ S Mount	

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

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

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

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

Dividends
The Board does not recommend a dividend for 2022 (2021: nil pence per share).

Post balance sheet events
These are detailed in note 44 of the Consolidated Financial Statements.

Future business developments
Further details on these are set out in the Strategic Report on pages 1 to 23.

Streamlined Energy and Carbon Report
The Group's Streamlined Energy and Carbon Report for 2022 is contained within the Corporate Social Responsibility section of this Annual Report on pages 39 to 41.

Charitable and political donations
Group donations to charities worldwide were $3,954 (2021: $569).

No political donations were made during the year (2021: $nil).

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

Financial risk management
The Group's financial risk management objectives and policies, including its use of financial instruments, are set out in note 41 to the Group's Consolidated Financial Statements.

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

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

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

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

- Select suitable accounting policies, and then apply them consistently,
- State whether the Group Financial Statements have been prepared in conformity with U.K. Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006,
- State whether the Parent Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law) in conformity with the requirements of the Companies Act 2006
- Make judgements and estimates that are reasonable, relevant, and reliable,
- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company, or to cease operations, or have no realistic alternative but to do so. As explained in note 3 of the Consolidated Financial Statements, the Directors believe the going concern basis to be appropriate and the Financial Statements have been prepared on that basis.

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

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

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

Each of the Directors listed above confirm that, to the best of their knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Parent Company and the undertakings included in the consolidation taken as a whole, and
- The Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Statement on disclosure to Auditors

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

- So far as the Director is aware, there is no relevant audit information, that would be needed by the Group's and Parent Company's Auditors in connection with preparing their Audit Report (which appears on pages 46 to 51), of which the Group's and Parent Company's Auditors are not aware, and
- In accordance with Section 418(2) of the Companies Act 2006, he has taken all reasonable steps that he ought to have taken as a Director to make him aware of any such information, and to ensure that the Group's and Parent Company's Auditors are aware of such information.

Auditors

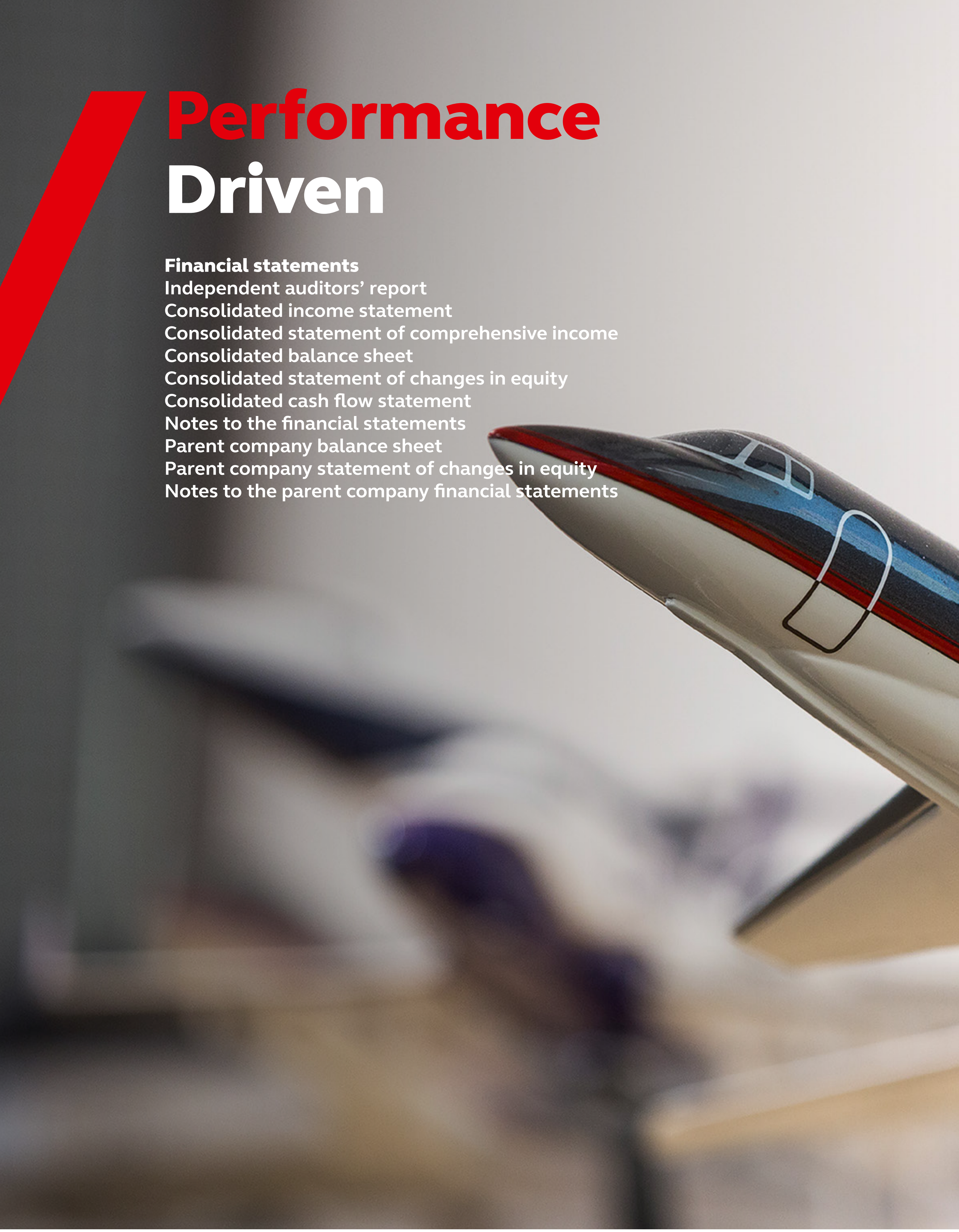
The auditor, Crowe U.K. LLP, will be proposed for appointment by the members of the Company in accordance with Section 489 of the Companies Act 2006.

Approval of Directors' Report

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

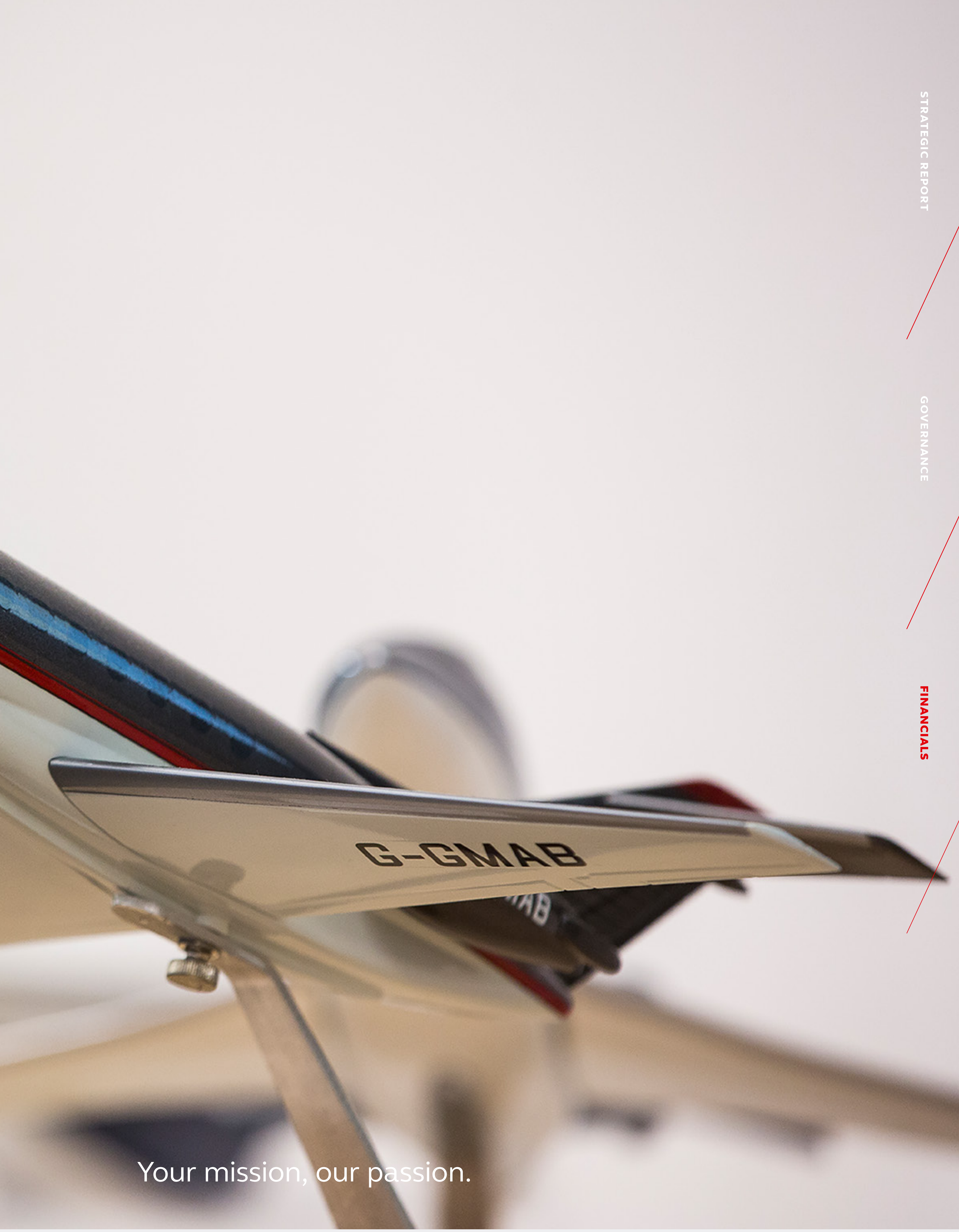
Marwan Khalek
Director

7 June 2023



Performance Driven

Financial statements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Independent Auditor's Report to the Members of Gama Aviation Plc

Opinion

We have audited the financial statements of Gama Aviation Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2022, which comprise:

/ the Consolidated income statement and Consolidated statement of comprehensive income for the year ended 31 December 2022;
/ the Consolidated and Parent Company balance sheets as at 31 December 2022;
/ the Consolidated and Parent Company statements of changes in equity for the year then ended;
/ the Consolidated cash flow statement for the year then ended; and
/ the notes to the financial statements, including significant accounting policies.

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

In our opinion:

/ the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
/ the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
/ the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
/ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that the Group and Parent Company will need to perform certain actions to generate cash resources for working capital purposes as described in the note. As stated in note 3, these events or conditions, along with the other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. We have highlighted going concern as a key audit matter due to the estimates and judgements the Directors are required to make in their going concern assessment, and their effect on our audit strategy. Our audit work in response to this key audit matter included:

/ Reviewing management's projections for the Group and Parent Company for the going concern assessment period;
/ Checking the numerical accuracy of management's projections, and agreeing opening positions used;
/ Assessing management's ability to forecast accurately;
/ Challenging management on the assumptions underlying the base case scenario and considering whether these are consistent with our understanding of the business obtained during the audit;
/ Reviewing the severe, but plausible downside scenario modelled by management and challenging them on the assumptions applied;
/ Assessing the matters noted by the Directors that result in the material uncertainty;
/ Assessing the impact of the mitigating factors available to management to restrict the forecast cash outflows in the base case model and downside scenario; and
/ Assessing the completeness and accuracy of the disclosures made on going concern in the Directors' Report and financial statements.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be $400,000 (2021: $323,000), based on 0.14% of Group revenues (2021: 0.14% of adjusted revenues). Materiality for the Parent Company financial statements as a whole was set at $160,000 based on approximately 2% of net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at $280,000 (2021: $163,000) for the group and $112,000 for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of $20,000 (2021: $16,000) for the Group and identified errors in excess of $8,000 for the Parent Company. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates through the Parent Company based in the UK whose main function is the incurring of administrative costs and providing funding to the operating entities. In addition to the Parent Company, we identified a further five significant components subject to a full scope audit and seven entities for which we performed audit procedures over specific balances or transactions. The remaining components of the Group were considered non-significant and these components were subject to analytical procedures performed by the Group auditor.

In establishing our overall approach to the group audit, we determined the type of work that needed to be performed in respect of each component. Full scope audits of the Parent Company and the three other significant components outside of the USA were performed by the Group audit team. Full scope audits of Gama Aviation Engineering Inc. and JetEast Aviation Company LLC were carried out in the USA by a local Crowe network member firm, at our direction. The group audit team audited the consolidation.

A member of the Group audit team visited an operating location in the USA at both the planning and completion stages of the audit to meet with local management and the component auditors, and to substantiate information and explanations provided during the audit work. We held regular calls with the component auditors in the course of their work to ensure the audit procedures were completed to our direction.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 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.

We set out below, together with the material uncertainty related to going concern above, those matters we considered to be key audit matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Impairment of goodwill – Group (note 18) As at 31 December 2022, the Group has goodwill balances totalling $19.2 million. This goodwill is allocated between the Group's Business Aviation, Special Missions and Technology & Outsourcing cash generating units (CGUs). As explained in note 18 to the financial statements, the Directors are required to annually test goodwill for impairment. The process for measuring and recognising impairment under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex and highly judgemental. We therefore identified the impairment of goodwill as a significant risk, which was one of the most significant assessed risks of material misstatement.	We performed the following procedures as part of our audit of management's impairment assessment for goodwill: / We obtained an understanding of the key controls relating to the impairment review process and determination of cash flow forecasts. / We assessed the Group's budgeting review and approval procedures on which the cash flow forecasts are based. / We considered management's assessment of the CGUs, and whether the CGUs to which the goodwill was allocated were appropriately identified. / We challenged management on the assumptions included in the assessment including revenues, costs and growth rates. / We involved our specialist valuations team to assist us in assessing and challenging the discount rate used by management. / We checked that the identified impairment in relation to Fort Lauderdale was correctly calculated. / Where a fair value less costs to sell approach was utilised for the T&O CGU we obtained and scrutinised documentation supporting the recoverable amount determined. / We assessed whether appropriate disclosure has been made in the financial statements in relation to the impairment consideration performed, and the impairment recognised.
Impairment to investments in subsidiaries – Parent Company (note 4) The parent company holds investments in its subsidiaries totalling £51.4 million. As this amount is higher than the year end market capitalisation for the Group this was considered to be an indication of impairment and so management performed a review to identify if any impairment was required. This involved preparation of value in use forecasts, which require management to make a number of estimates and judgements and we therefore consider this to be a key audit matter.	We performed the following procedures as part of our audit of management's impairment assessment for parent company investments in subsidiaries: / We considered management's assessment of the existence of impairment indicators. / We obtained an understanding of the key controls relating to the impairment review process and determination of cash flow forecasts. / We assessed the Group's budgeting review and approval procedures on which the cash flow forecasts are based. / We challenged management on the assumptions included in the assessment including the inputs to expected income levels and the discount rate applied. / We checked the calculation of the impairments recognised on the investment in Gama Group Asia Limited and Gama Group MENA FZE.

Key audit matter	How the scope of our audit addressed the key audit matter
Accounting for revenue on long-term contracts – Group (notes 3 and 5) The Group has a number of contracts within its Special Missions division that cover a period of more than one year. Revenue for certain elements on these is recognised on a percentage completion basis. Accounting for long term contracts requires management to make a number of estimates and judgements, including around the level of completion, and costs required to complete the work. As such, we consider this to be a key audit matter.	We performed the following procedures as part of our audit of revenue recognition on long term contracts: / We obtained copies of the key contracts concerned and performed a review of the performance obligations against the Group's accounting policy and IFRS 15. / We assessed the design and implementation of controls over revenue recognition on long term contracts. / We held discussions with individuals in the Special Missions division outside of the finance function to gain understanding of the commercial operation of the contracts. / We agreed the revenue recognised during the year back to the detail of the contracts, and we vouched a sample of transactions to the invoices issued and cash settlement. / We tested a sample of open contracts for the percentage completion accounting at year-end and challenged the estimates and judgements made when accounting for these contracts.
Sale and leaseback of helicopter assets – Group (notes 21, 22, 30) During the year, the group entered a transaction to sell and lease back three of its helicopter assets. The transaction required management to assess the accounting entries required and to make estimates and judgements such as whether the transaction fulfilled the requirements of IFRS 15 to be recognised as a sale, the length of the lease term, and the interest rate applied. We therefore consider this to be a key audit matter.	We performed the following procedures as part of our audit of the sale and leaseback of helicopter assets: / We obtained copies of the key contracts concerned and performed a review of the transaction in terms of compliance with IFRS 15 and IFRS 16 to be classified as a sale and leaseback transaction. / We assessed the design and implementation of controls over sale and leaseback accounting. / We challenged management over a key area of judgement in determining the length of the lease term, specifically the degree of certainty of renewal of a customer contract on which the helicopters were deployed. This included corroborating management's assessment with relevant staff outside the finance function. / We performed a check of the mathematical accuracy of the lease calculations. / We utilised our specialist valuations team to assess the interest rate used by management. / We reviewed disclosures made in the financial statements to ensure these were appropriate and complete.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. These included the Companies Act 2006, AIM rules and the significant country-specific laws and regulations associated with operating in the aviation sector, such as those issued by the Civil Aviation Authority.
- As part of our audit planning process, we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made with management and those charged with governance concerning both whether they had any knowledge of any actual or suspected fraud and their assessment of the susceptibility to fraud. We considered the risk to be greater in areas involving significant management estimation or judgement, including the use of alternative performance measures, and estimates or judgements impacting revenue recognition or which could impact on management bonuses and remuneration. Based on this assessment we designed audit procedures to focus on these specific areas.
- We held discussions with Divisional Management, the Group Legal and Compliance team, and other staff members outside of the finance function to gain an understanding of areas of fraud risk and any instances of non-compliance with laws and regulations.
- We assessed the design and implementation of controls over significant audit risks and obtained an understanding of the Group's financial reporting processes.
- We tested the appropriateness of journal entries throughout the year by vouching a risk-based sample of journals to supporting documentation and explanations.
- A detailed review of the Group's year end adjusting entries was performed. Any items that appeared unusual in nature or amount were vouched to supporting documentation.
- We communicated relevant procedures to the component auditors to address the risks of management override, and compliance with laws and regulations in our group audit instructions. We reviewed their reporting on these matters and held discussions on their conclusions.
- We made enquiries of the Group's internal auditors as to whether they had any awareness of actual or suspected fraud.
- We performed a detailed review of financial statements disclosures to ensure these were complete, having regard to the explanations and information received in the course of the audit.
- We obtained a list of related parties from management, and performed audit procedures to identify undisclosed related party transactions.
- We utilised external confirmations to confirm cash balances, and as part of our revenue testing procedures. We also obtained letters from the Group's external counsel.
- We considered the narrative and presentation of matters in the front section of the annual report, including the Group's use of Alternative Performance Measures and the reconciliation of these items to GAAP measures.

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

Use of our report

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

Nick Jones

Nick Jones (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 7 June 2023

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December 2022 Statutory result $'000	Year ended 31 December 2022 Adjusting items[1] $'000	Year ended 31 December 2022 Adjusted result[1] $'000	Year ended 31 December 2021 Statutory result $'000[2]	Year ended 31 December 2021 Adjusting items[1] $'000	Year ended 31 December 2021 Adjusted result[1] $'000[2]
Continuing operations:							
Revenue	5	**285,642**	**–**	**285,642**	235,909	–	235,909
Cost of sales[2]		**(230,655)**	**161**	**(230,494)**	(194,374)	–	(194,374)
Gross profit		**54,987**	**161**	**55,148**	41,535	–	41,535
Administrative expenses[2]		**(59,568)**	**8,400**	**(51,168)**	(50,413)	6,095	(44,318)
Other operating income	6	**4,953**	**(126)**	**4,827**	1,626	(1,626)	–
Operating profit / (loss)		**372**	**8,435**	**8,807**	(7,252)	4,469	(2,783)
Share of results of associates	23	**–**	**–**	**–**	(1,491)	–	(1,491)
Reversal of impairment of equity accounted investments	23	**–**	**–**	**–**	1,491	(1,491)	–
Earnings before interest and taxation	7	**372**	**8,435**	**8,807**	(7,252)	2,978	(4,274)
Finance income	11	**108**	**–**	**108**	617	–	617
Finance expense	12	**(9,945)**	**75**	**(9,870)**	(4,110)	–	(4,110)
Loss before taxation		**(9,465)**	**8,510**	**(955)**	(10,745)	2,978	(7,767)
Taxation	13	**885**	**(1,297)**	**(412)**	1,980	(471)	1,509
Loss for the year		**(8,580)**	**7,213**	**(1,367)**	(8,765)	2,507	(6,258)
Attributable to:							
Owners of the Company		**(8,859)**	**7,211**	**(1,648)**	(8,062)	2,507	(5,555)
Non-controlling interests	38	**279**	**2**	**281**	(703)	–	(703)
		(8,580)	**7,213**	**(1,367)**	(8,765)	2,507	(6,258)
Earnings per share (EPS) attributable to the equity holders of the parent (cents)							
Basic	17	**(13.9)**	**11.3**	**(2.6)**	(12.7)	4.0	(8.7)
Diluted	17	**(13.9)**	**11.3**	**(2.6)**	(12.7)	4.0	(8.7)

[1] APMs are defined in Note 15 of the notes to the financial statements and reconciled to the nearest IFRS measure

[2] Depreciation charges of $3,196,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation and to show depreciation of assets used in the delivery of revenues in cost of sales. There has been no change in operating loss or loss for the year in respect of the prior year

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 2022 $'000	Year ended 2021 $'000
Loss for the year		**(8,580)**	(8,765)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		**(5,158)**	(307)
Other comprehensive loss for the year, net of income tax		**(5,158)**	(307)
Total comprehensive loss for the year		**(13,738)**	(9,072)
Total comprehensive loss is attributable to:			
Owners of the Company		**(14,017)**	(8,369)
Non-controlling interest	38	**279**	(703)
		(13,738)	(9,072)

CONSOLIDATED BALANCE SHEET
COMPANY NUMBER 07264678
AS AT 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Non-current assets			
Goodwill	18	**19,176**	22,236
Other intangible assets	19	**13,170**	15,654
Total intangible assets		**32,346**	37,890
Property, plant and equipment	21	**21,794**	53,489
Right-of-use assets	22	**38,194**	36,383
Trade and other receivables	25	**1,413**	291
Deferred tax asset	35	**6,100**	3,918
Total non-current assets		**99,847**	131,971
Current assets			
Inventories	24	**7,278**	8,915
Trade and other receivables	25	**58,271**	63,808
Current tax receivable	28	**–**	27
Cash and cash equivalents	26	**22,406**	10,243
Total current assets		**87,955**	82,993
Total assets		**187,802**	214,964
Current liabilities			
Trade and other payables	27	**(46,770)**	(39,342)
Current tax liabilities	28	**(533)**	(574)
Obligations under leases	30	**(11,053)**	(7,970)
Provisions	33	**(2,250)**	(772)
Borrowings	31	**(31,225)**	(40,175)
Deferred revenue	34	**(9,214)**	(8,880)
Other financial liabilities	32	**(335)**	(290)
Total current liabilities		**(101,380)**	(98,003)
Total assets less current liabilities		**86,422**	116,961
Non-current liabilities			
Borrowings	31	**(4,883)**	(26,979)
Deferred revenue	34	**–**	(2)
Provisions	33	**(885)**	(348)
Obligations under leases	30	**(41,628)**	(40,032)
Trade and other payables	27	**(3,663)**	(1,821)
Deferred tax liabilities	35	**(1,206)**	–
Other financial liabilities	32	**–**	(256)
Total non-current liabilities		**(52,265)**	(69,438)
Total liabilities		**(153,645)**	(167,441)
Net assets		**34,157**	47,523
Shareholders' equity			
Share capital	36	**958**	954
Share premium	36	**63,712**	63,502
Other reserves	36	**34,987**	34,997
Foreign exchange reserve		**(29,880)**	(24,722)
Accumulated losses		**(35,992)**	(27,301)
Total shareholders' equity		**33,785**	47,430
Non-controlling interest	38	**372**	93
Total equity		**34,157**	47,523

The financial statements on pages 52 to 117 were approved by the Board of Directors and authorised for issue on 7 June 2023 and are signed on their behalf by:

Michael Williamson
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	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 2021	**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 40)	–	–	244	–	–	**244**	–	**244**
Transfer for lapsed options	–	–	(607)	–	607	**–**	–	**–**
Balance at 31 December 2021	**954**	**63,502**	**34,997**	**(24,722)**	**(27,301)**	**47,430**	**93**	**47,523**
Loss for the year	–	–	–	–	(8,859)	**(8,859)**	279	**(8,580)**
Other comprehensive expenditure	–	–	–	(5,158)	–	**(5,158)**	–	**(5,158)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(5,158)**	**(8,859)**	**(14,017)**	**279**	**(13,738)**
Shares issued in the year	4	210	–	–	–	**214**	–	**214**
Cost of share-based payments (Note 40)	–	–	158	–	–	**158**	–	**158**
Transfer for lapsed options	–	–	(168)	–	168	**–**	–	**–**
Balance at 31 December 2022	**958**	**63,712**	**34,987**	**(29,880)**	**(35,992)**	**33,785**	**372**	**34,157**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 2022 $'000	Year ended 2021 $'000
Cash flows from operating activities			
Loss for the year		**(8,580)**	(8,765)
Adjustments for:			
Tax credit	13	**(885)**	(1,980)
Finance income	11	**(108)**	(617)
Finance costs	12	**9,945**	4,110
Amortisation of intangible assets	19	**3,396**	3,355
Depreciation of property, plant and equipment	21	**5,870**	6,441
Depreciation of right-of-use assets	22	**6,001**	7,524
Impairment of goodwill	18	**787**	–
Impairment of property, plant and equipment	21	**2,640**	–
Impairment of right-of-use assets	22	**–**	1,911
Lease credit recognised	10	**–**	(110)
Loss/(profit) on derecognition of leases	10	**–**	(1,626)
(Gain)/loss on disposal of property, plant and equipment	21	**(1,741)**	6
Share of loss of associates	23	**–**	1,491
Reversal of impairment of equity accounted investment in associate	23	**–**	(1,491)
Forgiveness of PPP loan	31	**(1,000)**	–
Share-based payments	40	**372**	257
Operating cash inflow before movements in working capital		**16,697**	10,506
Unrealised foreign exchange movements		**(2,107)**	(656)
Decrease/(increase) in gross inventories		**1,063**	(1,567)
Increase in inventory obsolescence		**65**	18
Decrease in gross receivables		**2,083**	6,229
Decrease in loss allowance for receivables		**(299)**	(1,255)
Increase/(decrease) in payables and deferred consideration		**11,615**	(19)
Increase/(decrease) in deferred revenue		**1,190**	(4,847)
Increase/(decrease) in provisions		**1,164**	(685)
Working capital movements		**14,774**	(2,782)
Cash generated by operations		**31,471**	7,724
Tax paid on operating activities		**(96)**	(3,289)
Tax refunds received		**–**	790
Net cash generated by operating activities		**31,375**	5,225

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 2022 $'000	Year ended 2021 $'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(4,011)**	(3,379)
Purchases of intangibles		**(1,829)**	(2,604)
Proceeds on disposal of property, plant and equipment	21	**27,079**	–
Proceeds on disposal of assets held for sale	23	**–**	2,000
Interest received		**–**	1,061
Acquisition of business, net of cash acquired		**–**	(8,146)
Net cash received/(used) in investing activities		**21,239**	(11,068)
Cash flows from financing activities			
Lease payments		**(11,832)**	(9,567)
Interest paid		**(1,272)**	(709)
Proceeds from borrowings, net of loan arrangement fees	31	**18,690**	22,574
Repayment of borrowings	31	**(46,525)**	(12,361)
Lease payment received		**91**	–
Interest paid		**70**	–
Net cash used in financing activities		**(40,778)**	(63)
Net increase/(decrease) in cash and cash equivalents		**11,836**	(5,906)
Cash and cash equivalents at the beginning of year		**10,243**	16,136
Effect of foreign exchange rates		**327**	13
Cash and cash equivalents at the end of year	26	**22,406**	10,243

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.

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

2. Subsidiaries and other related undertakings
Details of the Company's subsidiaries and other related undertakings held directly or indirectly at 31 December 2022 are as follows:

Name	Place of incorporation and operation	Proportion of voting and ownership interest 2022	Proportion of voting and ownership interest 2021	Nature of business	Registered address
Airops Software Limited[1]	England and Wales	100%	100%	Aviation software	Head Office
Aravco Limited[1]	England and Wales	100%	100%	Dormant	Head Office
FlyerTech Limited[1]	England and Wales	100%	100%	Airworthiness management	Head Office
Gama Aviation (Asset 2) Limited[1]	England and Wales	100%	100%	Dormant	Head Office
Gama Aviation (Engineering) Limited[1]	England and Wales	100%	100%	Aviation design and engineering	Head Office
Gama Aviation (UK) Limited[1]	England and Wales	100%	100%	Aviation management	Head Office
Gama (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%	Dormant	Head Office
International JetClub Limited	England and Wales	100%	100%	Dormant	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[1,2]	SAIF Free Zone, United Arab Emirates	49%	49%	Aviation management	SAIF Suite Z-21, P.O. Box 122389, Sharjah, UAE
Gama Group Mena FZE	United Arab Emirates	100%	100%	Holding company	SAIF Office Q1-09-067/C, P.O. Box 122464, Sharjah, UAE
Gama Holdings FZC	United Arab Emirates	100%	100%	Dormant	SAIF Lounge P.O. Box 121954, Sharjah, UAE
Gama Support Services FZE[1]	United Arab Emirates	100%	100%	Aviation design and engineering and FBO	SAIF Desk Q1-05-123/B, P.O. Box 122553, Sharjah, UAE

Name	Place of incorporation and operation	Proportion of voting and ownership interest 2022	Proportion of voting and ownership interest 2021	Nature of business	Registered address
Gama Aviation SPV Limited (Plc)[1]	United Arab Emirates	100%	100%	Aviation management	2428 Res Co-work 03 Level 24, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE
Gama Aviation (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
Jet East Aviation Corporation, LLC[1]	Pennsylvania, USA	100%	100%	Aviation design and engineering and FBO	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[3]	Nigeria	100%	100%	Applicant of Nigerian AOC	[8]
Gama Aviation (Cayman) SEZC	Cayman Islands	100%	100%	Aviation Management	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
FlyerTech Europe Sp. Z.o.o.	Poland	100%	100%	Airworthiness management	ul. Komitetu Obrony Robotnikow 62, 2nd Floor, 02-146 Warsaw, Poland, NIP: 7831827059
GB Aviation Holdings LLC[6]	Delaware, USA	50%	50%	Joint venture – non-trading	Delaware Office
Gama Aviation Hutchison Technical Service (Beijing) Limited[1]	China	100%	100%	Non-trading	Room 250, 2nd Floor, Building 1, No. 56, Zhaoquanying Section, Changjin Road, Shunyi District, Beijing
Bond Helicopters Limited[1,7]	England and Wales	50%	–	Joint venture – non-trading	Compass House, Lypiatt Road, Cheltenham, England, GL50 2QJ

1 Indicates indirect holding

2 Gama Aviation Plc holds a 49% shareholding in Gama Aviation FZC. The results of Gama Aviation FZC are fully consolidated within the financial statements because Gama Aviation Plc is exposed to variable returns from its involvement and has the ability to affect the returns through its power over these companies. Refer to Note 38 for further details

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

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

7 Bond Helicopters Limited is the entity jointly held with Peter Bond

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

2. Subsidiaries and other related undertakings (continued)

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

During the year ended 31 December 2022, the Company disposed of the following undertakings held directly or indirectly at 31 December 2021:

Name	Place of incorporation and operation	Proportion of voting and ownership interest 2022	Proportion of voting and ownership interest 2021	Method of disposal	Registered address
Gama International Saudi Arabia[1]	Kingdom of Saudi Arabia	–	nil[2]	Sold	6646 Abi Haitham Al Ansari, al Madina Square Center – Office 2 & 3, Muhammadiyah District, Jeddah 23624-3270, KSA
Lynk Aero LLC[1]	Ohio, USA	–	100%	Dissolved	Trenton Office

1 Indicates indirect holding

2 No non-controlling interest was recognised as the Group had the full beneficial interest

3. Accounting policies

Basis of preparation

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

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

The financial statements are presented in United States Dollars (USD), rounded to the nearest thousand (USD000) unless otherwise stated.

Climate Change

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

Going concern

To support their assessment of going concern, the Directors have 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 31 December 2024. The Directors have also considered the outlook for the business beyond 31 December 2024 based upon its updated five-year strategic plan.

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

/ Working capital levels and the conversion of profits into cash flows,
/ The recovery of legacy debtor balances
/ The planned sale and/or sale and lease back of Group assets
/ The £20.0m HSBC Term Loan which was repaid on 25 January 2023,
/ The $5.0m Great Rock Capital Term Loan and a delayed $1.5m Delayed Term which is currently undrawn.
/ The Revolving Credit Facility ("RCF") of up to initially $15.0m with the potential to increase to $20m (the amount available to be drawn down is subject to various restrictions both in value and use outside the US) from Great Rock Capital of which $9.0m was undrawn as of 31 December 2022 and $7.2m was undrawn as of 30 April 2023.
/ The £9.4m ($11.1m) loan from Close Brothers that completed on 3 March 2023, and which is secured on owned aircraft,
/ Cash of $22.5m as of 31 December 2022 and $6.1m as of 30 April 2023.

The credit facilities with Great Rock Capital are held in the Company's US subsidiary and are subject to financial covenants and expire in December 2026.

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Going concern (continued)
The RCF is settled and drawn down on a cyclical basis and has been presented in current liabilities.

The term loan with Great Rock Capital falls due for repayment over twelve months from the reporting date and has been presented in non-current liabilities.

The key assumptions in the Board approved base case projections relate to revenue, profit performance and working capital cash flows. Additionally, the detailed cashflow projections consider planned future events within 2023 and 2024, including the Directors' assessment of:

/ The likelihood of recovery of legacy debtor balances and
/ The likelihood of completing the planned sale and/or sale and lease back of Group assets

The Directors have also considered a severe but plausible downside scenario that takes account of the rapid increase in inflation that the western world is experiencing and assumes that this will principally be felt from the start of 2023 due to the longevity of supply contracts.

The severe but plausible downside scenario assumes the following:

/ EBITDA is 20% lower than the Board approved base case projections
/ Working capital outflows are 25% higher than the Board approved base case projections
/ Funding costs will be 2% higher than current rates
/ Corporation tax rates will be 5% higher than current rates

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

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

However, certain assumptions within the cash flow forecasts relating to receipt of legacy debtor balances , and the planned sale and/or sale and lease back of Group assets which have not been concluded at the time of approving the financial statements and there is a risk that these events may not be completed in the time scales planned as they are not fully under the control of the Group. Consequently, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

If one or more of these events do not occur, the Directors anticipate undertaking additional fundraising and asset realisation alongside cost and cash savings to ensure that the Group is able to meet its liabilities as they fall due.

The financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Changes in accounting policies and practices
In the preparation of these Consolidated Financial Statements, the Group followed the same accounting policies and methods of computation as compared to those applied in the previous period, except for:

/ the reclassification of depreciation charges relating to aircraft and refurbishment, and leasehold property improvements from administrative expenses to cost of sales, and
/ the adoption of new standards and interpretations and revision of the existing standards noted below.

New and amended standards adopted by the Group in 2022
The following amendments to existing standards and interpretations were effective in the year ended 31 December 2022, but were either not applicable or did not have a material impact on the Group:

/ Amendments to IAS 16 *Property, Plant and Equipment*
/ Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
/ Amendments to IFRS 3 *Business Combinations*
/ Annual Improvements to IFRS Standards 2018-2020 Cycle – minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

3. Accounting policies (continued)

New and amended standards not applied

The following standards and interpretations in issue are not yet effective for the Group and have not been adopted by the Group:

	Effective dates[1]
Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements*: Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and Leaseback	1 January 2024

1 The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the Group prepares its financial statements in accordance with International Accounting Standards, in conformity with the requirements of the Companies Act 2006, the application of new standards and interpretations will be subject to there having been endorsed for use in the UK. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation, but the need for endorsement restricts the Group's discretion to early adopt standards

The Directors do not expect the adoption of these standards and interpretations to have a material impact on the Consolidated financial statements.

Significant accounting policies

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

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and the subsidiaries controlled by the Company for the years ended 31 December 2022 and 31 December 2021. The Group controls an investee if, and only if, the Group has all of the following:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control of a subsidiary it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary,
- Derecognises the carrying amount of any non-controlling interest,
- Derecognises the cumulative translation differences recorded in equity,
- Recognises the fair value of the consideration received,
- Recognises the fair value of any investment retained,
- Recognises any surplus or deficit in profit or loss, and
- Recognises the parent's share of any components previously recognised in other comprehensive income, to profit or loss or retained earnings, as appropriate.

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

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

Associates
Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the Consolidated Balance Sheet at cost. Subsequently, associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income (except for losses in excess of the Group's investment in the associate, unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value if the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired, is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3. Accounting policies (continued)

Significant accounting policies (continued)

Joint ventures

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

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

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

Revenue from contracts with customers

The Group recognises revenue from the following major sources:

- Business Aviation:
  - Managed aircraft contracts and specific air services
  - Charter services
  - Maintenance of aircraft
  - Fixed base operations
- Special Mission:
  - Mission solutions and expertise with aviation assets
- Technology & Outsourcing (T&O):
  - Airworthiness services
  - Software solutions
- Branding fees

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

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

Managed aircraft contracts and specific air services

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

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

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

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

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

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

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

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

3. Accounting policies (continued)

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Managed aircraft contracts and specific air services (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 they are linked to wider management services.

Charter services

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

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

Maintenance of aircraft

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

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

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

Fixed base operation

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

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

Mission solutions and expertise with aviation assets

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

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

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

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

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

3. Accounting policies (continued)
Significant accounting policies (continued)
Revenue from contracts with customers (continued)
Airworthiness services
The Group provides continuing airworthiness management and airworthiness review certification services for business aviation, military, and commercial airline operators. Revenue from these activities includes fixed contract fees and variable fees, such as revenue earned with reference to ad-hoc services.

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

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

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

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

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

Payment for use of the brand was received in March 2020. A contract liability was recognised for revenue relating to the use of the brand at the time of receipt of the funds. The remaining balance of the contract liability was fully derecognised in February 2022.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the Consolidated Balance Sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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

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

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

3. Accounting policies (continued)

Significant accounting policies (continued)

Foreign currencies (continued)

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in US Dollars using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's translation reserve.

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

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.

Retirement benefit costs

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

Short-term and other long-term employee benefits

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

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

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

Leases

The Group as lessee

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

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

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

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

/ Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable,
/ Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date,
/ The amount expected to be payable by the lessee under residual value guarantees,
/ The exercise price of purchase options, if the lessee is reasonably certain to exercise the options,
/ Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

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

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

3. Accounting policies (continued)
Significant accounting policies (continued)
Leases (continued)
The Group as lessee (continued)
The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

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

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

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

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

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

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in profit or loss (see Note 10).

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

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

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

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

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

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

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

3. Accounting policies (continued)
Significant accounting policies (continued)
Leases (continued)
The Group as lessor (continued)
Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Accounting policies (continued)
Significant accounting policies (continued)
Use of alternative performance measures (APMs)
The performance of the Group is assessed and discussed on an "adjusted" basis, using a variety of APMs, including Adjusted Gross Profit, Adjusted Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA), Adjusted Earnings Before Interest and Tax (EBIT), Organic Revenue Growth and Net debt. The term "Adjusted" refers to the relevant measure being reported for continuing operations before "Adjusting items".

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

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

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

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

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

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

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

The Directors believe that adjusted profit and earnings per share measures provide additional and more consistent measures of underlying performance to shareholders by removing certain trading and non-trading items that are 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 Consolidated 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.

3. Accounting policies (continued)

Significant accounting policies (continued)

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.

Goodwill

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

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

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

Other intangible assets

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

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

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

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

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

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

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

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

The Group has no indefinite life intangible assets.

3. Accounting policies (continued)
Significant accounting policies (continued)
Other intangible assets (continued)
A summary of the amortisation policies applied to the Group's other intangible assets is as follows:

/ Licences	10% per annum, straight line method
/ Brands	20% per annum, straight line method
/ Customer relations	10% per annum, straight line method
/ Computer software	20%-33% per annum, or life of licence if shorter, straight-line method

/ The life of each internally generated intangible asset is assessed individually.

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

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

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

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

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

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

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

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

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

Impairment of property, plant and equipment and intangible assets excluding goodwill
At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. Accounting policies (continued)

Significant accounting policies (continued)

Impairment of property, plant and equipment and intangible assets excluding goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates part or all of the impairment loss which has been recognised for the asset in prior years.

Inventories

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

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

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

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

Cash and cash equivalents

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

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Assets and liabilities classified as held for sale

Assets (and disposal groups) and liabilities classified as held for sale are measured at the lower of 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.

Assets, liabilities, and disposal groups are classified as held for sale if it is highly probably that their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

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

Provisions and contingent liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material.

3. Accounting policies (continued)
Significant accounting policies (continued)
Provisions and contingent liabilities (continued)
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Accounting policies (continued)
Significant accounting policies (continued)
Financial instruments (continued)
Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Group's accounting policies

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

Sharjah Business Aviation Centre

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

As of 31 December 2021, assets under construction ($4,609,000) and right-of-use assets associated with this project ($8,329,000) were fully impaired. The impairment initially arose due to uncertainties arising in part from the COVID-19 pandemic, and subsequently due to the uncertainty about securing funding to continue the project.

During the current year, additional expenditure of $2,103,000 on the project has also been impaired. This is based on the Directors' 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 profits associated with this project can be forecast with greater certainty.

Should the full funding for the project be contractually secured, then the Directors currently anticipate that some or all these impairments will be reversed.

Paycheck Protection Program qualifying expenditure

In 2020, the Group received funds under the Paycheck Protection Program ("PPP") 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. On 12 May 2020, funds of $5,753,000 were received and initially recognised as borrowings in current liabilities. Subsequently in 2020, the Group considered $4,753,000 of these funds to be eligible for forgiveness within the terms of the PPP and were therefore recognised as income against the related expenses in the income statement, reducing the amount of potentially repayable borrowings to $1,000,000 as of 31 December 2020.

On 19 May 2022, the Group received confirmation that the full balance of the original loan, including the $1,000,000, was to be forgiven and was therefore no longer repayable. The balance of $1,000,000 has been derecognised during the year with the associated credit being recognised against employment costs within cost of sales and administrative expenses in the Consolidated Income Statement, consistent with the treatment adopted for other such pandemic-related support.

Assessment of lease term under sale and leaseback transaction

On 27 September 2022, the Group completed the sale and leaseback of its helicopter assets. Under the terms of this arrangement the Group was obligated to deliver three helicopters in exchange for consideration from the counterparty. Having reviewed the terms of this agreement, management has concluded that they meet to five steps revenue recognition requirements defined by IFRS15. Accordingly, these transactions have been recognised as sales in the financial statements for the year ended 31 December 2022.

Following the sale of the helicopters the Company entered into a lease agreement with the same counterparty. These lease agreements contain a First Extension Option and a Second Extension Option, whereby the Group can extend the term of the lease by 84 months and 36 months, respectively.

In assessing whether the Group is reasonably certain, at the lease commencement date, to exercise an option to extend the lease, the Group has considered the following factors and circumstances that create an economic incentive for the Group to exercise the option to extend the lease:

4. Critical accounting judgements and key sources of estimation uncertainty (continued)
Critical judgements in applying the Group's accounting policies (continued)
Assessment of lease term under sale and leaseback transaction (continued)

(a) contractual terms and conditions for the optional periods compared with market rates, including:
  (i) the amount of payments for the lease in the optional period;
  (ii) the amount of any variable payments for the lease or other contingent payments;
  (iii) the terms and conditions of the options that are exercisable after the initial optional periods;
(b) significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract that are expected to have significant economic benefit for the Group when the option to extend the lease becomes exercisable;
(c) costs relating to the termination of the lease, including the costs of identifying another underlying asset suitable for the Group's needs and the costs associated with returning the helicopters in a contractually specified condition or to a contractually specified location;
(d) the importance of the helicopters to the Group's operations; and
(e) conditionality associated with exercising the option and the likelihood that those conditions will exist.

The term "reasonably certain" is not defined in IFRS, but it is considered a high probability (i.e., almost certain).

Having considered the above factors and circumstances, the Directors have concluded that, at the lease commencement date, it is not reasonably certain that the Group will exercise either the First Extension Option or the Second Extension Option to extend the lease. Consequently, the initial lease term has been assessed as 28 months.

Classification of items of cost or income as exceptional items
Exceptional items are items of income or expenditure that are not considered to reflect in-year operational performance of the continuing business. Classification of costs and income as exceptional items requires judgement as the Group's view of what qualifies as an exceptional item may differ from similar judgements made by others. Exceptional items are treated as Adjusting items to enable more relevant and reliable financial information to be presented. Note 14 describes the exceptional items that have been recorded in the Consolidated Income Statement.

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

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

Value-in-use is calculated using a discounted cash flow model from cash flow projections based on the Group's 2023 updated Strategic Plan approved by the Board of Directors in January 2023.

In measuring value-in-use, management have:

/ Based cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of goodwill, intangible assets, property, plant and equipment, and right-of-use assets
/ Based cash flow projections on the Group's 2023 updated Strategic Plan approved by the Board of Directors in January 2023. These forecasts cover a period of four years.
/ Estimated cash flow projections beyond the period the period of four years by extrapolating the projections based on the forecasts using an estimate of long-term growth rates for subsequent years. This rate reflects the average of the long-term growth rate for the countries in which the CGU operates.

In estimating cash flow projections for each CGU, management have used the "single most likely cash flow" approach to estimate the cash flows associated with a range of economic conditions that may exist over the next four years. The "single most likely cash flow" approach differs from the "expected cash flow" approach in that it does not use all expectations about possible cash flows.

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

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

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

Key sources of estimation uncertainty (continued)

Impairment of property, plant and equipment and intangible assets excluding goodwill (continued)

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

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

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

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

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

The key assumptions and estimates used to determine the recoverable amount for different CGUs, together with sensitivities, are disclosed in Note 20.

Valuation of inventories

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

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

An analysis of the inventories and inventory obsolescence allowance is provided in Note 24.

Calculation of expected credit loss allowance

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

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

An analysis of the amounts receivable for the sale of services, together with sensitivities, is provided in Note 25.

Other long-term employee benefits

The acquisition of Jet East included a long-term incentive plan accounted for under IAS 19 with the value of payments linked to the continuing employment of executives of Jet East as well as business performance 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. The period over which the services are received is three years.

Management has undertaken a review of anticipated future performance of the Business Aviation MRO US business and based on that review has estimated the charge for the year ended 2022 and the associated provision at the balance sheet date.

An analysis of other long-term employee benefits, together with sensitivities, is provided in Note 27.

Taxation

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

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

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

5. Revenue

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

	Year ended 2022 $'000	Year ended 2021 $'000
Sale of business aviation services	**285,017**	232,159
Branding fees	**625**	3,750
Statutory revenue	**285,642**	235,909

	Year ended 2022 $'000	Year ended 2021 $'000
BA MRO US	**81,423**	78,904
BA excluding MRO US	**82,855**	61,536
Special Mission	**3,743**	9,163
Revenue recognised at a point in time	**168,021**	149,603
BA MRO US	**36,826**	346
BA excluding MRO US	**23,197**	29,360
Special Mission	**51,759**	47,553
T&O[1]	**5,214**	5,297
Branding fee	**625**	3,750
Revenue recognised over time	**117,621**	86,306
Statutory revenue	**285,642**	235,909

[1] Prior year T&O revenue has been reclassified as recognised over time following review of nature of services provided

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 $87,465,000 to be earned over the next four years, with $50,636,000 (2021: $47,553,000) of revenue having been recognised in the year
- Business Aviation MRO US earned revenue of $100,647,000 during the year in relation to maintenance contracts
- Within Technology & Outsourcing, myairops® recognised contract revenue of $1,722,000 (2021: $1,414,000) during the year in relation to the provision of software services, with $798,000 due over the next three years

Revenue totalling $80,091,000 (2021: $48,760,000), which is greater than 10% of Group revenue, has been recognised in 2022 in respect of a single customer and is included within the Business Aviation MRO US reporting segment. Revenue received at a point in time was $29,909,000 and revenue received over time was $255,733,000.

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

6. Other operating income

	Year ended 2022 $'000	Year ended 2021 $'000
Foreign currency translation on trading monetary items	**3,086**	–
Gain on disposal of subsidiary (Note 14)	**126**	–
Gain on disposal of property, plant and equipment (Note 21)	**1,741**	–
Profit on derecognition of leases (Note 30)	**–**	1,626
Total other operating income	**4,953**	1,626

7. Earnings before interest and taxation

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

	Year ended 2022 $'000	Year ended 2021 $'000[1]
Amortisation of intangibles in administrative expenses (Note 19)	**3,396**	3,355
Depreciation of property, plant and equipment in administrative expenses[1] (Note 21)	**3,171**	3,245
Depreciation of property, plant and equipment in cost of sales[1] (Note 21)	**2,699**	3,196
Depreciation of right-of-use assets in administrative expenses (Note 22)	**666**	1,017
Depreciation of right-of-use assets in cost of sales (Note 22)	**5,335**	6,507
Net foreign exchange gain on trading monetary items	**(3,086)**	(407)
(Gain)/loss on disposal of property, plant and equipment (Note 21)	**(1,741)**	6
Impairment of goodwill (Note 18)	**787**	–
Impairment of property, plant and equipment (Note 21)	**2,640**	–
Impairment of right-of-use assets (Note 22)	**–**	1,911
Reversal of impairment of equity accounted investments (Note 23)	**–**	(1,491)
Cost of inventories recognised as an expense	**19,306**	16,071
Change in provision for inventory obsolescence	**(503)**	(404)
Staff costs (Note 8)	**110,324**	102,256
Impairment losses recognised on trade receivables (Note 25)	**278**	42
Recovery of previously impaired trade receivables (Note 25)	**(53)**	(63)
Auditors' remuneration (Note 9)	**1,102**	1,598

[1] Depreciation charges of $3,196,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation

8. Staff costs

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

	Year ended 2022	Year ended 2021
Operations and administration	**435**	440
Pilots and cabin crew	**149**	131
Aircraft engineering	**647**	556
	1,231	1,127

Their aggregate remuneration comprised:

	Year ended 2022 $'000	Year ended 2021 $'000
Wages and salaries	**96,384**	91,184
Social security costs	**8,857**	5,894
Equity-settled share-based payments (Note 40)	**372**	257
Other long-term employee benefits (Note 27)	**1,821**	1,821
Pension costs	**2,890**	3,100
	110,324	102,256

8. Staff costs (continued)

Aggregate remuneration is stated after netting off government grants received including $nil (2021: $41,000) under the UK Furlough scheme. No adjustment has been made for the US Paycheck Protection Program as this is a loan rather than a direct payment of salaries. Details of this are available in note 31.

Details of Directors' remuneration are given in the Remuneration Report. The share-based payment costs relating to these Directors amounted to $65,000 (2021: $150,000). No share option transactions were approved during the year. Details of prior year share awards are included in note 40.

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 2022, contributions of $273,000 (2021: $257,000) due in respect of the current reporting period had not been paid over to the schemes. Details of the other long-term employee benefits accrual, relating to the Jet East long-term incentive plan, are contained in note 27.

9. Auditor's remuneration

	Year ended 2022 $'000	Year ended 2021 $'000
Audit of the Group's and Company's financial statements	**765**	770
Audit of the financial statements of subsidiaries	**337**	828
	1,102	1,598

The 2022 charges include $229,000 of charges relating to the close out of the 2021 audit, by the previous auditors (PwC).

10. Leases

Amounts recognised in income statement

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

	Year ended 2022 $'000	Year ended 2021 $'000
Depreciation charge of right-of-use assets		
Leasehold property	**5,417**	7,381
Fixtures, fittings and equipment	**52**	17
Aircraft	**426**	–
Vehicles	**106**	126
Total depreciation charge of right-of-use-assets	**6,001**	7,524
Interest expense (included in finance cost)	**2,543**	2,624
Expenses relating to short-term leases of twelve months or less	**1,617**	1,370
Impairment of right-of-use assets	**–**	1,911
Loss/(profit) on derecognition of leases	**37**	(1,626)
Rent free credit[1]	**–**	(110)

[1] 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

An impairment loss of $1,911,000 was recognised in 2021 in relation to the right-of-use asset at Sharjah Airport as the lease was extended in 2021 but funding for the project has not yet been finalised.

11. Finance income

	Year ended 2022 $'000	Year ended 2021 $'000
Discounting on finance lease receivables	**17**	–
Foreign currency translation on borrowings	**–**	56
Interest income on financial assets	**91**	561
Total finance income	**108**	617

In the current year, interest income on financial assets includes $74,000 of interest received on the recovery of previously written-off receivables, and $17,000 of interest due from late customer payments.

In the prior year, interest income on financial assets includes $432,000 of interest due to late customer payments, $92,000 in respect of deferred consideration relating to the disposal of the US Air Associate, and $37,000 of other interest on other financial assets.

12. Finance expense

	Year ended 2022 $'000	Year ended 2021 $'000
Foreign currency translation on intercompany balances	**2,306**	441
Foreign currency translation on borrowings	**3,604**	–
Interest on borrowings before capitalised interest	**1,308**	791
Discounting on provisions (Note 33)	**16**	17
Discounting on deferred consideration (Note 32)	**14**	13
Interest on lease liabilities (Note 30)	**2,543**	2,624
Amortisation of loan arrangement fees	**151**	180
Other similar charges payable	**3**	44
Total finance costs	**9,945**	4,110

13. Taxation

	Year ended 2022 $'000			Year ended 2021 $'000		
	Statutory result	**Adjusting items**	**Adjusted result**	Statutory result	Adjusting items	Adjusted result
Corporation tax:						
Current tax charge:						
Current year charge/(credit)	**154**	**–**	**154**	4,292	(3,891)	401
Adjustment in respect of prior years	**(63)**	**–**	**(63)**	75	–	75
Current tax charge/(credit)	**91**	**–**	**91**	4,367	(3,891)	476
Deferred tax charge:						
Current year charge/(credit)	**(556)**	**1,099**	**543**	(6,105)	4,362	(1,743)
Adjustment in respect of prior years	**(420)**	**198**	**(222)**	(242)	–	(242)
Deferred tax (credit)/charge (Note 35)	**(976)**	**1,297**	**321**	(6,347)	4,362	(1,985)
Total tax (credit)/charge for the year	**(885)**	**1,297**	**412**	(1,980)	471	(1,509)

13. Taxation (continued)
The tax charge for the year, based on the tax rate in the United Kingdom, can be reconciled to the loss per the income statement as follows:

	Year ended 2022 $'000			Year ended 2021 $'000		
	Statutory result	Adjusting items[3]	Adjusted result	Statutory result	Adjusting items[3]	Adjusted result
Loss before tax	(9,465)	8,510	(955)	(10,745)	2,978	(7,767)
Tax at the corporation tax rate of 19% (2021: 19%)	(1,798)	1,617	(181)	(2,042)	566	(1,476)
Effects of:						
Other expenses not deductible/ income not taxable	356	(86)	270	275	(60)	215
Profits exempt from tax in overseas jurisdiction	(290)	(83)	(373)	(228)	–	(228)
Non-deductible – impairment of acquired intangibles	–	–	–	(4)	4	–
Non-deductible – (reversal)/ impairment of equity accounted investments	–	–	–	(246)	246	–
Non-deductible – share of losses of CASL in adjusted result	–	–	–	246	–	246
Non-deductible – share-based payments	(55)	–	(55)	45	(45)	–
Fines for late filings[2]	–	–	–	328	–	328
Adjustment in respect of prior years	(481)	199	(282)	(167)	–	(167)
Effect of tax rates in different jurisdictions	463	(471)	(8)	(143)	(137)	(280)
Effects of change in tax rate[1]	(181)	180	(1)	–	–	–
Tax losses in the year not recognised in deferred	1,101	(59)	1,042	(44)	(103)	(147)
Total tax (credit)/charge for the year	(885)	1,297	412	(1,980)	471	(1,509)

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

2 Fines have been levied by some US states in the prior year because 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 23.). 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. In the current year the US states have provided relief for these fines. Management considers the penalty in the prior year to be tax-geared and have therefore presented it within the total tax charge for the year

3 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 14

The adjustment in respect of prior years comprises $422,000 relating to US deferred tax balances partially offset by a $38,000 current tax credit for property taxation in Jersey, the offset of deferred tax assets against the $89,000 UK deferred tax liability.

In the prior year, the adjustments in respect of prior years comprise a $75,000 current tax charge for property taxation in Jersey, a $184,000 deferred tax credit relating to the implementation of IFRS 16 in the US, and the offset of deferred tax assets against the $57,000 UK deferred tax liability.

14. Adjusting items

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

	Year ended 2022 $'000	Year ended 2021 $'000
Exceptional items:		
– Transaction income	**(384)**	–
– Transaction costs	**654**	558
– Integration and business re-organisation costs	**264**	140
– Lease derecognition (Note 30)	**–**	(1,626)
– Legal costs	**207**	287
– Other prior year items	**–**	(79)
– Onerous contract provision (Note 33)	**900**	–
– Impairment of assets under construction (Note 21)	**2,516**	–
– Impairment of property, plant and equipment (Note 21)[1]	**124**	–
– Impairment of right-of-use assets (Note 22)	**–**	1,911
– Impairment of goodwill (Note 18)	**787**	–
Total exceptional items	**5,068**	1,191
Other Adjusting items:		
Equity-settled share-based payments expense (Note 40)	**372**	257
Other long-term employee benefits expense (Note 27)	**1,821**	1,821
Amortisation of acquired intangible assets (Note 19)	**1,174**	1,200
Reversal of impairment of equity accounted investments (Note 23)	**–**	(1,491)
Adjusting items in loss before interest and taxation	**8,435**	2,978
Exchange differences on forgiveness of loans	**75**	–
Adjusting items in loss before interest and taxation	**8,510**	2,978
Tax related to Adjusting items (Note 13)	**(1,297)**	(471)
Adjusting items in loss for the year	**7,213**	2,507

Transaction income
Transaction income during the year comprises $258,000 (2021: costs of $558,000) in relation to the acquisition of Jet East and $126,000 (2021: $nil) in relation to the gain on disposal of Gama International Saudi Arabia.

Transaction costs
Transaction costs during the prior year of $558,000 relate to the acquisition of Jet East. Transaction costs during the year of $654,000 (2021: $nil) relate to corporate activity of the Group.

Integration and business re-organisation costs
Integration and business re-organisation costs include severance costs of $227,000 (2021: $416,000) in relation to the acquisition of Jet East and a loss of $37,000 (2021: $nil) relating to the early termination of the Fort Lauderdale Executive Airport lease. Prior year figure also includes a net provision release of $276,000 relating to direct closure costs at the Fairoaks facility.

Lease derecognition
In the prior year, the credit of $1,626,000 relates to the release of the Fairoaks lease obligation.

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.

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14. Adjusting items (continued)

Other prior year items

In the prior year, other items comprise a credit of $63,000 relating to funds received from an overdue debtor against whom a litigation case has been pursued, a credit for $16,000 received for consultancy services for Sharjah Airport previously treated as an exceptional item.

Onerous contract provision

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

Impairment of assets under construction

The impairment loss in the current year relates to the impairment of further development costs incurred during the period in respect of the Business Aviation Centre at Sharjah International Airport in the UAE ($2,103,000) and impairment of development costs in Jersey ($413,000).

The impairment loss in the prior year relates to the impairment of further development costs incurred during the period in respect of the Business Aviation Centre at Sharjah International Airport in the UAE.

Impairment of property, plant and equipment

The impairment loss relates to the impairment of leasehold improvements associated with the closure of the paint and interior completion operations at Fort Lauderdale Executive Airport.

Impairment of right-of-use assets

The impairment loss in the prior year relates to the impairment of the additional right-of-use asset recognised following the 10-year extension to the term of the ground lease in respect of the Business Aviation Centre at Sharjah International Airport in the UAE.

Impairment of goodwill

The impairment loss relates to the impairment of the goodwill associated with the closure of the paint and interior completion operations at Fort Lauderdale Executive Airport.

Equity-settled share-based payments

Equity-settled share-based payment charges of $372,000 (2021: $257,000). See Note 40 for further details.

Other long-term employee benefits

The other long-term employee benefits remuneration charge of 1,821,000 (2021: $1,821,000) 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.

Amortisation of acquired intangible assets

Amortisation charges in respect of acquired intangible assets of $1,174,000 (2021: $1,200,000). See Note 19 for further details.

Reversal of impairment of equity-accounted investment

In the prior year, a $1,491,000 reversal of prior period impairment charges was recognised to ensure that the recoverable value of the China Aircraft services Limited asset remained at the $2,000k consideration received on its sale in December 2021.

Exchange differences on forgiveness of loans

This comprises $75,000 of foreign exchange losses arising on forgiveness of intercompany loans and the impairment of intercompany loans.

Tax related to Adjusting items

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

15. Adjusted performance measures

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 $1.2379 to £1, being the cumulative average USD-GBP exchange rate for 2022, which has been used to restate Revenue, Gross Profit and Adjusted EBIT for 2021. A reconciliation to 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 2021 this comprises the results of Jet East acquired on 15 January 2021, whilst Gama Aviation Saudi Arabia was disposed of during March 2022, China Aircraft Services Limited was disposed of on 31 December 2021, and Gama Aviation SA was disposed of during 2021. The Jet East business has been fully integrated into the US operations.

15. Adjusted performance measures (continued)
Organic and constant currency growth (continued)

	Year ended 2021 ($'000)											
	Revenue	Rebase for FX	Rebase for organic growth	Rebased Revenue	Gross Profit[1]	Rebase for FX	Rebase for organic growth	Rebased Gross Profit	Adjusted EBIT	Rebase for FX	Rebase for organic growth	Rebased Adjusted EBIT
BA MRO US	79,250	–	1,590	80,840	9,035	–	346	9,381	(7,971)	–	92	(7,879)
BA excluding MRO US[1]	90,896	(5,228)	(2)	85,666	10,065	(431)	32	9,666	(793)	117	38	(638)
Special Mission[1]	56,716	(5,679)	–	51,037	14,481	(1,709)	–	12,772	4,546	(450)	–	4,096
T&O	5,297	(463)	–	4,834	4,204	(303)	–	3,901	47	74	–	121
Branding fee	3,750	–	(3,125)	625	3,750	–	(3,125)	625	3,691	–	(3,076)	615
Associates	–	–	–	–	–	–	–	–	(1,491)	–	1,491	–
Corporate	–	–	–	–	–	–	–	–	(2,303)	138	(132)	(2,297)
Adjusted Result	**235,909**	**(11,370)**	**(1,537)**	**223,002**	**41,535**	**(2,443)**	**(2,747)**	**36,345**	**(4,274)**	**(121)**	**(1,587)**	**(5,982)**

[1] Depreciation charges of $3,196,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation. This has resulted in a reduction of $3,196,000 in gross profit and is attributable to BA excluding MRO US ($602,000) and Special Mission ($2,594,000)

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

	2022 $'000	2021 $'000
Cash	**22,406**	10,243
Borrowings	**(36,108)**	(67,154)
Net debt pre IFRS 16	**(13,702)**	(56,911)
Obligations under leases	**(52,681)**	(48,002)
Net debt	**(66,383)**	(104,913)

16. Segment information
The Group has three global strategic business units, being Business Aviation, Special Mission, and Technology & Outsourcing. The IFRS 8 operating segments within these global strategic business units are Business Aviation MRO US, Business Aviation excluding MRO US, Special Mission, Technology & Outsourcing, Associates, Corporate, and Branding fees. Corporate consists of income and expenses incurred by non-trading Group entities.

Each revenue generating operating segment is managed separately, as each of these segments requires different marketing approaches. All inter-segment transfers, including the recharge of centrally incurred costs from Corporate to other operating segments, are carried out at arm's length prices. The measure of revenue and gross profit reported to the Chief Operating Decision Maker to assess the performance is based on external revenue and gross profit for each operating segment and excludes intra-group revenues and gross profit.

The measure of earnings before interest and taxation ("EBIT") reported to the Chief Operating Decision Maker to assess the performance is based on operating profit and share of results of associates for each operating segment and excludes intra-group profits.

The Chief Operating Decision Maker 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.

16. Segment information (continued)

Reconciliation of segmental to overall Group performance is tabulated below:

	Year ended 2022 $'000					Year ended 2021 $'000[1]				
	Revenue	Gross Profit	Statutory EBIT	Adjusted EBIT	Adjusted EBIT pre-IFRS 16	Revenue	Gross Profit	Statutory EBIT	Adjusted EBIT	Adjusted EBIT pre-IFRS 16
BA MRO US	118,250	25,894	(2,342)	1,332	633	79,250	9,035	(11,415)	(7,971)	(8,599)
BA excluding MRO US[1]	106,050	11,424	(4,752)	(1,340)	(1,896)	90,896	10,065	(977)	(793)	(1,741)
Special Mission[1]	55,503	13,753	5,357	5,439	3,277	56,716	14,481	4,534	4,546	4,179
T&O	5,214	3,452	(1,191)	(914)	(922)	5,297	4,204	(289)	47	41
Branding fee	625	625	625	625	625	3,750	3,750	3,691	3,691	3,691
Associates	–	–	–	–	–	–	–	–	(1,491)	(1,491)
Corporate	–	–	2,675	3,665	2,999	–	–	(2,796)	(2,303)	(2,229)
Adjusted Result	**285,642**	**55,148**	**372**	**8,807**	**4,716**	235,909	41,535	(7,252)	(4,274)	(6,149)
Adjusting items (Note 14)	–	(161)	–	(8,435)	(8,435)	–	–	–	(2,978)	(2,978)
Application of IFRS 16 (Note 30)	–	–	–	–	4,091	–	–	–	–	1,875
Statutory Result	**285,642**	**54,987**	**372**	**372**	**372**	235,909	41,535	(7,252)	(7,252)	(7,252)

[1] Depreciation charges of $3,196,000 in the prior year relating to aircraft and refurbishment, and leasehold property improvements have been reclassified from administrative expenses to cost of sales to conform with the current year presentation. This has resulted in a reduction of $3,196,000 in gross profit for the prior year and is attributable to BA excluding MRO US ($602,000) and Special Mission ($2,594,000)

Geographic location of non-current assets

The geographic location of non-current assets is as follows:

	Year ended 2022 $'000	Year ended 2021 $'000
Non-current assets		
US	**25,077**	23,413
Europe	**68,563**	104,438
Asia	**14**	58
Middle East	**93**	144
	93,747	128,053

Non-current assets for this purpose consist of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, and trade and other receivables.

17. Earnings per share

The calculation of earnings per share ("EPS") 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 2022 $'000	Year ended 2021 $'000
Numerator		
Statutory earnings:		
Loss attributable to ordinary equity holders of the parent	**(8,859)**	(8,062)
Adjusted earnings:		
Loss attributable to ordinary equity holders of the parent	**(1,648)**	(5,555)
Denominator		
Weighted average number of shares used in basic EPS	**63,964,745**	63,660,183
Effect of dilutive share options	**–**	–
Weighted average number of shares used in diluted EPS	**63,964,745**	63,660,183
Earnings per share (cents)		
Statutory earnings per share		
Basic	**(13.9)**	(12.7)
Diluted	**(13.9)**	(12.7)
Adjusted earnings per share		
Basic	**(2.6)**	(8.7)
Diluted	**(2.6)**	(8.7)

Reconciliation of basic to diluted ordinary shares	Year ended 2022 '000	Year ended 2021 '000
Issued ordinary shares at 1 January	**63,686,279**	63,636,279
Effect of issuance of shares	**164,247**	23,904
Effect of vesting of share options	**130,000**	–
Effect of forfeiture of share options	**(15,781)**	–
Basis weighted average number of ordinary shares	**63,964,745**	63,660,183
Effect of share options	**–**	–
Diluted weighted average number of ordinary shares	**63,964,745**	63,660,183

The average share price for the year ended 31 December 2022 was 59.4 pence, which is higher than the exercise price of the share options granted under the 2021 Company Share Option Plan, the 2021 Additional Share Options Plan, and the 2021 Long-Term Incentive Plan. 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 36 for further details on the employee benefit trust.

There have no material transactions involving the Group's ordinary shares between the reporting date and the date of authorisation of these financial statements.

18. Goodwill

	$'000
Cost	
At 1 January 2021	48,034
Exchange differences	(520)
At 31 December 2021	47,514
Exchange differences	(4,417)
At 31 December 2022	**43,097**
Accumulated impairment losses	
At 1 January 2021	25,544
Exchange differences	(266)
At 31 December 2021	**25,278**
Impairment loss	787
Exchange differences	(2,144)
At 31 December 2022	**23,921**
Carrying amount	
At 31 December 2022	**19,176**
At 31 December 2021	22,236

The impairment loss of $787,000 relates to the goodwill associated with the paint and interior completion operation at Fort Lauderdale Executive Airport that was closed during the year-ended 31 December 2022.

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

	2022 $'000	2021 $'000
Carrying amount		
Business Aviation MRO US	**–**	787
Business Aviation excluding MRO US	**7,191**	8,043
Special Mission	**9,941**	11,119
Technology & Outsourcing	**2,044**	2,287
	19,176	22,236

Impairment review
Goodwill, together with other non-current assets, is assessed for impairment in Note 20.

19. Other intangible assets

	Licences and brands $'000	Customer relations $'000	Computer software $'000	Total $'000
Cost				
At 1 January 2021	–	15,869	10,272	26,141
Additions	–	–	2,604	2,604
Recognised on acquisition	1,181	5,021	–	6,202
Foreign exchange differences	–	(52)	(170)	(222)
At 31 December 2021	1,181	20,838	12,706	34,725
Additions	–	–	1,974	1,974
Foreign exchange differences	–	(463)	(1,399)	(1,862)
At 31 December 2022	**1,181**	**20,375**	**13,281**	**34,837**
Amortisation and accumulated impairment losses				
At 1 January 2021	–	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
Amortisation	236	938	2,222	3,396
Foreign exchange differences	–	(288)	(512)	(800)
At 31 December 2022	**463**	**15,192**	**6,012**	**21,667**
Carrying amount				
At 31 December 2022	**718**	**5,183**	**7,269**	**13,170**
At 31 December 2021	954	6,296	8,404	15,654

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

The carrying amount of customer relationships relate to:

/ Business Aviation MRO US: $4,036,000 (2021: $4,538,000),
/ Business Aviation excluding MRO US: $525,000 (2021: $780k),
/ Technology & Outsourcing: $622,000 (2021: $978,000).

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

Other intangible assets with a definite useful life are amortised on a straight-line basis as follows:

/ Brands are amortised over 5 years, with 3 years remaining,
/ Customer relations are amortised over 10 years, with between 2 and 8 years remaining,
/ Computer software is amortised over 3-5 years.

Impairment review
In the current year there is an indication that other intangible assets may be impaired.

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

Other intangible assets, together with other non-current assets, are assessed for impairment in Note 20.

20. Impairment of non-current assets

In the current year there is an indication that the Group's non-current assets, including goodwill, may be impaired.

Goodwill acquired in a business combination is allocated to each of the CGUs that are expected to benefit from the synergies of the combination based on the ownership of intellectual property. This represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

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

Cash-generating units

For impairment testing, the carrying value of goodwill, other intangible assets, property, plant and equipment, and right-of-use assets have been allocated to the Group's CGUs as follows:

31 December 2022	Business Aviation MRO US $'000	Business Aviation excluding MRO US $'000	Special Mission $'000	Technology & Outsourcing $'000	Corporate $'000	Total $'000
Goodwill	–	7,191	9,941	2,044	–	19,176
Other intangible assets	4,754	295	268	7,267	586	13,170
Property, plant and equipment	4,507	9,899	7,059	12	317	21,794
Right-of-use assets	15,200	12,275	10,117	87	515	38,194
Allocation of Corporate assets	222	319	136	275	(952)	–
Value-in-use headroom	102,098	2,673	41,536	–		
Fair value less cost of disposal headroom				–		

31 December 2021	Business Aviation MRO US $'000	Business Aviation excluding MRO US $'000	Special Mission $'000	Technology & Outsourcing $'00	Corporate $'000	Total $'000
Goodwill	787	8,043	11,119	2,287	–	22,236
Other intangible assets	5,492	200	552	8,455	955	15,654
Property, plant and equipment	5,276	5,374	42,067	38	734	53,489
Right-of-use assets	11,617	13,187	11,270	189	120	36,383
Allocation of Corporate assets	1,332	976	511	76	(2,895)	–
Value-in-use headroom	34,857	51,790	11,358	31,226		

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

Key assumptions used in the value-in-use calculations

The key assumptions and estimates used in the value-in-use calculations are as follows:

/ Cash flow projections are based on the most recent financial forecasts, being the Group's 2023 updated Strategic Plan approved by the Board of Directors in January 2023. These forecasts cover a period of four years.
/ The Group also considered the impact of Climate Change in determining operating assumptions applicable to the forecast cash flows.
/ The discount rate reflects the current market assessment of the risks specific to each CGU and is estimated from the weighted average cost of capital using the Capital Asset Pricing Model, after considering the risk-free rate, equity market risk, beta, country risk, small stock premium, pre-tax cost of debt, tax rates, and the debt to capital ratio applicable to each CGU.
/ The terminal value for each CGU is estimated by applying the Gordon Growth formula to the forecast cash flows using the respective discount rate and long-term growth rate. The long-term growth rate reflects the average of the long-term growth rate for the countries in which the CGU operates.

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

20. Impairment of non-current assets (continued)
Impairment review outcome
Business Aviation MRO US
The Business Aviation MRO US CGU represents maintenance and repair operations in the United States.

The recoverable amount of the Business Aviation MRO US CGU was determined based on its value-in-use using discounted cash flow projections from the Group's four-year internal forecasts approved by the Board of Directors. At 31 December 2022, the recoverable amount of the Business Aviation MRO US CGU is $127.2m (2021: $61.0m).

The post-tax discount rate applied to the cash flow projections is 11.1% (2021: 15.8%) and cash flows beyond the four-year period are extrapolated using a 1.3% (2021: 2.7%) growth rate. The equivalent pre-tax discount rate would be 13.7% (2021: 16.2%).

The recoverable amount calculated indicates very significant headroom over the carrying value. There are no reasonably possible changes in the key assumptions that will result in an impairment.

Business Aviation excluding MRO US
The Business Aviation excluding MRO US CGU represents services provided to our private and corporate clients to safely enable their private jet travel requirements.

The recoverable amount of the Business Aviation excluding MRO US CGU was determined based on its value-in-use using discounted cash flow projections from the Group's four-year internal forecasts approved by the Board of Directors. At 31 December 2022, the recoverable amount of the Business Aviation excluding MRO US CGU is $4.1m (2021: $79.6m). The reduction in the years reflects managements revised expectation of lower anticipated cash flows from these operations during the strategic horizon combined with lower long term growth assumptions.

The post-tax discount rate applied to the cash flow projections is 12.0% (2021: 10.9%) and cash flows beyond the four-year period are extrapolated using a 1.6% (2021: 2.3%) growth rate. The equivalent pre-tax discount rate would be 14.9% (2021: 11.4%).

Reasonably possible changes in key assumptions could cause the carrying amount to exceed the recoverable amount for the BA ROW CGU. The following sensitivity analysis shows the impact on the headroom of different post-tax discount rates and EBITDA delivery in the cash flow projections used in the impairment review model.

		EBITDA deviation compared to projections ($'000)				
		(10.0)%	(5.0)%	0.0%	5.0%	10.0%
Post-tax discount rate	11.0%	1,320	2,570	3,819	5,069	6,318
	11.5%	869	2,042	3,215	4,388	5,561
	12.0%	466	1,570	2,673	3,777	4,881
	12.5%	102	1,143	2,185	3,226	4,268
	13.0%	(227)	758	1,742	2,727	3,711

Special Mission
The Special Mission CGU represents services provided to governments and corporations which rely on aviation assets to perform a specialised, often time critical, mission.

The recoverable amount of the Special Mission CGU was determined based on its value-in-use using discounted cash flow projections from the Group's four-year internal forecasts approved by the Board of Directors. At 31 December 2022, the recoverable amount of the Special Mission CGU is $55.1m (2021: $76.9m).

The post-tax discount rate applied to the cash flow projections is 11.3% (2021: 9.8%) and cash flows beyond the four-year period are extrapolated using a 0.8% (2021: 2.3%) growth rate. The equivalent pre-tax discount rate would be 14.7% (2021: 9.8%).

The recoverable amount calculated indicates significant headroom over the carrying value. There are no reasonably possible changes in the key assumptions that will result in an impairment.

Technology & Outsourcing
The Technology & Outsourcing CGU represents advisory, technology, and outsourcing services to aviation clients who seek to gain a decisive advantage using real and near real time intelligence.

The recoverable amount of the Technology & Outsourcing CGU was determined based on its fair value less cost of disposal. At 31 December 2022, the recoverable amount of the Technology & Outsourcing CGU is $9.3m (2021: $42.3m).

21. 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 2021	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[1]	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
Additions	–	155	–	2,172	348	2,516	5,191
Disposals	(23,025)	–	–	(96)	(126)	–	(23,247)
Exchange differences	(5,838)	(1,718)	(1,328)	(677)	(29)	–	(9,590)
At 31 December 2022	**–**	**18,048**	**11,190**	**15,824**	**3,413**	**7,125**	**55,600**
Accumulated depreciation and impairment							
At 1 January 2021	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[1]	–	(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
Charge for the year	840	1,122	1,342	2,097	469	–	5,870
Disposals	(2,272)	–	–	(75)	(116)	–	(2,463)
Impairment	–	124	–	–	–	2,516	2,640
Reclassification[1]	–	(29)	–	29	–	–	–
Exchange differences	(500)	(539)	(516)	(427)	(16)	–	(1,998)
At 31 December 2022	**–**	**7,490**	**5,364**	**11,190**	**2,637**	**7,125**	**33,806**
Carrying amount							
At 31 December 2022	**–**	**10,588**	**5,826**	**4,634**	**776**	**–**	**21,794**
At 31 December 2021	26,931	12,799	7,980	4,859	920	–	53,489

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

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

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

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

The Sharjah BAC project was fully impaired in the beginning of the financial year and additional expenditure of $2,103,000, which was incurred on the project during the current year, has also been impaired. The impairment initially arose due to uncertainties arising in part from the COVID-19 pandemic, and subsequently due to the uncertainty about securing funding to continue the project.

Expenditure of $413,000 incurred during the year on the Jersey FBO project has been impaired due to the uncertainty about securing the necessary funding for the project.

Total impairment costs of assets under construction of $2,516,000 (2021: $nil) were recognised in the year.

21. Property, plant and equipment (continued)
Impairment review
In the current year there is an indication that the other classes of property, plant and equipment may be impaired.

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

Property, plant and equipment, together with other non-current assets, is assessed for impairment in Note 20.

22. Right-of-use assets

	Leasehold property $'000	Fixtures, fittings and equipment $'000	Aircraft $'000	Vehicles $'000	Total $'000
Cost					
At 1 January 2021	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
Additions	8,056	224	3,341	198	11,819
Disposals	(9,205)	(5)	–	(101)	(9,311)
Exchange differences	(3,484)	(8)	403	(15)	(3,104)
At 31 December 2022	**59,210**	**347**	**3,744**	**401**	**63,702**
Accumulated depreciation and impairment					
At 1 January 2021	21,188	11	–	157	21,356
Charge for the year	7,381	17	–	126	7,524
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**
Charge for the year – admin expenses	638	25	–	3	666
Charge for the year – cost of sales	4,779	27	426	103	5,335
Disposals	(7,374)	(5)	–	(73)	(7,452)
Exchange differences	(937)	(2)	(11)	(6)	(956)
At 31 December 2022	**24,882**	**63**	**415**	**148**	**25,508**
Carrying amount					
At 31 December 2022	**34,328**	**284**	**3,329**	**253**	**38,194**
At 31 December 2021	36,067	118	–	198	36,383

The aircraft additions during the current year relate to the sale-and-leaseback transaction involving the Group's helicopters which is further described in Note 21 to the financial statements.

Impairment review
In the current year there is an indication that right-of-use assets may be impaired.

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

Right-of-use assets, together with other non-current assets, are assessed for impairment in Note 20.

23. Investments accounted for using the equity method

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.

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 2022, $625,000 (2021: $3,750,000) has been recognised as revenue for this licensing component.

Included within deferred revenue (in current liabilities) as of 31 December 2021, is licensing and other trading related considerations of $625,000.

China Aircraft Services Limited

In 2021, the share of results from the equity accounted investment in China Aircraft Services Limited represents the period ended 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 was received in full. Consequently, assets held for sale as of 31 December 2021 were $nil.

The investments' values are as follows:

	China Aircraft Services Limited	
	2022 $'000	2021 $'000
At 1 January	–	2,000
Share of net loss	–	(1,491)
Reversal of impairment	–	1,491
Disposal of investment	–	(2,000)
At 31 December	–	–

The results of the equity accounted investments are as follows:

	China Aircraft Services Limited	
	2022 $'000	2021 $'000
Revenue	–	8,524
Expenditure	–	(16,079)
Loss before tax	–	(7,555)
Income tax credit	–	99
Loss after tax	–	(7,456)
Statutory result: Group's share of net loss	–	(1,491)
Statutory result: Share of results from equity accounting	–	(1,491)
Adjusted result: Share of results from equity accounting	–	(1,491)
Reversal of impairment of equity accounted investments	–	1,491

The reversal of impairment was recognised based on a recoverable amount, (the higher of the fair value less costs to sell and the value in use) which in this case was determined based on the fair value less cost to sell.

24. Inventories

	2022 $'000	2021 $'000
Raw materials and consumables	**12,667**	14,807
Work in progress	**4**	4
Provision for obsolescence	**(5,393)**	(5,896)
	7,278	8,915

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

Estimation uncertainty
The key source of estimation uncertainty at the reporting date, that may have a significant risk of causing a materially different outcome to the carrying amounts of inventories within the next financial year, relates to a change in the net realisable value due to change in customer demand or obsolescence of certain inventory lines. The Company provides for inventories on a sliding scale over the preceding eight years. As a result, inventory older than eight years is written off in full. At 31 December 2022, the Board considers its assessment of net realisable value to be appropriate based on best information available. If the provision rates applied to inventory aged between one and seven years increased by 10ppts, the loss for the year would increase by $435,000.

25. Trade and other receivables

	2022 $'000	2021 $'000
Financial assets		
Amounts receivable for the sale of services	**35,987**	40,559
Loss allowance for expected credit losses	**(4,045)**	(5,682)
	31,942	34,877
Accrued income[1]	**21,320**	18,953
Loss allowance for expected credit losses	**(595)**	(500)
	20,725	18,453
Financial lease receivable	**916**	–
Total financial assets	**53,583**	53,330
Non-financial assets		
Prepayments[1]	**4,056**	3,667
Other debtors	**2,045**	7,102
Total non-financial assets	**6,101**	10,769
Total trade and other receivables	**59,684**	64,099
Current	**58,271**	63,808
Non-current	**1,413**	291
Total trade and other receivables	**59,684**	64,099

1 Includes contract assets which are described in further detail below

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

25. Trade and other receivables (continued)

Amounts receivable for the sale of services

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

In the Business Aviation 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 services and is also commonly contained within the terms and conditions of individual MRO services proposals where stage payments for higher value work programmes are the norm. Where considered appropriate, a requirement for full up-front payment is imposed.

Additionally, in the US, liens can be filed to protect past due unpaid balances.

At the year end, trade receivables within the Business Aviation excluding MRO US SBU that are secured by contractual liens total $5,712,000 (2021: $4,339,000).

In the prior year, interest of $432,000 was charged on a late customer payment in the Middle East.

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

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

	2022 $'000	2021 $'000
Not yet due	**14,228**	11,062
Less than 30 days	**7,358**	10,558
30-60 days	**2,165**	2,558
61-90 days	**2,269**	2,236
91-120 days	**438**	2,565
Greater than 120 days	**5,484**	5,898
Total	**31,942**	34,877

Loss allowance for expected credit losses

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

The Group carries an expected credit loss allowance of $4,640,000 (2021: $6,182,000), which relates to amounts receivable for the sale of services and accrued income.

Ageing of impairments on amounts receivable for the sale of services

	2022 $'000	2021 $'000
Not yet due	**107**	97
Less than 30 days	**58**	29
30-60 days	**6**	8
61-90 days	**31**	11
91-120 days	**3**	6
Greater than 120 days	**4,435**	6,031
Total	**4,640**	6,182

25. Trade and other receivables (continued)

Movement in the loss allowance for expected credit losses

	2022 $'000	2021 $'000
At 1 January	**6,182**	7,454
Impairment losses recognised in income statement	**278**	–
Impairment reversal recognised in income statement	**(53)**	(21)
Recovery of previously written-off receivables	**(1,015)**	–
Amounts written off as uncollectible	**(390)**	(1,197)
Foreign exchange translation gains and losses	**(362)**	(54)
At 31 December	**4,640**	6,182

The $1,015,000 (2021: $nil) recovery of previously written-off receivables in the current year relates to the recovery of amounts written-off in Business Aviation excluding MRO US ($1,013,000) and Technology & Outsourcing ($2,000).

The $390,000 (2021: $1,197,000) write-off in the current year relates to the settlement of overdue receivables in Business Aviation MRO US ($238,000), Business Aviation excluding MRO US ($139,000), and Technology & Outsourcing ($13,000).

Sensitivity analysis on loss allowance for expected credit losses

The estimate of the loss allowance may vary from the actual amounts recovered if an individual becomes unable to pay or able to pay. If a portion of the impaired receivable balance for the sale of services was recovered there may be material credit to the income statement. Similarly, if the unimpaired receivable balance over 120 days of $5,484,000 was unable to be recovered, there may be a material charge to the income statement. However, as noted above, there are liens over the aircraft relating to certain unimpaired receivables over 120 days. If all remaining gross receivable balances relating to the sale of services were impaired by an additional 1% of the gross receivables balance, the loss allowance for expected credit losses would be increased by $358,000.

Accrued income

Accrued income is expected to be billed within the next twelve months, together with contract assets of $5,099,000 (2021: $2,327,000) comprising:

- Costs associated with a Fleet Maintenance programme in the UK on a long-term contract, contract assets of $798,000 (2021: $269,000)
- Contract assets arising from design and modification projects of $1,634,000 (2021: $993,000) in the UK.
- Cost associated with commencement of Helicopter Emergency Medical Services (HEMS) on behalf of the Scottish Ambulance Service on 1 June 2020 using its fleet of three Airbus H145 helicopters of $588,000 (2021: $1,065,000).
- Costs incurred to start up a maintenance contract at Luton Airport of $2,079,000 (2021: $Nil)

Financial lease receivable

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

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

	2022 $'000	2021 $'000
Less than one year	**306**	–
One to two years	**636**	–
Two to three years	**54**	–
Total undiscounted lease payments receivable	**996**	–
Unearned finance income	**(80)**	–
Net investment in the lease	**916**	–

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

26. Cash and cash equivalents

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

	2022 $'000	2021 $'000
Cash and bank balances in the Consolidated Balance Sheet	**22,406**	10,243

Cash and cash equivalents are denominated in the following currencies:

	2022 $'000	2021 $'000
United States Dollar	**19,449**	6,136
Sterling	**2,622**	3,863
Euro	**130**	132
United Arab Emirates Dirham	**192**	68
Other currencies	**13**	44
	22,406	10,243

27. Trade and other payables

	2022 $'000	2021 $'000
Financial liabilities		
Trade and other payables	**15,118**	15,470
Accruals	**17,492**	15,482
	32,610	30,952
Non-financial liabilities		
Other long-term employee benefits accrual	**3,642**	1,821
Other taxation and social security	**5,750**	1,591
Income received in advance	**8,431**	6,799
	17,823	10,211
Total trade and other payables	**50,433**	41,163
Current	**46,770**	39,342
Non-current	**3,663**	1,821
Total trade and other payables	**50,433**	41,163

Trade payables

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

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

Other long-term employee benefits accrual

Other long-term employee benefits accrual relates to the Jet East long-term incentive plan, accounted for in accordance with IAS 19, with payments contractually linked to the continuing employment of executives of Jet East as well as the business performance of the combined Business Aviation MRO US business. A remuneration charge of $1,821,000 (2021: $1,821,000) has been recognised within Adjusting items. 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 $6,024,000(2021: $6,024,000) after this three-year period.

Awards associated with the long-term incentive plan are linked with business performance and the level of indebtedness of the combined Business Aviation MRO US business. The long-term incentive plan is accounted for as remuneration for post-acquisition services and is not part of the business combination.

27. Trade and other payables (continued)

Income received in advance

Income received in advance relates to advance payments for operating expenses incurred by the Group on managed aircraft prior to these expenses being billed to the customer. The outstanding performance obligations are expected to be fulfilled within the next twelve months. Income received in advance represents a contract liability. See Note 34 for other contract liabilities.

Estimation uncertainty

A key source of estimation uncertainty at the reporting date, that may have a significant risk of causing a materially different outcome relate to the carrying amounts of the other long-term employee benefit accrual and the associated remuneration charge within the next financial year. This is dependent on future business performance Business performance in Business Aviation MRO US and is calculated as a multiple of EBITDA plus cash and cash equivalents and less borrowings. The Directors consider that the carrying amount of the other long-term employee benefit accrual as of 31 December 2022 of $3,642,000 (2021: $1,821,000) approximates the present value of the service cost.

28. Current tax payable

	2022 $'000	2021 $'000
Tax prepayments as of 1 January	27	1,280
Current tax liability as of 1 January	(574)	(15)
Net current tax (liability)/prepayment as of 1 January	(547)	1,265
Tax credit/(charge) relating to prior periods	63	(75)
Current tax expense	(154)	(4,292)
Fines included in tax expense but recognised in trade and other payables	–	328
Payments during the year	66	3,104
Refunds received during the year	–	(792)
Other taxes	21	(95)
Foreign exchange differences	18	10
Net current tax liability as of 31 December	**(533)**	(547)
Analysed as:		
Tax prepayments as of 31 December	–	27
Current tax liability as of 31 December	(533)	(574)
Net current tax liability as of 31 December	**(533)**	(547)

29. Indirect tax payable

	2022 $'000	2021 $'000
Value added tax	4,991	(122)
Sales taxes	(111)	(20)
Italian luxury taxes	112	120
Net indirect tax payable/(receivable)	**4,992**	(22)

30. Obligations under leases

	Leasehold property $'000	Fixtures, fittings and equipment $'000	Aircraft $'000	Vehicles $'000	Total $'000
At 1 January 2021	45,899	3	–	237	46,139
Additions	7,265	123	–	164	7,552
Acquisitions	3,387	7	–	–	3,394
Finance expense	2,614	3	–	7	2,624
Modifications and disposals	(1,885)	–	–	–	(1,885)
Lease payments	(9,447)	(19)	–	(107)	(9,573)
Rent free credit	(110)	–	–	–	(110)
Exchange differences and other	(144)	–	–	5	(139)
At 31 December 2021	**47,579**	**117**	**–**	**306**	**48,002**
Additions	4,662	224	7,894	198	12,978
Finance expense	2,400	12	113	18	2,543
Modifications and disposals	(810)	–	–	–	(810)
Lease payments	(6,874)	(64)	(1,377)	(123)	(8,438)
Exchange differences and other	(2,441)	(3)	984	(134)	(1,594)
At 31 December 2022	**44,516**	**286**	**7,614**	**265**	**52,681**

Following the surrender of the lease at Fairoaks Airport in 2021, a $1,626,000 profit has been recognised in the prior year in derecognition of remaining lease liabilities. This amount has been recognised within other income.

The aircraft additions during the current year relate to the sale-and-leaseback transaction involving the Group's helicopters which is further described in Note 21 to the financial statements.

	2022 $'000	2021 $'000
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	**10,787**	8,101
One to five years	**23,368**	22,307
More than five years	**53,035**	56,760
Total undiscounted lease liabilities at 31 December	**87,190**	87,168
Lease liabilities included in the consolidated balance sheet at 31 December:		
Current	**11,053**	7,970
Non-current	**41,628**	40,032
Total lease liabilities at 31 December	**52,681**	48,002

30. Obligations under leases (continued)

Average incremental borrowing rates applied across the Group were:

	2022 %	2021 %
Leasehold property	**5.8**	5.7
Vehicles	**4.9**	4.9
Aircraft	**5.5**	–
Fixtures, fittings and equipment	**6.1**	6.8

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 runs from June 2017 until June 2052 following the exercise of the ten-year extension option during the prior year. The lease liability has been discounted at an incremental borrowing rate of 7.3% (2021: 7.3%). The Sharjah BAC includes a $9,885,000 (2021: $9,850,000) obligation under leases at 31 December 2022 following the formalisation of the ten year lease extension.

31. Borrowings

	2022 $'000	2021 $'000
Secured borrowings at amortised cost		
Bank borrowings	**34,818**	64,739
Unsecured borrowing at amortised cost		
Repayable element of Paycheck Protection Program	**–**	1,000
Other loans	**1,290**	1,415
Total borrowings	**36,108**	67,154
Repayable element of Paycheck Protection Program	**–**	1,000
Bank borrowings	**30,811**	37,760
Other loans	**414**	1,415
Amount due for settlement within 12 months	**31,225**	40,175
Bank borrowings	**4,007**	26,979
Other loans	**876**	–
Amount due for settlement after 12 months	**4,883**	26,979

31. Borrowings (continued)
Changes in borrowings are tabulated below:

	Long-term $'000	Short-term $'000	Total $'000
At 1 January 2021	52,197	1,000	53,197
Cash flows:			
Repayments	(9,573)	(2,788)	(12,361)
Proceeds	–	22,574	22,574
Non-cash:			
Acquisition	–	4,202	4,202
Foreign currency translation on borrowings in profit or loss	(24)	–	(24)
Exchange differences	(531)	(83)	(614)
Arrangement fee movement	180	–	180
Reclassification	(15,270)	15,270	–
At 31 December 2021	26,979	40,175	67,154
Cash flows:			
Repayments	–	(46,525)	(46,525)
Proceeds	4,313	14,377	18,690
Non-cash:			
Foreign currency translation on borrowings in profit or loss (Note 12)	–	3,604	3,604
Exchange differences	–	(5,965)	(5,965)
Forgiveness of Paycheck Protection Program loan	–	(1,000)	(1,000)
Arrangement fee movement	–	150	150
Reclassification	(26,409)	26,409	–
At 31 December 2022	**4,883**	**31,225**	**36,108**

Analysis of borrowings by currency:

	Sterling $'000	US Dollars $'000	Total $'000
31 December 2022			
Repayable element of Paycheck Protection Program	**–**	**–**	**–**
Bank borrowings	**24,110**	**10,708**	**34,818**
Other loans	**–**	**1,290**	**1,290**
	24,110	**11,998**	**36,108**
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. Borrowings (continued)

Repayable element of Paycheck Protection Program

During 2020, 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. As of 31 December 2021, the Group considered $1m of the funds received to be potentially repayable and recognised this amount as borrowings in current liabilities. On 19 May 2022, the Group received confirmation that the full balance of the original loan, including the $1m, was to be forgiven and was therefore no longer repayable. The balance of $1m has been derecognised during the year with the associated credit being recognised against employment costs within cost of sales and administrative expenses in the Consolidated Income Statement, consistent with the treatment adopted for other such pandemic-related support.

Bank borrowings

On 31 December 2021, the Group had facilities agreements for a £20m term loan and a $50m revolving credit facility ("RCF") secured with HSBC. Bank borrowings of $64.7m as of 31 December 2021 comprised drawdowns under both the HSBC term loan and RCF.

A letter of awareness had been provided by CK Hutchison Holdings Limited ("CKHH"), which has an indirect shareholding of 29.8% in the Group, to HSBC 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. On consideration, the Board concluded that the loan advanced by HSBC materially represented a market value arm's length transaction and therefore no adjustment has been made for any differential between the fair value and the nominal value of this loan.

In August 2022, CKHH notified the Board that, while it would continue to provide support (in the form of the existing letter of awareness) for the current facilities until they are due for renewal, CKHH believes that it is more appropriate for the Group to secure facilities on a standalone basis, rather than relying on the unilateral support of one minority shareholder. Consequently, it advised the Group that it will not provide such support beyond the expiry dates of the current HSBC facilities.

On 14 November 2022, the HSBC RCF matured and was repaid in full.

On 28 December 2022, the Group secured a new credit facility with Great Rock Capital Partners Management LLC ("Great Rock"). The facility totals $25m and comprises a term loan of $6.5m and a RCF of $18.5m. $20m of this facility was available immediately, with a further $5m available contingent on future trading performance.

On 28 December, the Group drew down $5m under the term loan and $6m under the RCF.

Bank borrowings of $34.8m as of 31 December 2022 comprised drawdowns under the HSBC term loan and drawdowns under both the Great Rock term loan and RCF.

2022	**Interest**	**Maturity**	**Facility ’000**	**Drawn (Local currency) ’000**	**Drawn (Presentation currency) $’000**
HSBC RCF	See below	14 November 2022	–	–	–
HSBC Term loan	See below	31 January 2023	GBP 20,000	GBP 20,000	24,124
Great Rock RCF	SOFR + 6.25%	28 December 2026	USD 15,000	USD 6,000	6,000
Great Rock Term loan	SOFR + 6.75%	28 December 2026	USD 5,000	USD 5,000	5,000
Bank borrowing before arrangement fees					**35,124**
Capitalised loan arrangement fees					**(306)**
Bank borrowings					**34,818**

2021	Interest	Maturity	Facility ’000	Drawn (Local currency) ’000	Drawn (Presentation currency) $’000
HSBC RCF	SONIA + 0.94%	14 November 2022	USD 50,000	GBP 17,000	22,932
				USD 15,000	15,000
HSBC Term loan	SONIA + 1.12%	31 January 2023	GBP 20,000	GBP 20,000	26,979
Bank borrowing before arrangement fees					**64,911**
Capitalised loan arrangement fees					(172)
Bank borrowings					**64,739**

31. Borrowings (continued)
Bank borrowings (continued)
The HSBC term loan, Great Rock term loan, and Great Rock RCF are subject to customary banking security arrangements.

The Great Rock term loan is repayable in 47 monthly instalments from February 2023 to December 2026, with the residual balance repayable on 28 December 2026.

Interest rates in respect of the Great Rock term loan and RCF are subject to reductions if certain performance conditions are met.

Other loans
Other loans as of 31 December 2022 comprise:

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

32. Other financial liabilities

	2022 $'000	2021 $'000
Deferred consideration recognised on acquisition, adjusted for discounting	**533**	533
Reduction in deferred consideration recognised on acquisition, adjusted for discounting	**(212)**	–
Unwind of discount on deferred consideration	**14**	13
	335	546
Due within one year	**335**	290
Due after more than one year	**–**	256
	335	546

On the acquisition of Jet East Aviation Corporation LLC, the fair value of deferred consideration was estimated at $533,000. The value has decreased to $335,000 as of 31 December 2022 (2021: $546,000) following an adjustment of $212,000 to the amount recognised on acquisition. The adjustment of $212,000 represents legal costs agreed to be borne by the seller. The remaining movement of $14,000 represents cumulative unwinding of discount, which has been recognised as finance expenses in the Consolidated Income Statement.

33. Provisions for liabilities

	Closure provision $'000	Onerous contract provisions $000	Dilapidations provision $'000	Employees' end of service provision $'000	Integration provision $'000	Obligations associated with construction projects	Total $'000
At 1 January 2022	9	–	315	738	58	–	1,120
(Credit)/charge to the income statement during the year	(9)	900	–	214	155	863	2,123
Utilised during the year	–	–	–	(50)	(41)	–	(91)
Foreign exchange	–	–	(33)	–	–	–	(33)
Discounting (Note 12)	–	–	16	–	–		16
At 31 December 2022	**–**	**900**	**298**	**902**	**172**	**863**	**3,135**

	2022 $'000	2021 $'000
Current	**2,250**	772
Non-current	**885**	348
Total	**3,135**	1,120

33. Provisions for liabilities (continued)
The closure provision at 31 December 2021 related to the reduction of business activities in Saudi Arabia.

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

The dilapidations provision relates to leases entered into during 2020.

Provision for employees' end of service indemnity relates to operations in the UAE ($802,000) and the US ($100,000). The provision in relation to the UAE operations is made in accordance with the UAE labour laws and is based on current remuneration and cumulative years of service at the reporting date.

The integration provision relates to severance costs following the acquisition of Jet East during the prior year. This is expected to be paid in 2023.

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

34. Deferred revenue

	2022 $'000	2021 $'000
Deferred revenue	**9,214**	8,882
Current	**9,214**	8,880
Non-current	**–**	2
Total	**9,214**	8,882

The deferred revenue arises in respect of management fees, maintenance contracts and SaaS contracts invoiced in advance, all of which are expected to be settled in the next twelve months. Deferred revenue also arises on licensing revenue connected to the disposal of the US Air Associate, with $nil (2021: $625,000) recognised as current. Deferred revenue represents a contract liability.

Contract liabilities
Deferred revenue of $9,214,000 (2021: $8,882,000) is a contract liability and as is income received in advance, as shown in Note 27, of $8,431,000 (2021: $6,799,000). Total contract liabilities are $17,645,000 (2021: $15,681,000).

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

	Acquired intangibles $'000	Fixed asset and other temporary differences $'000	Deferred consideration on US Air Associate temporary differences $'000	Tax losses $'000	Total $'000
(Liabilities)/assets at 1 January 2021	(57)	(118)	(2,986)	1,052	(2,109)
Acquisitions	(1,736)	1,418	–	–	(318)
Credit/(charge) in year (Note 13)	203	(1,261)	3,147	4,258	6,347
Exchange differences	–	(2)	–	–	(2)
(Liabilities)/assets at 31 December 2021	(1,590)	37	161	5,310	3,918
Credit/(charge) in year (Note 13)	384	590	(161)	163	976
(Liabilities)/assets at 31 December 2022	**(1,206)**	**627**	**–**	**5,473**	**4,894**

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.

35. Deferred tax (continued)

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:

	2022 $'000	2021 $'000
Deferred tax asset due after more than one year	**6,100**	3,918
Deferred tax liability	**(1,206)**	–
Net deferred tax asset	**4,894**	3,918

Estimation uncertainty

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

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

	2022 Recognised $'000	2021 Recognised $'000	2022 Unrecognised $'000	2021 Unrecognised $'000	2022 Total $'000	2021 Total $'000
UK	**2,124**	2,222	**26,863**	27,059	**28,987**	29,281
US federal	**18,466**	16,806	**16,240**	–	**34,706**	16,806
US state	**17,444**	20,418	**–**	–	**17,444**	20,418
Poland	**–**	–	**262**	75	**262**	75
HK	**–**	–	**5,684**	5,139	**5,684**	5,139
Tax losses	**38,034**	39,446	**49,049**	32,273	**87,083**	71,719

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

	2022 Recognised $'000	2021 Recognised $'000	2022 Unrecognised $'000	2021 Unrecognised $'000	2022 Total $'000	2021 Total $'000
UK	**531**	555	**6,716**	6,765	**7,247**	7,320
US	**4,942**	4,755	**3,410**	–	**8,352**	4,755
Poland	**–**	–	**50**	14	**50**	14
HK	**–**	–	**938**	848	**938**	848
Potential tax benefit of tax losses	**5,473**	5,310	**11,114**	7,627	**16,587**	12,937

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

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

In the US, management have concluded that, based on forecast future cash flows, 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.

36. Issued capital and reserves

	Number	£'000	$'000
Ordinary shares: authorised, issued and fully paid			
At 1 January 2021	63,636,279	636	953
Shares issued	50,000	1	1
At 31 December 2021	63,686,279	637	954
Shares issued	275,000	3	4
At 31 December 2022	**63,961,279**	**640**	**958**

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

	$'000
Share premium	
At 1 January 2021	63,473
Shares issued	29
At 31 December 2021	63,502
Shares issued	210
At 31 December 2022	**63,712**

Share premium represents the amount subscribed for share capital in excess of its nominal value, net of historic placement fees of $1,987,000 (2021: $1,987,000).

Other reserves	Merger relief reserve $'000	Reverse takeover reserve $'000	Other reserve $'000	Share-based payment reserve $'000	Total $'000
At 1 January 2021	108,595	(95,828)	20,336	2,257	35,360
Share-based payment expense (Note 40)	–	–	–	244	244
Transfer for lapsed options	–	–	–	(607)	(607)
At 31 December 2021	108,595	(95,828)	20,336	1,894	34,997
Share-based payment expense (Note 40)	–	–	–	158	158
Transfer for lapsed options	–	–	–	(168)	(168)
At 31 December 2022	**108,595**	**(95,828)**	**20,336**	**1,884**	**34,987**

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

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

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

The share-based payment reserve represents the credit to equity to recognise the value of equity-settled share-based payments. Refer to Note 40 for further details of these plans. Following the lapse of options during the year under the ASOP, CSOP, and LTIP plans, $168,000 (2021: $607,000) was transferred from other reserves to accumulated losses.

There is an employee benefit trust that is affiliated with the Group. However, the Group does not have control of this trust and, as a result, the trust is not consolidated. Consequently, no own share reserve is recognised. At the end of the reporting period, the employee benefit trust held 219,310 (2021: 219,310) shares. The fair value of these shares at 31 December 2022 was $155,000 (2021: $131,000).

37. Distributions made and proposed

The Company did not pay an ordinary dividend during the year (2021: $nil) to shareholders.

The Board does not recommend a dividend for 2022 (2021: $nil).

38. Non-controlling interest

	$'000
At 1 January 2021	795
Total comprehensive loss attributable to minority interests	(702)
At 31 December 2021	93
Total comprehensive income attributable to minority interests	279
At 31 December 2022	**372**

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

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

	2022 $'000	2021 $'000
Current assets	**9,045**	14,454
Current liabilities	**(7,195)**	(14,022)
Net current assets	**1,850**	432
Non-current assets	**25**	32
Net assets	**1,875**	464
Accumulated non-controlling interest	**372**	93

	2022 $'000	2021 $'000
Revenue	**28,050**	28,081
Profit/(loss) for the year	**1,396**	(3,514)
Other comprehensive income	**–**	–
Total comprehensive income	**1,396**	(3,514)

39. Related party transactions

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

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

List of related parties, including associates

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

/ Mr M A Khalek – has significant influence over the Company through his position as Chief Executive Officer and his ownership interest >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 2). The principals of Felix also have significant ownership interest in Air Arabia, which is a client of the Group.
/ Mr Canning Fok – is an Executive Director of CK Hutchison Holdings which has an indirect shareholding of 29.6% in the Company

Associates
/ GB Aviation Holdings LLC – is a joint venture in which the Group owns a 50% membership interest; and
/ China Aircraft Services Limited – was an associate in which the Group owned a 20% equity interest prior to sale in 2021.

39. Related party transactions (continued)

List of related parties, including associates (continued)

Trading transactions

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

	Sale of services		Purchase of services	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
EBACE	**–**	–	**11**	14
China Aircraft Services Limited	**–**	564	**–**	1,377
Air Arabia/Felix Trading Company LLC	**181**	198	**175**	158
Mr Canning Fok	**1,585**	1,275	**–**	–
Mr M Khalek	**25**	37	**–**	–

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	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
EBACE	**–**	–	**–**	–
Air Arabia/Felix Trading Company LLC	**154**	198	**129**	127
Mr Canning Fok	**–**	12	**–**	101
Mr M Khalek	**–**	–	**–**	–

Material transactions with related parties

During the year, within the Business Aviation SBU, sales of services of $1,585,000 (2021: $1,275,000) were made to Mr Canning Fok.

Remuneration of key management personnel

The remuneration of the Executive Directors of the Group, who are also the key management personnel of the Group, are set out 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.

	2022 £'000	2021 £'000
Short-term employee benefits	**1,224**	1,229
Post-employment benefits	**136**	168
Total	**1,360**	1,397

Details of Directors' remuneration are given in the Remuneration Report on pages 32 to 36.

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.

40. Share-based compensation

Equity-settled share option schemes

Share options are awarded to employees under three plans:

/ Gama Aviation Plc Company Share Option Plan 2018 (CSOP)
/ Gama Aviation Plc Additional Share Option Plan 2018 (ASOP)
/ Gama Aviation Plc Long-Term Incentive Plan 2021 (LTIP)

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

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

40. Share-based compensation (continued)
Equity-settled share option schemes (continued)
Options are granted under the plans for no consideration and carry no dividend or voting rights.

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

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

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

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

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

	2022		2021	
	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	**34.6**	**4,017**	165.3	3,301
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	**25.4**	**(936)**	135.4	(1,119)
At 31 December	**37.4**	**3,081**	34.6	4,017
Vested and exercisable at 31 December	**97.6**	**194**	87.9	226

1 The weighted average share price at the date of exercise of options exercised during the year was nil pence (2021: 40.5 pence)

On 29 March 2021, options over a total of 2,276,000 shares previously granted to Directors and other employees were agreed to be surrendered by those employees (the "Surrendered Awards"). In their place, the Company agreed to grant options over a total of 1,138,000 shares, at 68.8 pence, to Directors and other employees (the "Replacement Awards").

No options expired during 2022 (2021: none).

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

Grant date	Expiry date	Exercise price (pence)	**Share options 31 December 2022 '000**	Share options 31 December 2021 '000
9 August 2016	8 August 2026	155.0	**–**	–
22 June 2018	21 June 2028	205.5	**23**	33
22 June 2018	21 June 2028	205.5	**43**	63
17 June 2019	16 June 2029	91.5	**58**	86
26 March 2021	25 March 2031	39.0	**705**	965
29 March 2021	28 March 2031	68.8	**983**	1,046
29 March 2021	28 March 2031	1.0	**1,199**	1,694
29 March 2021	28 March 2031	1.0	**70**	130
TOTAL			**3,081**	4,017
Weighted average remaining contractual life of options outstanding at end of period			**8.15 years**	9.14 years

40. Share-based compensation (continued)

Equity-settled share option schemes (continued)

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

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

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

No options were granted during the year ended 31 December 2022 (2021: 4,136,000).

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

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

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

	2022 $'000	2021 $'000
Options issued under equity-settled share employee option schemes plan	158	244
Shares issued to Director	–	13
Shares issued to former employees	214	–
	372	257

41. Financial instruments and risk management

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

At 31 December 2022	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Book value total $'000	Fair value total $'000
Financial assets				
Cash and cash equivalents (Note 26)	22,406	–	22,406	22,406
Cash and cash equivalents (Note 26)	53,583	–	53,583	53,583
Financial liabilities				
Trade and other payables (Note 27)	–	(32,610)	(32,610)	(32,610)
Borrowing (Note 31)	–	(36,108)	(36,108)	(36,108)
Lease obligation (Note 30)	–	(52,681)	(52,681)	(52,681)
Net financial assets/(liabilities)	75,989	(121,399)	(45,410)	(45,410)

41. Financial instruments and risk management (continued)

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 (Note 26)	10,243	–	10,243	10,243
Trade and other receivables (Note 25)	53,330	–	53,330	53,330
Financial liabilities				
Trade and other payables (Note 27)	–	(30,952)	(30,952)	(30,952)
Borrowings (Note 31)	–	(67,154)	(67,154)	(67,154)
Lease obligation (Note 30)	–	(48,002)	(48,002)	(48,002)
Net financial assets/(liabilities)	63,573	(146,108)	(82,535)	(82,535)

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.

41.1 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 31 and various obligations under leases disclosed in Note 30, cash and cash equivalents and equity (comprising issued capital, reserves and accumulated profit as disclosed in the consolidated statement of changes in equity.

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

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

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

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

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

41. Financial instruments and risk management (continued)

41.2 Market risk (continued)

41.2.1 Foreign currency risk management (continued)

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

	GBP $'000	USD $'000	EUR $'000	AED[2] $'000	HKD $'000	Other $'000	Total $'000
At 31 December 2022							
Borrowings							
Entities with functional currency USD	–	(11,998)	–	–	–	–	(11,998)
Entities with functional currency GBP	(24,110)	–	–	–	–	–	(24,110)
Entities with functional currency PLN[3]	–	–	–	–	–	–	–
Total borrowings	**(24,110)**	**(11,998)**	**–**	**–**	**–**	**–**	**(36,108)**
Obligations under leases							
Entities with functional currency USD	–	(14,011)	–	(9,885)	–	–	(23,896)
Entities with functional currency GBP	(28,774)	–	–	–	–	–	(28,774)
Entities with functional currency PLN	–	–	–	–	–	(11)	(11)
Total obligations under leases	**(28,774)**	**(14,011)**	**–**	**(9,885)**	**–**	**(11)**	**(52,681)**
Cash							
Entities with functional currency USD	–	18,141	64	191	4	–	18,400
Entities with functional currency GBP	2,621	1,309	66	1	–	4	4,001
Entities with functional currency PLN	–	–	–	–	–	5	5
Total cash	**2,621**	**19,450**	**130**	**192**	**4**	**9**	**22,406**
Net trade financial assets[1]							
Entities with functional currency USD	(32)	13,631	25	(731)	–	(63)	12,830
Entities with functional currency GBP	2,520	6,252	(559)	–	–	(19)	8,194
Entities with functional currency PLN	–	–	–	–	–	(51)	(51)
Total net trade financial assets	**2,488**	**19,883**	**(534)**	**(731)**	**–**	**(133)**	**20,973**
Net exposure							
Net monetary in USD entities	(32)	–	89	(10,425)	4	(63)	(10,427)
Net monetary in GBP entities	–	2,803	(493)	1	–	(15)	2,296
Net monetary in PLN entities	–	–	–	–	–	–	–
Total net exposure	**(32)**	**2,803**	**(404)**	**(10,424)**	**4**	**(78)**	**(8,131)**
At 31 December 2021							
Net monetary in USD entities	(181)	–	100	(731)	(12)	(42)	(866)
Net monetary in GBP entities	–	(9,428)	1,887	1	–	(19)	(7,559)
	(181)	**(9,428)**	**1,987**	**(730)**	**(12)**	**(61)**	**(8,425)**

1 Net trade financial assets per Note 25 of $53,583,000 and financial liabilities per Note 27 of $32,610,000

2 United Arab Emirates Dirham

3 Polish Zloty

41. Financial instruments and risk management (continued)

41.2 Market risk (continued)

41.2.1 Foreign currency risk management (continued)

Foreign currency sensitivity analysis

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

	GBP $'000	USD $'000	EUR $'000	AED $'000	HKD $'000	Other $'000	Total $'000
At 31 December 2022							
Total effect on profit/(loss) of depreciation in foreign currency exchange rates	**3**	**(280)**	**40**	**1,043**	**–**	**8**	**814**
At 31 December 2021							
Total effect on profit/(loss) of depreciation in foreign currency exchange rates	18	943	(199)	73	1	6	842

41.2.2 Interest rate risk management

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

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

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

Interest rate sensitivity analysis

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

If interest rates had been 1% higher and all other variables were held constant, the Group's loss for the year ended 31 December 2022 would increase by $498,000 (2021: $647,000). The Company's sensitivity to interest rates has increased during the current year due to the increase in the value of loans held.

The Group's cash balances are held in current bank accounts and earn immaterial levels of interest. The Board of Directors has concluded that any changes in the SOFR and SONIA rates will have an immaterial impact on interest income earned on the Group's cash balances. No interest rate sensitivity has therefore been included in relation to the Group's cash balances.

41.3 Liquidity risk management

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

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

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

41. Financial instruments and risk management (continued)
41.3 Liquidity risk management (continued)

	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 2022					
Trade and other payables (Note 27)	**n/a**	**32,131**	**–**	**–**	**32,131**
Lease liabilities (Note 30)	[1]	**10,787**	**23,368**	**53,035**	**87,190**
Bank borrowings (Note 31)	**3.0%**	**31,225**	**4,883**	**–**	**36,108**
At 31 December 2021					
Trade and other payables (Note 27)	n/a	30,952	–	–	30,952
Lease liabilities (Note 30)	[1]	8,101	22,307	56,760	87,168
Bank borrowings (Note 31)	1.1%	40,175	26,979	–	67,154

[1] Refer to Note 30, which provides the incremental borrowing rate for each category of lease

41.4 Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including cash balances with banks (see Note 26), and other financial instruments.

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

Assets receivable for sale of services consist of many customers, coming from diverse backgrounds and geographical areas. Ongoing review of the financial condition of the counterparty and ageing of financial assets is performed. Further details are in Note 25.

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

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42. Commitments for capital expenditure

In June 2017, a subsidiary of the Group, Gama Support Services FZE, entered into a Build Operate & Transfer Agreement and a Concession Agreement with Sharjah Airport Authority under which it is committed to construct a Business Aviation Centre at Sharjah Airport. As of 31 December 2022, the Group had contracted commitments of $585,000 (2021: $nil) in relation to phase 1 of the Business Aviation Centre. These have been accrued for and subsequently impaired in the 31 December 2022 financial statements.

The Group had no other outstanding contracted commitments as of 31 December 2022 (2021: $nil).

43. Contingent liabilities

The Company has very recently received a letter before action in respect of a possible legal claim against it for alleged damages in the sum of circa £2.3m. At this very early stage, the Board has insufficient information to properly assess the merits or likely quantum of such potential claim. Accordingly, there is considerable uncertainty as to the amount or timing of any associated economic outflow or whether there will be any such outflow.

44. Events after the balance sheet date

The following events occurred after the reporting date:

Repayment of HSBC £20m Term Loan

On 25 January 2023, the Group repaid its £20m Term Loan with HSBC in full. Consequently, all the Group's obligations in respect of the Term Loan have been fully discharged and the associated securities have been released.

This event is a non-adjusting event.

Award of major contract by Wales Air Ambulance Charity

On 22 February 2023, the Group announced that it had been awarded a seven-year contract by the Wales Air Ambulance Charity for the provision of Helicopter Medical Emergency Services. The contract, which commences on 1 January 2024, is expected to deliver overall revenues of approximately £65m over its seven-year term, with margins consistent with those derived from the Group's other Special Mission activities.

This event is a non-adjusting event.

New loan from Close Brothers Aviation and Marine

On 3 March 2023, the Group received a loan of £9.4m ($11.1m) from Close Brothers Aviation and Marine. The loan is secured by a mortgage over the Group's owned aircraft.

Receipt of long-standing accounts receivable balances

On 31 March 2023, the Group received $2.1m cash, followed by a further $0.8m on 5 June 2023 in settlement of part of long-standing account receivable balances. The expected credit loss allowance as of 31 December 2022 is not impacted by these part settlements. These represent non-adjusting events.

PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Investments	4	**51,412**	51,551
		51,412	51,551
Current assets			
Trade and other receivables	6	**9,182**	48,468
Cash at bank and in hand	7	**3,252**	1,823
		12,434	50,291
Total assets		**63,846**	101,842
Current liabilities			
Trade and other payables	8	**(15,499)**	(20,532)
Borrowings	9	**(19,995)**	(27,993)
		(35,494)	(48,525)
Net current (liabilities)/assets		**(23,060)**	1,766
Total assets less current liabilities		**28,352**	53,317
Non-current liabilities: Borrowings	9	**–**	(20,000)
Total liabilities		**(35,494)**	(68,525)
Net assets		**28,352**	33,317
Capital and reserves			
Called up share capital	10	**640**	637
Share premium account	10	**46,458**	46,298
Share-based payment reserve	10	**1,448**	1,454
Accumulated losses		**(20,194)**	(15,072)
Equity shareholder funds		**28,352**	33,317

As permitted by Section 408 of the Companies Act 2006, no separate Company profit and loss account has been included in these standalone financial statements. The Company made a loss of £5,122,000 for the year (2021: £1,780,000 loss).

The notes on pages 120 to 130 form part of these Parent Company financial statements.

The standalone financial statements of Gama Aviation Plc, registered number 07264678, on pages 118 to 130 were approved by the Board of Directors on 7 June 2023 and signed on its behalf by

Michael Williamson
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £'000	Share premium £'000	Share-based payment reserve £'000	Accumulated losses £'000	Total £'000
At 1 January 2021	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 expense	–	–	179	–	179
Lapsed and exercised options	–	–	(439)	–	(439)
At 31 December 2021	637	46,298	1,454	(15,072)	33,317
Shares issued	3	160	–	–	163
Loss for the year	–	–	–	(5,122)	(5,122)
Share-based payment expense	–	–	129	–	129
Lapsed and exercised options	–	–	(135)	–	–
At 31 December 2022	**640**	**46,458**	**1,448**	**(20,194)**	**28,352**

1. General information

Gama Aviation Plc (the "Company") is a public limited company (company number 07264678) whose shares are listed on the 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.

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

2. Accounting policies

Basis of preparation

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

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

Going concern

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

To support their assessment of going concern, the Directors have 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 31 December 2024. The Directors have also considered the outlook for the business beyond 31 December 2024 based upon its updated five-year strategic plan.

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

/ Working capital levels and the conversion of profits into cash flows,
/ The recovery of legacy debtor balances,
/ The planned sale and/or sale and lease back of Group assets
/ The £20.0m HSBC Term Loan which was repaid on 25 January 2023,
/ The $5.0m Great Rock Capital Term Loan and a delayed $1.5m Delayed Term which is currently undrawn.
/ The Revolving Credit Facility ("RCF") of up to initially $15.0m with the potential to increase to $20m (the amount available to be drawn down is subject to various restrictions both in value and use outside the US) from Great Rock Capital of which $9.0m was undrawn as of 31 December 2022 and $7.2m was undrawn as of 30 April 2023.
/ The £9.4m ($11.1m) loan from Close Brothers that completed on 3 March 2023, and which is secured on owned aircraft,
/ Cash of $22.5m as of 31 December 2022 and $6.1m as of 30 April 2023.

The credit facilities with Great Rock Capital are held in the Company's US subsidiary and are subject to financial covenants and expire in December 2026.

The RCF is settled and drawn down on a cyclical basis and has been presented in current liabilities.

The term loan with Great Rock Capital falls due for repayment over twelve months from the reporting date and has been presented in non-current liabilities.

The key assumptions in the Board approved base case projections relate to revenue, profit performance and working capital cash flows. Additionally, the detailed cashflow projections consider planned future events within 2023 and 2024, including the Directors' assessment of:

/ The likelihood of recovery of legacy debtor balances and
/ The likelihood of completing the planned sale and/or sale and lease back of Group assets

The Directors have also considered a severe but plausible downside scenario that takes account of the rapid increase in inflation that the western world is experiencing and assumes that this will principally be felt from the start of 2023 due to the longevity of supply contracts.

The severe but plausible downside scenario assumes the following:

/ EBITDA is 20% lower than the Board approved base case projections
/ Working capital outflows are 25% higher than the Board approved base case projections
/ Funding costs will be 2% higher than current rates
/ Corporation tax rates will be 5% higher than current rates

2. Accounting policies (continued)

Going concern (continued)

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

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

However, certain assumptions within the cash flow forecasts relating to receipt of legacy debtor balances, and the planned sale and/or sale and lease back of Group assets which have not been concluded at the time of approving the financial statements and there is a risk that these events may not be completed in the time scales planned as they are not fully under the control of the Group. Consequently, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

If one or more of these events do not occur, the Directors anticipate undertaking additional fundraising and asset realisation alongside cost and cash savings to ensure that the Group is able to meet its liabilities as they fall due.

The financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Exemptions

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

The following disclosure exemptions have been adopted:

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

Changes in accounting policies

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

New and amended standards adopted by the Company in 2022

The following amendments to existing standards and interpretations were effective in the year ended 31 December 2022, but were either not applicable or did not have a material impact on the Company:

/ Amendments to IAS 16 *Property, Plant and Equipment*
/ Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
/ Amendments to IFRS 3 *Business Combinations*
/ Annual Improvements to IFRS Standards 2018-2020 Cycle – minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

2. Accounting policies (continued)

New and amended standards not applied

The following standards and interpretations in issue are not yet effective for the Company and have not been adopted by the Company:

	Effective dates[1]
Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements*: Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and Leaseback	1 January 2024

1 The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the Company prepares its financial statements in accordance with International Accounting Standards, in conformity with the requirements of the Companies Act 2006, the application of new standards and interpretations will be subject to there having been endorsed for use in the UK. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation, but the need for endorsement restricts the Company's discretion to early adopt standards

The Directors do not expect the adoption of these standards and interpretations to have a material impact on the Company financial statements.

Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Investments

Investments are stated at cost less any provision for impairment.

Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

At each balance sheet date, the Company reviews the carrying amount of its investments to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Financial assets

Intercompany loans

Amounts owed by subsidiary undertakings represent intercompany loans to subsidiaries. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Loans to subsidiaries are subsequently measured at amortised cost, reduced by appropriate allowances for estimated irrecoverable amounts, using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, in hand and in short-term deposits that can be recalled in three months or less from the date of acquisition.

Borrowings

Borrowings represent amounts drawn under the Company's £20,000,000 term loan and USD 50,000,000 revolving credit facility secured with HSBC. Borrowings are initially measured at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

2. Accounting policies (continued)
Significant accounting policies (continued)
Trade and other payables
Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Income taxes
The Company is part of a tax group and surrenders losses for group relief.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant tax authorities and computed using tax laws and rates enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognised only to the extent that it is probable that there will be sufficient taxable profits against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

No deferred tax asset has been recognised in respect of tax losses in the Company's financial statements due to uncertainty in respect of timing and amount of future taxable profits against which tax losses could be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rate that is expected to apply when the related asset is realised or liability is settled, based on tax rates enacted or substantially enacted by the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same tax authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

Share-based compensation
Equity-settled transactions
The cost of equity-settled transactions is recognised together with a corresponding increase in share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for the period represents the movement in cumulative expense recognised at the beginning and end of the period.

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

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

The financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings is recognised as an increase in the cost of investment in its subsidiaries, with a credit to equity equivalent to the IFRS 2 cost in subsidiary undertakings.

2. Accounting policies (continued)

Significant accounting policies (continued)

Cash dividends to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in the United Kingdom, an interim distribution is authorised by the Board of Directors, whilst a final distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Foreign currencies

Foreign currency transactions are recorded at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All resulting differences are taken to the income statement.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key sources of estimation uncertainty

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

The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of investments

Where there are indicators of impairment, management performs an impairment review.

Recoverable amount for each investment is the higher of value in use and fair value less cost of disposal. Value in use is calculated using a discounted cash flow model from cash flow projections based on internal forecasts.

In measuring value-in-use, management has:

- Based cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the investments;
- Based cash flow projections on internal forecasts over the next four years; and
- Estimated cash flow projections beyond the period of four years by extrapolating the projections based on the forecasts using an estimate of long-term growth rates for subsequent years.

In estimating cash flow projections for each investment, management has used the "single most likely cash flow" approach to estimate the cash flows associated with a range of economic conditions that may exist over the next four years. The "single most likely cash flow" approach differs from the "expected cash flow" approach in that it does not use all expectations about possible cash flows.

In estimating the single most likely cash flow for each investment, management has used the cash flow forecasts based on internal forecasts as the base case scenario. Other reasonably plausible scenarios have been considered but have not been adjusted for. Instead, the impact of these scenarios has been evaluated through the sensitivity analysis.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)
The discount rate for each investment is estimated from the weighted average cost of capital using the Capital Asset Pricing Model, after considering the risk-free rate, equity market risk, beta, country risk, small stock premium, pre-tax cost of debt, tax rates, and the debt to capital ratio applicable to each investment.

The terminal value for each investment is estimated by applying the Gordon Growth formula to the forecast cash flows using the respective discount rate and long-term growth rate.

Fair value is determined with the assistance of independent, professional valuers, where appropriate.

Costs of disposal are estimated based on a combination of historical data and management's expectation of the costs associate with disposing of the investment.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4. Investments

	Total £'000
At 1 January 2021	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
At 31 December 2021	51,551
Additions – parent contribution in respect of share-based payments	129
Reductions – lapsed share options	(135)
Provisions for impairment	(133)
At 31 December 2022	**51,412**

A non-cash provision for impairment of £40,000 has been made (2021: £117,000 reversal of provision for impairment), relating to lapsed share options.

A non-cash provision for impairment of £36,000 (2021: £nil) has been recognised on the investment in subsidiary Gama Group Asia Limited following an impairment review. The impairment review identified that the recoverable amount of Gama Group Asia Limited was less than the investment value.

The recoverable amount of the investment in Gama Group Asia Limited was determined based on its net asset value. Following adjustment for the impairment, the recoverable amount is equal to the investment carrying value.

A non-cash provision for impairment of £57,000 (2021: £nil) has been recognised on the investment in subsidiary Gama Group MENA FZE following an impairment review. The impairment review identified that the recoverable amount of Gama Group MENA FZE less loans due from Gama Group MENA FZE was lower than the investment value.

The recoverable amount of the investment in Gama Group MENA FZE was determined based on its value in use using discounted cash flows based on cash flow projections over the next four years.

The post-tax discount rate applied to cash flow projections is 13.4%, and cash flows beyond the four-year period are extrapolated using a 3% growth rate. The equivalent pre-tax discount rate would also be 13.4%. Following adjustment for the impairment, the recoverable amount is equal to the investment carrying value.

5. Subsidiaries and other related undertakings
Refer to Note 2 to the Consolidated Financial Statements for details of the Company's subsidiaries and other related undertakings held directly or indirectly at 31 December 2022.

6. Trade and other receivables

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	**26,492**	65,186
Loss allowance	**(17,400)**	(16,748)
	9,092	48,438
Other taxation and social security	**77**	23
Prepayments and accrued income	**13**	7
	9,182	48,468

Amounts owed by subsidiary undertakings represent loans to subsidiary undertakings. The loans are unsecured, bear interest at varying rates (from 0% per annum to SONIA + 3% per annum (2021: interest free)) and are repayable on demand.

Movement in the loss allowance

	2022 £'000	2021 £'000
At 1 January	**16,748**	16,748
Impairment losses recognised in income statement	**652**	–
At 31 December	**17,400**	16,748

7. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and bank balances	**3,252**	1,823

8. Trade and other payables

	2022 £'000	2021 £'000
Amounts due to subsidiary undertakings	**14,531**	20,102
Trade creditors	**132**	143
Accruals and deferred income	**836**	287
	15,499	20,532

Amounts due to subsidiary undertakings represent loans from subsidiary undertakings. The loans are unsecured, bear interest at SONIA + 3% per annum (2021: interest free)) and are repayable on demand.

9. Borrowings

	2022 £'000	2021 £'000
Secured borrowings at amortised cost		
Amount due for settlement within 12 months: Bank borrowings	**19,995**	27,993
Amount due for settlement after 12 months: Bank borrowings	**–**	20,000
	19,995	47,993

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

- The Company has a facilities agreement for a £20,000,000 term loan (2021: a facilities agreement for a £20,000,000 term loan and a USD 50,000,000 revolving credit facility (the "RCF")) secured with HSBC
- The term loan, which is presented in current liabilities, matures on 31 January 2023
- The term loan is subject to customary banking security arrangements
- The RCF matured on 14 November 2022, when it was fully repaid
- A letter of awareness had been provided by CK Hutchison Holdings Limited ("CKHH"), which has an indirect shareholding of 29.8% in the Company, to HSBC that CKHH's current intention, while any amount is outstanding under the facility, is not to reduce its shareholding in the Company below 25.0% without consent from the lender or discharge of the facility. No legal implications are imposed on CKHH. On consideration, the Board concluded that the loan advanced by HSBC materially represented a market value arm's length transaction and therefore no adjustment has been made for any differential between the fair value and the nominal value of this loan.
- In August 2022, CKHH notified the Board that, while it would continue to provide support (in the form of the existing letter of awareness) for the current facilities until they are due for renewal, CKHH believes that it is more appropriate for the Company to secure facilities on a standalone basis, rather than relying on the unilateral support of one minority shareholder. Consequently, it has advised the Company that it will not provide such support beyond the expiry dates of the current facilities.
- Costs of arranging the facilities are deducted from the original measurement of the bank borrowings and amortised into finance costs throughout the period using the effective interest rate. The balance of the arrangement fees remaining as of 31 December 2022 is £5,000 (2021: £127,000)

2022	Interest	Maturity	Facility '000	Drawn (Local currency) '000	Drawn (Presentation currency) £'000
Term loan	**See below**	**31 January 2023**	**GBP 20,000**	**GBP 20,000**	**20,000**
Bank borrowing before arrangement fees					**20,000**
Capitalised loan arrangement fees					**(5)**
Bank borrowings					**19,995**

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	11,120
Term loan	See below	31 January 2023	GBP 20,000	GBP 20,000	20,000
Bank borrowing before arrangement fees					**48,120**
Capitalised loan arrangement fees					(127)
Bank borrowings					**47,993**

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.

10. Issued share capital and reserves

	Nominal value	2022 Number	2022 £'000	2021 Number	2021 £'000
Issued and fully paid ordinary shares					
At the beginning of the period	1p	**63,686,279**	**637**	63,636,279	636
Issued	1p	**275,000**	**3**	50,000	1
At the end of the period	1p	**63,961,279**	**640**	63,686,279	637

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 2021	46,278
Shares issued	20
At 31 December 2021	46,298
Shares issued	160
At 31 December 2022	**46,458**

Share premium represents the amount subscribed for share capital in excess of its nominal value, net of historical placement fees of £1,526,000 (2021: £1,526,000).

	£'000
Share-based payment reserve	
At 1 January 2021	1,714
Share-based payment expense	179
Lapsed and exercised options	(439)
At 31 December 2021	1,454
Share-based payment expense	129
Lapsed and exercised options	(135)
At 31 December 2022	**1,448**

The share-based payment reserve represents the credit to equity to recognise the value of equity-settled share-based payments. Refer to Note 13 for further details of these plans. Following the lapse and exercise of options during the year under the ASOP, CSOP and LTIP plans, £135,000 (2021: £439,000) was transferred from the share-based payment reserves to accumulated losses.

11. Distributions made and proposed

The Company did not pay an ordinary dividend during the year (2021: £nil) to shareholders.

The Board does not recommend a dividend for 2022 (2021: £nil).

12. Related party transactions

The Company has taken advantage of the exemption not to disclose transactions with 100% owned members of the Group headed by Gama Aviation Plc on the grounds that 100% of the voting rights of these companies are controlled within the Group, and the companies are included in Note 2 to the consolidated financial statements.

The Company had no other related party transactions.

13. Share-based compensation
Equity-settled share option schemes
Share options are awarded to employees under three plans:

- Gama Aviation Plc Company Share Option Plan 2018 (CSOP)
- Gama Aviation Plc Additional Share Option Plan 2018 (ASOP)
- Gama Aviation Plc Long-Term Incentive Plan 2021 (LTIP)

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

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

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

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

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

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

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

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

	2022		2021	
	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	**34.6**	**4,017**	165.3	3,301
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	**25.4**	**(936)**	135.4	(1,119)
At 31 December	**37.4**	**3,081**	34.6	4,017
Vested and exercisable at 31 December	**97.6**	**194**	87.9	226

[1] The weighted average share price at the date of exercise of options exercised during the year was nil pence (2021: 40.5 pence)

On 29 March 2021, options over a total of 2,276,000 shares previously granted to Directors and other employees were agreed to be surrendered by those employees (the "Surrendered Awards"). In their place, the Company agreed to grant options over a total of 1,138,000 shares, at 68.8 pence, to Directors and other employees (the "Replacement Awards").

No options expired during 2022 (2021: none).

13. Share-based compensation (continued)

Equity-settled share option schemes (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 2022 '000**	Share options 31 December 2021 '000
9 August 2016	8 August 2026	155.0	**–**	–
22 June 2018	21 June 2028	205.5	**23**	33
22 June 2018	21 June 2028	205.5	**43**	63
17 June 2019	16 June 2029	91.5	**58**	86
26 March 2021	25 March 2031	39.0	**705**	965
29 March 2021	28 March 2031	68.8	**983**	1,046
29 March 2021	28 March 2031	1.0	**1,199**	1,694
29 March 2021	28 March 2031	1.0	**70**	130
TOTAL			**3,081**	4,017
Weighted average remaining contractual life of options outstanding at end of period			**8.15 years**	9.14 years

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

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

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

No options were granted during the year ended 31 December 2022 (2021: 4,136,000).

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

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

The amount recognised in the Statement of Changes in Equity for employee services in relation to the awards is £129,000 (2021: £179,000).

The amount recognised as an expense during the year for employee services in relation to the awards is £nil (2021: £nil).

14. Commitments for capital expenditure

The company had no capital commitments at the current or previous balance sheet date.

15. Contingent liabilities

Refer to note 43 to the Consolidated Financial Statements for details of a contingent liability which is relevant to the Company.

16. Events after the balance sheet date

Refer to Note 44 to the Consolidated Financial Statements for details on non-adjusting events that occurred after the reporting date that are relevant to the Company.

NOTES

NOTES

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