



AURIGNY AIR
SERVICES LIMITED
ANNUAL REPORT
2024

Keeping the Bailiwick connected

GUERNSEY'S
AIRLINE
aurigny

Contents

02	CORPORATE DETAILS & BOARD
04	OUR PURPOSE
05	OUR OBJECTIVES
06	2024. OUR YEAR IN NUMBERS
09	CHAIRMAN'S REPORT
13	CEO'S REPORT
21	COMPANY INFORMATION
22	DIRECTORS' REPORT
24	INDEPENDENT AUDITOR'S REPORT
28	BALANCE SHEET
29	STATEMENT OF COMPREHENSIVE INCOME
30	STATEMENT OF CHANGES IN EQUITY
31	STATEMENT OF CASH FLOWS
32	NOTES TO THE FINANCIAL STATEMENTS
45	APPENDIX*



Corporate Details & Board

CORPORATE STRUCTURE

Until 2024, the Aurigny group of companies comprised of

Cabernet Limited

A non-trading holding company

Aurigny Air Services Limited

The airline

Anglo Normandy Aero Engineering Limited

Aircraft maintenance division

During 2024, this structure was collapsed so that the States of Guernsey have a direct shareholding in Aurigny Air Services Limited, removing the need for a holding company, and Anglo Normandy Aero Engineering Limited was amalgamated into Aurigny Air Services Limited, leaving Aurigny Air Services Limited as the sole surviving company.

The comparative figures presented in the financial statements within this report represent the combined results of Aurigny Air Services Limited and Anglo Normandy Aero Engineering Limited. A reconciliation of the comparative figures published for the group in 2023 through the financial statements of Cabernet Limited to the amalgamated comparatives presented here is provided in the Appendix.

THE BOARD OF DIRECTORS OF AURIGNY AIR SERVICES LTD

Kevin George Chairman

Nico Bezuidenhout Chief Executive

Wolf Meyer Finance Director
(resigned 29 November 2024)

Roger Pratt Finance Director
(appointed 29 November 2024)

Mick Conlon Non-Executive Director

Iain Beresford Non-Executive Director

Gill Morris Non-Executive Director





Our Purpose

TO BE THE BAILIWICK'S PRIMARY SUPPLIER OF SAFE, RELIABLE, AND EFFICIENT AIR SERVICES BETWEEN THE ISLANDS AND BEYOND THROUGH MUTUAL SOCIAL, ECONOMIC, CULTURAL, AND CRITICAL SERVICE LINKS. WE OPERATE AS SUSTAINABLY AS POSSIBLE AND STRIVE TO BE AN EFFECTIVE SOCIAL AND ECONOMIC ENABLER.

Our Objectives

1. Protect the Bailiwick's lifeline routes

- Frequencies increased 12% to 13,800 flights and 768,000 seats, more than 60% of which were on designated lifeline routes

2. Achieve Financial Sustainability

- Revenue growth of 5% year-on-year reaching a record turnover exceeding £63 million
- Result excluding exceptional wet lease costs is £0.5m profit

3. Support the core strategic objectives of the States of Guernsey

- London City re-established as second London gateway and Paris introduced for continental and hub connectivity



2024

OUR YEAR IN NUMBERS



570,670
PASSENGERS



7
AIRCRAFT IN FLEET



78%
ON TIME PERFORMANCE*



80%
MARKET SHARE



29
DESTINATIONS



13,800
FREQUENCIES



6.6
AIRCRAFT UTILISATION
Average block hours per day



321
EMPLOYEES



Chairman's Report



Kevin George
Chairman

This year has been a period of significant achievements and challenges for our airline. Despite the turbulent conditions in the aviation industry, we have managed to achieve several milestones, whilst continuing to support our shareholder objectives.

Financial Performance

2024 was a year of strong revenues and significant cost challenges.

WE REPORTED A RECORD REVENUE OF £63.3 MILLION, WHICH REPRESENTS A 5% INCREASE OVER THE PRIOR YEAR.

Our net result was £6.0m loss (£6.5m operating loss) (2023: £1.7m operating profit, £3.6m net loss), which includes £6.9m of costs for leased aircraft that were required following a series of unforeseeable maintenance events and supplier failures. A level of lease cost was anticipated, but the total unanticipated cost of leased aircraft was £6.5m in the year, meaning that a £0.5m profit would have been achieved without this requirement.

This indicates that the underlying business is strong and cost controls across the rest of the business continue to operate effectively.

Fleet

The planned exit of the Embraer E195 aircraft took place during the year, being replaced with 2 ATR 72-600 aircraft on long term leases. The entry of these aircraft brings commonality across the fleet servicing the UK routes, thereby reducing operating costs through the simplification of crew and engineering staff requirements as well as parts

stock holdings. The ATR is also 36% more fuel efficient than the Embraer on a per seat basis on the routes that we operate, thereby reducing fuel costs and emissions.

The full fleet therefore stands at 5 ATR 72-600 aircraft (3 owned and 2 leased) and 2 owned Dornier 228NG aircraft to service our Alderney routes and medevac requirements.

Route Expansion and Market Presence

We re-established the route to London City airport that had previously operated between 2014 and 2017. The intention was to provide an alternative to the London Gatwick service that had been requested by the business community and to reduce Guernsey's reliance on Gatwick. The launch has proved popular, with 46,000 passengers carried in the first 9 months of operation, nearly double the highest annual volume during the previous period of operation.

A bi-weekly service to Paris was also introduced, aimed at enhancing both Guernsey's continental and hub connectivity. This route carried 8,000 passengers in the first 9 months of operation. Dublin and Edinburgh services continued to develop in the year, showing increasing demand.

Our overall share of the Guernsey market grew from 78% in 2023 to 80% in 2024, reflecting sustained growth.

Customer Experience

Customer satisfaction remains at the core of our operations. We have invested in several initiatives to enhance the travel experience for our passengers, including an expanded customer contact centre using outsourced resource and the ability to handle customer queries through Whatsapp. The Aurigny mobile app is due to be launched in 2025, which will improve the customer experience even further.

Sustainability and Corporate Responsibility

As a responsible corporate citizen, we are committed to sustainable practices in accordance with our mandate with due regard to its ESG

Chairman's Report continued

responsibilities. During the year under review, we operated under the ESG Framework set out in the Aurigny 2023 Corporate Social and Governance Policy. This framework covers a broad range of matters spanning Corporate Governance (including the role of the Board, Code of Ethics, Compliance and Corporate risk policy), Social (including Ethics and Human Rights, Workforce investment, Safety and Security, Customer commitment, Supplier conduct, Diversity, equity and inclusion, and Community engagement) as well as Environmental (Sustainability and Climate change) considerations.

We are also actively involved in community support initiatives, contributing to various social causes and supporting local communities.



Challenges and Future Outlook

The aviation industry continues to face challenges, including pilot resource availability, economic uncertainties, regulatory changes, and fluctuating fuel prices.

During 2025, the Company aims to continue delivering on its Shareholder-approved strategy, focusing on the objectives of lifeline connectivity, financial sustainability, support for the SoG's objectives and discharging our ESG responsibilities.

The intention for the year ahead is to provide a robust and reliable service after acknowledged punctuality shortfalls in 2024. For this reason, the number of seats that we intend to provide in 2025 is less than 1% more than 2024. This is seen as a prudent target that, barring any unforeseen events, should be achievable without placing undue pressure on the fleet and staff. There are also no new route launches planned for 2025 for the same reason.

The replacement of the 122 seat Embraer with two 72 seat ATR aircraft necessitates additional flying to achieve an equivalent capacity, so the number of flights operated is forecast to increase by 3% year on year.

We aim to increase passenger numbers by 1% in 2025, which will require a 1% increase in load factor given the static capacity produced. We will ensure that any rise in average fare remains below the Guernsey RPI inflation rate, thereby creating a real-term reduction in fare levels and encouraging an increase in passenger numbers.

Appreciation

I would like to take this opportunity to thank our dedicated employees for their hard work and commitment during what has been an exceptionally challenging year operationally. Their efforts have been instrumental in our achievements. I also extend my gratitude to our customers for their patience and continuing trust and loyalty.

In conclusion, Aurigny is well-positioned for future growth, and I am confident that with the continued support of all our stakeholders, we will be able to provide a resilient and efficient service into the future.





CEO's Report



Nico Bezuidenhout
CEO

In 2021, the States of Guernsey developed a set of strategic objectives for Aurigny. These objectives, listed in order of priority, are for Aurigny to (1) safeguard the Bailiwick's lifeline routes, (2) attain economic viability by achieving a financial break-even result, and (3) support the core strategic goals of the States of Guernsey through connectivity and local supply chain expenditure. In response to the strategic objective set by Aurigny's shareholders, the Company developed a five-year strategy that prioritised cost reduction and reliability through fleet simplification, as well as improved connectivity through network and frequency growth, and airline partnerships.

AURIGNY'S STRATEGIC OBJECTIVES ARE DERIVED FROM THE STATES' AIR POLICY FRAMEWORK, WHICH SEEKS TO ALIGN THE EFFORTS OF THE AIRLINE AND THE AIRPORT IN THE FURTHERANCE OF GOVERNMENT POLICY AND IN THE INTEREST OF AIR TRAVELLERS.

Balancing Aurigny's key strategic objectives necessitates daily trade-off decisions. For instance, the primary aim of protecting the Bailiwick's lifeline air links and ensuring maximum resilience on these routes requires standby capacity beyond what would typically be necessary. Tension between objectives arises because this additional level of resilience incurs a financial cost, which affects the airline's ability to achieve financial break-even while simultaneously restricting fare growth to below the rate of inflation.

Between 2021 and 2023, Aurigny successfully achieved these conflicting objectives, increasing output on lifeline routes while keeping fare growth below inflation, expanding connectivity, maintaining reliability at levels above the average for UK carriers and achieving its best financial results on record over this period.

The 2024 financial year was undoubtedly one of the most operationally demanding for Aurigny, its customers, staff, and suppliers. The situation was stark; we went from achieving a record financial performance and industry-leading reliability in 2023 to experiencing a year marked by service interruptions and significant unexpected costs related to the airline's fleet and the need for replacement capacity. In 2024, Aurigny's service delivery did not meet expectations, which negatively impacted our stakeholders - a reality that the Aurigny Board, my management team, I, and everyone at Aurigny deeply regret.

The challenges we faced arose from the combined impact of several factors, including unforeseen maintenance issues, aircraft damage, disruptions in the global supply chain affecting aircraft upkeep, delays in the arrival of leased aircraft, and third-party ACMI wet lease providers failing to fulfil their contractual obligations to Aurigny. Although an independent assessment commissioned by the States of Guernsey found that these factors were beyond Aurigny's control, there were areas where we could have improved in addressing challenges, particularly concerning customer communication. We apologise to everyone we have let down.

FLEET SIMPLIFICATION AVOIDS AN UNFUNDED FINANCIAL LIABILITY, IMPROVES RESILIENCE AND REDUCES THE AIRLINE'S ENVIRONMENTAL IMPACT.

The reliability issues we encountered in 2024 underscored the need for a service delivery framework that prioritises resilience. As a small carrier serving an island community of 65,000, our fleet's complexity, coupled with our reliance on a specific aircraft type that necessitates specialised pilots,

engineering certifications, and type-specific spare parts - specifically, the Embraer 195 - was less than ideal. By retiring this aircraft in 2024 and standardising Aurigny's non-Alderney fleet on ATR aircraft, we not only laid the foundations for improved resilience but also avoided an estimated £10 million in one-off maintenance costs. The proceeds from selling the Embraer 195 were used to settle all related loan obligations to the States of Guernsey in full.

A CHALLENGING YEAR FOR AURIGNY AND OUR CUSTOMERS, BUT ALSO ONE IN WHICH PROGRESS WAS MADE IN A NUMBER OF AREAS.

Despite the aforementioned challenges, Aurigny achieved several significant milestones in 2024, experiencing growth and a renewed commitment to delivering value for passengers and the local economy. Performance highlights for the year include:

- **Increased London frequency:** The airline raised its flight frequency to the London market by 29% with the launch of the London City route. This route complements the essential Gatwick lifeline and was a direct response to requests from the finance community in Guernsey. In terms of daily frequencies to London's financial centre, Guernsey now ranks among the top 20% globally.
- **Focus on Lifeline routes:** Aurigny increased available seat capacity on its London, Southampton and Alderney services, and these routes accounted for 64% of Aurigny's flight capacity in 2024 (2023: 61%).
- **Record passenger numbers:** Aurigny transported 570,000 passengers - its highest ever - exceeding the previous record (2023) by 3% and surpassing the last full pre-pandemic year, 2019, by 8%.
- **Real-term fare reduction:** Despite significant increases in airport and spare parts costs exceeding inflation, Aurigny's average fare rose by 2% - a full 3% lower than Guernsey's RPI - resulting in a real-term reduction for customers in a challenging cost of living environment.
- **Regular direct European connectivity introduced,** as called for by the States of Guernsey Air Policy Framework, in collaboration with the States Committee for Economic Development. The launch of twice-weekly direct services to the European gateway, Paris Charles de Gaulle Airport, resulted in more than 8,000 islanders

and visitors being transported on this route in 2024. This connectivity, along with ad-hoc direct European routes operated on Saturdays during the summer (accounting for less than 1% of Aurigny's flight activity in 2024 and operated on Saturdays so as to not conflict with lifeline services), supported the hospitality industry in surpassing its pre-pandemic bed occupancy rate and helped Guernsey achieve a stronger recovery in its visitor economy compared to other Crown Dependencies.

- **Enhanced connectivity through airline partnerships:** An interline partnership with British Airways implemented in 2023 was further expanded in 2024 to include BA's partner airlines, including their leisure-focused subsidiary, Euroflyer, over Gatwick and its business-oriented subsidiary BA Cityflyer, over London City Airport. Additionally, an interline agreement was reached with the World's largest international carrier, Emirates, which provides connectivity options over Gatwick, Manchester and Birmingham airports. These partnerships enable seamless customer journeys, reduce charges such as UK Airport Passenger Duties, and provide passenger protection in the event of service disruptions. There is a further marketing benefit for Guernsey in that the Bailiwick appears in the sales channels of these large global carriers.
- **Increased local economic contribution:** Aurigny delivered its highest-ever direct supply-chain contribution to the Guernsey economy at £24.4 million (up from £20.8 million in 2023 and £19.1 million in 2022). This contribution comprises fees paid to Guernsey Ports, salaries paid to Bailiwick-based employees, social security and income tax contributions, interest paid to the States of Guernsey, and procurement spend on local suppliers.

These achievements highlight Aurigny's pivotal role in linking Guernsey to the broader world, while fostering economic growth and minimising fare increases.

PRIORITISING SERVICE CONTINUITY IN THE DIFFICULT OPERATIONAL CONDITIONS OF 2024, WHILE KEEPING AVERAGE FARE INCREASES BELOW INFLATION, CAME AT A FINANCIAL COST.

Aurigny supports the States of Guernsey's (SoG) strategic objectives through the connectivity that it provides - thereby being an economic and social enabler, and further through the monetary value of the Company's on-island supply chain:

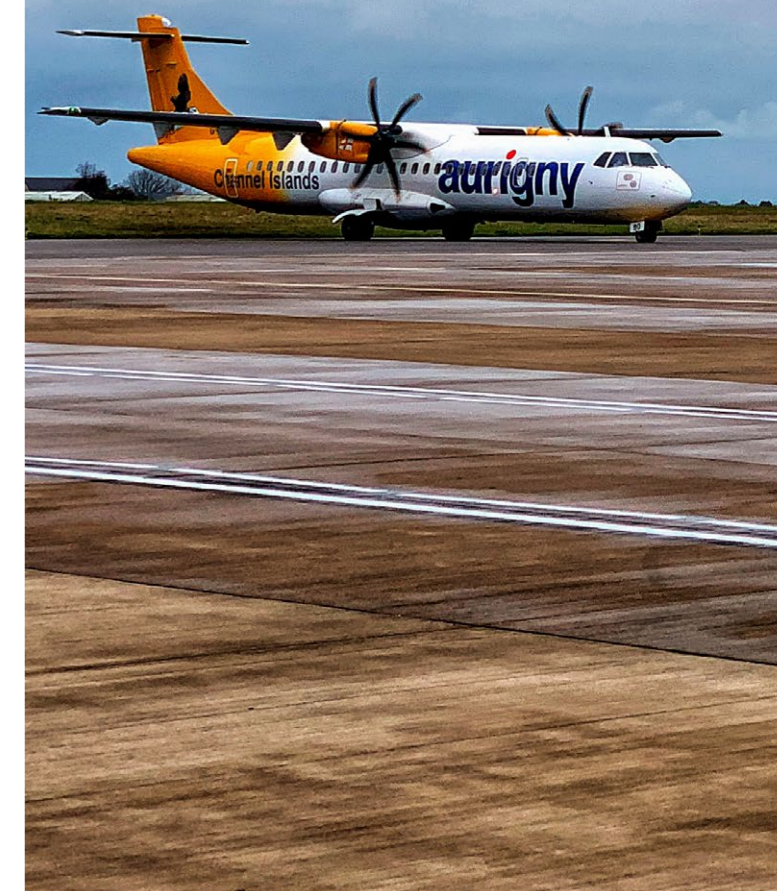
During 2024, Aurigny was affected by several extrinsic factors and unforeseen events, which not only impacted the quality of service we could deliver to our passengers but also resulted in substantial financial costs. These included:

- Corrosion of Embraer 195 engine components, resulting in a grounding of the aircraft and unbudgeted repair costs of approximately £1.7 million.
- An aircraft landing event that damaged a landing gear beyond repair, resulting in extended aircraft downtime (given a critical global shortage of this component), and approximately £0.6m in temporary component lease and replacement costs.
- A manufacturing defect that affected multiple aircraft across various geographies and airlines impacted Aurigny's fleet availability. While the two leased aircraft that Aurigny added to its fleet as replacements for the Embraer 195 aircraft were not impacted by this manufacturing defect, our three owned ATRs experienced extended periods of unplanned downtime to remedy the problem.

In line with our primary shareholder's objective, as set by the States of Guernsey, maintaining vital connectivity during periods of supply chain disruption and unforeseen aircraft incidents meant that the airline relied heavily on third-party "wet lease" capacity in 2024. Aurigny was not unique in this respect: in Q1 2024, 150 wet lease transactions were recorded across Europe, followed by 850 high-volume wet lease agreements with carriers such as Lufthansa, Wizz Air, EasyJet, and Air France-KLM during the summer of 2024.

The combination of the direct costs associated with the aircraft events Aurigny experienced in 2024 and the subsequent expenses related to replacement wet lease capacity resulted in a financial loss of £6.0 million, which would have otherwise been a marginal profit of £0.5 million. While it is disappointing that Aurigny incurred a loss in 2024, representing a reversal of the profitability achieved in the two preceding financial years, the Company has not needed to turn to its shareholders for any further capital injection during this time.

ROBUST FINANCIAL PERFORMANCE IN 2022 AND 2023 ALLOWED THE ACCUMULATION OF CASH RESERVES, NEGATING THE NEED FOR THE INJECTION OF SHAREHOLDER CAPITAL IN 2024.



PROGRESS MADE IN ENVIRONMENTAL, SOCIAL AND GOVERNANCE INITIATIVES, AIMED AT SUSTAINABILITY.

Aurigny made a significant environmental advancement during the year by removing its less fuel-efficient Embraer 195 aircraft from the fleet. This strategic change resulted in a 20% year-on-year reduction in fuel consumption—and therefore CO₂ emissions—per passenger carried. This is a substantial step in reducing the airline's environmental footprint and reflects Aurigny's commitment to more sustainable operations.

Aurigny initiated a comprehensive review of its services for passengers with reduced mobility, proactively aligning with guidance emerging from the CAA's ongoing consultation process. As part of this commitment, the airline acquired new boarding equipment to enhance accessibility and conducted a thorough audit of its website to improve digital usability. Further enhancements include the purchase of covered mobility ramps at Guernsey and Southampton airports, set to commence operations in 2025. Aurigny also assessed its onboard product, ensuring features such as 100% liftable armrests and additional restroom support handles meet accessibility needs. In early 2024, Aurigny proudly joined the Hidden Disabilities Sunflower movement, reinforcing its dedication to inclusive travel for all.

During 2024, Aurigny conducted 38 medevac flights between Alderney and Guernsey, and further facilitated medical appointment visits for Alderney residents and the transportation of key workers in education and other essential services between Guernsey and Alderney. The cost of air service delivery to Alderney in 2024, borne by taxpayers through the Public Service Obligation contract applicable to Alderney, remained nearly 20% lower than in 2019, and fare increases for passengers have remained below inflation. 2024 marked the 56th consecutive year that Aurigny served as the primary means of air connectivity between Alderney and Guernsey.

The Company's Governance Framework remained effective throughout 2024. In pursuing its strategic shareholder objectives for 2024, Aurigny remained firmly committed to safety as its top governance and operational priority. Aurigny successfully completed its annual compliance programme, with all internal audit findings limited to administrative



matters. Any findings from external regulatory audits were promptly addressed and resolved within agreed timeframes, reflecting the robustness of the Company's compliance culture. Aurigny collaborated on investigations concerning two safety incidents that occurred on the services of two wet lease operators. These incidents, which occurred during operations undertaken by providers certified by European regulators and approved by the UK Civil Aviation Authority (CAA), did not pertain to Aurigny's own operations, and our internal safety record remains intact.

The States Trading Supervisory Board (STSB), acting as the shareholder representative, continued to maintain close oversight over the organisation. The Memorandum of Understanding between STSB and Aurigny was reviewed and updated in 2024 to facilitate the consolidation of the group structure and enable the direct issuance of the required CAA licences to Aurigny. This consolidation enhances regulatory clarity, strengthens corporate governance, and aligns the airline's operating structure more closely with UK aviation oversight. It also streamlines compliance processes and reduces administrative complexity, allowing Aurigny to operate more efficiently and with greater organisational focus.

Quarterly shareholder reporting and meetings provided both oversight and direction regarding the prioritisation of strategic objectives during this volatile year. In addition to engagements with the STSB, Aurigny regularly interacted with various State committees, while also hosting information sessions open to any States' Deputy, fostering transparency.

Market Context

The global aviation environment in 2024 remained significantly impacted by ongoing supply chain constraints, with shortages of spare parts and delays in aircraft deliveries affecting airlines across all market segments, including smaller regional carriers in the UK and Europe. The International Air Transport Association (IATA) reported that deliveries in 2024 were approximately 30% below expectations, with around 1,254 aircraft delivered, compared to much higher forecasts. This situation resulted in a backlog of nearly 17,000 aircraft, pushing the average fleet age to 14.8 years.

UK flag carriers, such as British Airways, have faced delays in receiving Rolls-Royce engine parts, resulting in long-haul aircraft being grounded and cancellations and schedule adjustments on routes like Kuala Lumpur and New York. Smaller regional airlines felt these pressures more acutely: Loganair has paused planned network expansions due to delayed ATR deliveries and global supply chain bottlenecks affecting maintenance turnaround times. Emerald Airlines (operator of Aer Lingus' regional fleet) was impacted by supply chain challenges following damage to an aircraft's landing gear at the end of 2023, and Blue Islands cited "supply chain issues resulting in a shortage of aircraft components and parts" as the reason for service disruptions and schedule reductions. These disruptions strained tight regional schedules, increased groundings, and compelled operators to prioritise essential services while seeking interim wet lease arrangements to maintain connectivity.

Pilot shortages emerged as a concurrent challenge, particularly for smaller UK and European regional operators, whose streamlined structures render them more susceptible to crew shortages. Industry analyses highlighted that retirements hastened by the pandemic, stringent training requirements, and a resurgence in air travel demand collectively tightened pilot availability in 2024. Europe-wide forecasts—from organisations such as Boeing and European Aviation Safety Agency-aligned studies—projected notable pilot recruitment needs over the next decade, with regional carriers facing the greatest competition for qualified crews. In the UK, Eastern Airways and similar operators initiated significant recruitment drives, offering incentives to attract type-rated crews on Embraer and ATR types. Meanwhile, larger carriers such as EasyJet and British Airways reportedly engaged in "salary wars" to attract and retain pilots, serving to drive pilot attraction and retention costs upwards.

Chronic shortages in Air Traffic Management resources have contributed to an increase in in-flight routing delays, with, for example, British Airways stating that around 42% of its flights were disrupted in 2024 by air traffic control-related interventions. Air traffic delays are particularly pronounced at congested airports such as Gatwick (the busiest single-runway airport in the world), leading to higher airline costs and adverse impacts on punctuality. This, combined with some airport operators and ground handlers continuing to recover pandemic losses through above-inflation increases, resulted in growing cost inflation within the industry.

Geopolitical volatility, resource shortages, and passenger demand trends collectively defined the broader context in which UK regional airlines operated. Ongoing airspace closures related to the conflict in Ukraine continued to influence global fuel markets and drive up costs, while tensions in the Middle East periodically resulted in rerouting and higher insurance premiums, which indirectly impacted elevated operating expenses, even in short-haul sectors.

At the same time, slow economic growth and pressure on consumer disposable income, particularly in the UK (which accounts for more than 90% of Guernsey's inbound traveller volumes), tempered demand growth. Data from the UK Office of National Statistics (ONS) indicated modest increases in real household disposable income in late 2024—1.9% growth in Q4—but this followed periods of stagnation and was offset by elevated inflation in services and higher borrowing costs. Similarly, the Channel Islands experienced relatively flat economic growth in 2024.



Forecasts highlighted structural inflation risks and interest-rate pressures that could cap discretionary spending on travel. UK carriers noted cautious consumer behaviour, with leisure travel remaining resilient but more price-sensitive. As a result, promotional activity and flexible fare structures became necessary to stimulate bookings without eroding yields. Notwithstanding these efforts, the CAA reported that, for 2024, domestic air travel in the UK had only recovered to 87% of 2019 levels (Aurigny: 108%). Even larger operators, like Virgin Atlantic, signalled caution for 2024 amid UK economic headwinds, implying that regional feeders would need to align their capacity with more volatile demand patterns.

In the context of subdued demand for short-haul domestic air travel in the UK in 2024, regional carriers in the UK achieved relatively low average seat occupancy rates, according to the CAA averaging at 63% (Aurigny: 69%). When this is combined with cost pressures brought about by supply chain and resource constraints across the industry, UK regional aviation experienced a challenging year overall.

Outlook

Aurigny now has a standardised non-Alderney fleet of ATR aircraft providing air services to Guernsey. With an average fleet age of 7.7 years for our ATR fleet, well below the global fleet average of 14.8 years, and with technical dispatch reliability having markedly improved in 2025, technical flight delays and cancellations are expected to improve this year. The Company's punctuality rate, as of the end of Q1 2025, had improved by fourteen percentage points, and its flight cancellation rate had decreased by 58% compared to March 2024.

The Company has implemented additional measures to enhance resilience in its operational schedules for Summer 2025, allowing for longer ground turnarounds and extended flight sector times to offer more options for service recovery when unavoidable delays arise. Given that airlines are subject to external factors such as weather conditions, in-flight air traffic delays, or airport infrastructure failures, as well as factors within our control, these measures are necessary to enhance the overall customer experience. This is in addition to Aurigny, during peak demand periods, maintaining a standby cover ratio of one aircraft for four lines of flying.

Our operational focus on delivering a reliable air service through a single fleet will be further enhanced by the end of 2025, when the Dornier

228NG aircraft, used to service Alderney routes, will be phased out. In its stead, Aurigny has agreed a partnership with a specialist Twin Otter operator, with more than 30 years' experience of operating this aircraft type, which will see a more resilient service being offered on Alderney routes, and the cost of the service in the hands of the taxpayer reduced to levels last seen in 2015.

Aurigny recognises the risk that pilot shortages pose to airlines everywhere, especially in Guernsey, where housing shortages and the cost of living are significant factors. We have implemented an employment arrangement that enables us to access UK-based pilots, which means we are now fully recruited for our 2025 ATR pilot requirements. Additionally, we will announce a partnership with an international carrier in the coming weeks, providing Aurigny pilots with exciting career growth opportunities and enhancing our attractiveness as an employer.

We have invested substantial effort into enhancing our customer communications, particularly during times of disruption. We have implemented a real-time flight status tracker on our website and expanded our existing call centre with additional third-party capacity to improve service delivery. In the upcoming months, we will launch a mobile

application that will facilitate more seamless and readily accessible communication, reservation management, flight check-in, and other services. We recognise that customer communication and service delivery can always be refined, and we will continue to explore ways to enhance them.

Our financial performance in the year ahead is expected to improve materially – our confidence is based on the fact that, excluding the exceptional cost items of 2024, we have maintained profitability. The challenge for us will be to find ways of shielding our passengers against the cost inflation we are witnessing within the aviation supply chain, as well as the ongoing volatility in key input costs, such as fuel and spare parts, brought about by geopolitical instability.

With the exception of safety, our primary focus is to regain consumer trust. We broke customer confidence one flight at a time during the challenging conditions in 2024, and we intend to regain their confidence one flight at a time in 2025.

I would like to take this opportunity to thank every Aurigny employee for their dedication and commitment, not only to the company but also to the fundamental principle of ensuring that every passenger reaches their destination.





Company Information

Directors of the Company

K George	Chairman (*2,3)
N Bezuidenhout	Chief Executive
W Meyer	Finance Director (resigned 29 November 2024)
R Pratt	Finance Director (appointed 29 November 2024)
S M Conlon	Non-Executive Director (*1,2,3)
I J Beresford	Non-Executive Director (*1,2,3)
G Morris	Non-Executive Director (*1,2,3)

* represents:

- 1 Audit Committee member
- 2 Remuneration Committee member
- 3 Nomination Committee member

Registered office

States Airport
La Planque Lane
Forest
Guernsey
GY8 0DT

Independent Auditor

BDO Limited
Plaza House
Admiral Park
St Peter Port
Guernsey
GY1 3LL

Directors' Report

For the year ended 31 December 2024

The Directors present their annual report and the audited financial statements for the year ended 31 December 2024.

Principal activities

Aurigny Air Services Limited (the "Company") is a Guernsey based passenger airline operator, wholly owned by the States of Guernsey. The Company operates principally on sectors between the Channel Islands and the UK mainland. It also operates on routes between the Channel Islands and some seasonal routes..

Ownership structure

As stated in Note 18, until the 30th November 2024 the Company's immediate parent and controlling party was Cabernet Limited, a company incorporated in Guernsey. On this date 100% share ownership of the Company transferred directly to the States of Guernsey.

On 30th November 2024, the Company amalgamated with Anglo Normandy Aero Engineering Limited, an aircraft maintenance and repair company that was previously under common ownership, with a resultant increase in the Company's share capital of £30,000. The comparative figures in the financial statements represent the combined results and position of Aurigny Air Services Limited and Anglo Normandy Aero Engineering Limited.

Proposed dividend

The Directors do not recommend the payment of a dividend (2023: £nil).

Results

The results for the year are shown in the Statement of Comprehensive Income and Retained Earnings.

Directors

The Directors who held office during the year and up to the date of this report are stated.

Appointment of Directors

The Articles of Association do not provide for the rotation of Directors, but in the interests of good corporate governance the Board consider that Non-Executive Directors should retire by rotation every 3 years.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so. .

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Directors have considered it appropriate to prepare the financial statements on a going concern basis, as explained in the basis of accounting note 2i to the financial statements.

Independent Auditor

BDO Limited has indicated its willingness to continue in office and a resolution for its re-appointment as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Director



Director

19 June 2025

Independent Auditor's Report to the Members of Aurigny Air Services Limited

Opinion on the financial statements

In our opinion, the financial statements of Aurigny Air Services Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Company for the year ended 31 December 2024 which comprise the Balance Sheet, the Statement of Comprehensive Income and Retained Earnings, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("United Kingdom Generally Accepted Accounting Practice").

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. 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 course of 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.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities within the Directors' Report, 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 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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the sector in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be United Kingdom Generally Accepted Accounting Practice.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK Civil Aviation Regulations and employment legislation.

Our procedures in respect of the above included:

- Discussion with and enquiry of management, those charged with governance and compliance team members concerning known or suspected instances of non-compliance with laws and regulations;
- Review of minutes of meetings of those charged with governance, correspondence with applicable regulators, internal compliance reports and other relevant documentation for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing them to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Independent Auditor's Report to the Members of Aurigny Air Services Limited continued

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud;
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the area's most susceptible to fraud to be revenue recognition, the override of controls and determining the carrying value of aircraft.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias in relation to the calculation of aircraft depreciation and carrying value; and
- Testing a sample of revenue transactions to underlying documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 Section 262 of the Companies (Guernsey) Law, 2008. 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.

BDO Limited

Chartered Accountants
Plaza House
Admiral Park
St Peter Port
Guernsey

19 June 2025



Balance Sheet

As at 31 December 2024

	Notes	2024		2023	
		£'000	£'000	£'000	£'000
Non-current Assets					
Property, plant and equipment	6		44,257		49,263
Current Assets					
Stock		1,566		1,595	
Accounts receivable	7	5,922		3,308	
Cash at bank and in hand	8	26		3,326	
Investments	9	-		5,000	
Derivative financial instruments	12	2,843		2,883	
		<u>10,357</u>		<u>16,112</u>	
Current Liabilities					
Bank overdraft	8	(2,510)		-	
Accounts payable	10	(15,009)		(14,694)	
Aircraft loans	11	(5,803)		(7,768)	
Derivative financial instruments	12	(95)		(104)	
		<u>(23,417)</u>		<u>(22,566)</u>	
Net Current Liabilities			<u>(13,060)</u>		<u>(6,454)</u>
Non-current Liabilities					
Aircraft loans	11		(35,513)		(41,117)
Net Liabilities/Assets			<u>(4,316)</u>		<u>1,692</u>
Capital and Reserves					
Share Capital	14		130		130
Reserves			(4,446)		1,562
Total Equity			<u>(4,316)</u>		<u>1,692</u>

The notes on pages 32 to 44 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 19 June 2025.



Director



Director

Statement of Comprehensive Income and Retained Earnings

For the year ended 31 December 2024

	Notes	2024		2023	
		£'000	£'000	£'000	£'000
Passenger revenue		57,335		54,829	
Other revenue		3,111		3,461	
Government grants received		2,887		1,949	
Total revenue	3	<u>63,333</u>		<u>60,239</u>	
Fuel		(6,403)		(6,539)	
Station and ground expenses		(6,394)		(5,800)	
Flight crew salaries and expenses		(7,577)		(7,127)	
Engineering costs		(2,423)		(2,452)	
Landing fees, aerodrome charges and navigation		(22,479)		(18,069)	
Aircraft maintenance		(5,757)		(4,433)	
Ticketing, sales and promotions		(2,564)		(2,394)	
Aircraft insurance		(482)		(444)	
Aircraft leases	17	(6,896)		-	
General and administration costs		(4,416)		(3,864)	
Total operating costs		<u>(65,391)</u>		<u>(51,122)</u>	
Gross (loss)/profit			<u>(2,058)</u>		<u>9,117</u>
Gains on sale of property, plant & equipment	6	246		-	
Insurance claim funds		258		-	
Depreciation	6	(4,994)		(5,374)	
Impairment of fixed assets		-		(2,038)	
Total depreciation, impairment & similar items		<u>(4,490)</u>		<u>(7,412)</u>	
Operating (loss)/profit			<u>(6,548)</u>		<u>1,705</u>
Interest payable and similar charges		(15)		-	
Interest payable on aircraft loans		(1,485)		(1,921)	
Investment income		179		265	
Net finance charges		<u>(1,321)</u>		<u>(1,656)</u>	
Movement in unrealised (loss)/gain on derivatives		(31)		(1,808)	
Write back/(Impairment) of group company loan	7	1,892		(1,892)	
Loss for the year			<u>(6,008)</u>		<u>(3,651)</u>
Prior year impact of amalgamation				1,892	
Prior year loss after impact of amalgamation				<u>1,892</u>	
					<u>(1,759)</u>

Due to the impact of the Amalgamation, the 2023 comparatives have been re-presented.

All activities derive from continuing operations. The Company has no recognised gains or losses other than those included in the above statement. No separate statement of other comprehensive income has been presented.

The notes on pages 32 to 44 form an integral part of these financial statements.

Statement of Comprehensive Income and Retained Earnings

For the year ended 31 December 2024 *continued*

	Notes	2024		2023	
		£'000	£'000	£'000	£'000
Retained earnings					
Loss for the year			(6,008)		(1,759)
Opening retained earnings			(88,165)		(84,514)
Effect of amalgamation			-		(1,892)
Closing retained earnings			<u>(94,173)</u>		<u>(88,165)</u>

Due to the impact of the Amalgamation, the 2023 comparatives have been re-presented.

All activities derive from continuing operations. The Company has no recognised gains or losses other than those included in the above statement. No separate statement of other comprehensive income has been presented.

The notes on pages 32 to 44 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2024

	Notes	2023		2024	
		Share Capital £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2023		89,827	-	(84,514)	5,343
Loss for the year		-	-	(3,651)	(3,651)
Share repurchase	14	(89,727)	89,727	-	-
Balance at 31 December 2023		<u>130</u>	<u>89,727</u>	<u>(88,165)</u>	<u>1,692</u>
Balance at 1 January 2024		130	89,727	(88,165)	1,692
Loss for the year		-	-	(6,008)	(6,008)
Balance at 31 December 2024		<u>130</u>	<u>89,727</u>	<u>(94,173)</u>	<u>(4,316)</u>

The notes on pages 32 to 44 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Operating activities			
Result for the year		(6,008)	(3,651)
<i>Adjustments for:</i>			
Depreciation	6	4,994	5,374
Gain on disposal of non-current asset		(246)	-
Impairment of non-current assets	6	-	2,038
Investment income		(179)	(265)
Loan interest		1,500	1,921
Write down of group company loan		-	1,893
Movement in derivative financial instruments		31	1,809
Increase in stock		29	(86)
Increase in accounts receivable	7	(2,614)	(2,052)
Increase in accounts payable	10	315	3,167
Decrease in parent company shareholder loan		(274)	(646)
Net cash flow from operating activities		<u>(2,452)</u>	<u>9,502</u>
Investing activities			
Divestment from/Investment in money market deposits		5,000	(5,000)
Purchase of property, plant and equipment	6	(3,933)	(1,449)
Proceeds from sale of property, plant and equipment		4,165	123
Net cash flow from investing activities		<u>5,232</u>	<u>(6,326)</u>
Financing activities			
Repayment of aircraft loans		(7,543)	(3,794)
Investment income		179	265
Loan interest paid		(1,226)	(1,276)
Net cash flow from financing activities		<u>(8,590)</u>	<u>(4,805)</u>
Net decrease in cash and cash equivalents		<u>(5,810)</u>	<u>(1,629)</u>
Cash and cash equivalents as at 1 January		3,326	4,955
Cash and cash equivalents as at 31 December	8	<u>(2,484)</u>	<u>3,326</u>

The notes on pages 32 to 44 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

1. REPORTING ENTITY

The business was established on 19 February 1968 and undertaken through a company registered in Jersey.

On 25 August 2016, the Company transferred its registration from Jersey to Guernsey. The Company is a private company, limited by shares and is governed by the provisions of the Companies (Guernsey) Law, 2008. The address of the registered office is given on the Company Information page. During the year, the Company underwent an amalgamation process (see note 14).

2. BASIS OF ACCOUNTING

These financial statements give a true and fair view, comply with the Companies (Guernsey) Law, 2008 and were prepared in accordance with United Kingdom accounting standards including *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The functional and presentation currency of these financial statements is Sterling. As a result of the amalgamation referred to in note 14, the comparative figures present the combined position and performance of Aurigny Air Services and Anglo Normandy Aero Engineering Limited.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Revenue recognition

Passenger ticket sales, and sales ancillary thereto, exclusive of any applicable GST/VAT, are recorded as current liabilities in the "bookings paid in advance" account until recognised as revenue when the transportation service is provided. All other revenue and income types are accrued in the period to which they relate.

b) Stock

Stock is stated at the lower of cost and estimated net realisable value after making due provision for damaged, obsolete and slow-moving items.

The core value of rotatable parts is written down in a straight line over ten years.

b) Provisions

Frequent Flyer Programme

The Company operates a frequent flyer programme, a loyalty programme to reward customers with points which can be redeemed for free flights subject to the payment of taxes and surcharges. A provision for points earned but unused at the year-end is made in accordance with FRS 102.21 (see note 10). This provision is based on the anticipated fair value of rewards earned, which is calculated by multiplying the total number of points outstanding at the year-end, which are expected to be redeemed, by the average value of points.

EU261/UK261 compensation claims

Provision is made for passenger compensation claims when the Company has an obligation to recompense customers under regulations EU261 and UK261 where technical issues have caused flights departing in Europe or the United Kingdom to be delayed by more than 3 hours. Provisions are measured based on known eligible flight delays and the Company's historic claim rates and are expected to unwind across the claim window, which is 6 years (see note 10).

d) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and accumulated impairment losses. The gain or loss on disposal of tangible fixed assets after deducting any costs associated with selling, disposing of or retiring the relevant asset is recognised in the Statement of Comprehensive Income. Where an asset was previously impaired the gain or loss is calculated by reference to the impaired amount.

Estimated residual values are reviewed annually at each reporting date, with reference to current market conditions. Where estimated residual values are found to have changed significantly, this is accounted for prospectively as a change in estimate and depreciation charges over the remaining useful life of the asset are adjusted to take account of the revised estimate of residual value.

e) Depreciation – Excluding aircraft

Depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values over the period of their estimated useful economic lives, at the following annual rates:

Asset	Depreciation per annum
Leasehold Property	5% Straight Line
Ground Equipment and Furniture	20% Reducing Balance
Motor Vehicles	25% Reducing Balance
Computer Hardware	25% Straight Line
Computer Software and Ticket Desks	20% Straight Line
Airport Buildings and Fittings	20% Reducing Balance
Radio Equipment	10% Straight Line

f) Aircraft depreciation

In accordance with the requirements of FRS 102.17, the cost of each aircraft is split into its main components and each component is depreciated over the remaining useful economic life of that component. The remaining useful economic life of each component is expressed either as flying hours or aircraft landings and the annual depreciation charge is calculated by reference to the number of hours flown or landings made by each aircraft during the accounting period. Depreciation charge commences following the first full month of an aircraft's service and ends when the aircraft is taken out of service. The cost of major maintenance inputs is also capitalised and depreciated over the period until the input needs repeating. The depreciation of the core hull value is based on future valuations obtained when the aircraft were acquired. These are reviewed regularly. Where a contract to sell an aircraft has been entered into, the contracted sale value is recognized as the aircraft's residual value. Consequently, any necessary impairment is recorded to align the carrying amount of the aircraft with its contracted residual value.

Aircraft values are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Fixed assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

g) Foreign currency translation

Monetary assets and liabilities denominated in currencies other than sterling have been translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated at the historic rate ruling on the date of the transaction. Transactions during the year have been translated at the rates of exchange ruling at the date of the transaction. Foreign currency gains and losses are recognised in the Statement of Comprehensive Income and Retained Earnings.

Notes to the Financial Statements continued

h) Pension costs

Up to the point of amalgamation on 30th November 2024 (see note 18), the Company and its fellow subsidiary company, Anglo Normandy Aero Engineering Limited (hereafter "Anglo Normandy"), operated a joint defined contribution pension scheme for their Channel Islands resident employees and a Group Personal Pension Plan arrangement for their United Kingdom resident employees. After amalgamation the Company, continued to operate the defined contribution schemes for all employees under the Company name. The Company pays contributions into the personal pension plans of its United Kingdom resident employees unless they have opted out. Obligations for contributions to defined contribution pension plans and personal pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

The trust deed for the Channel Islands pension scheme was updated to take account of secondary pension legislation introduced during the period.

i) Going concern

In adopting the going concern basis for preparing these financial statements, the Directors have taken into account detailed trading and cash flow forecasts for the next 12 months including upcoming debt repayments, a standing Letter of Support from the States of Guernsey, the recapitalisation of the Company on 29 December 2021 and the further recapitalisation of the reported loss for the year ended 31 December 2021 which took place during 2022, as well as other sources of funding.

Considering these factors as part of the review of the Company's financial performance and position, forecasts, expected cash flows and current market conditions, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of the financial statements. They have concluded it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

j) Financial instruments

Trade and other debtors/creditors

Trade and other debtors and trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of Cash and Cash Equivalents for the purpose of the Statement of Cash Flows only.

Investments

Money market deposits are classified as financial assets at amortized cost. These deposits are initially recognized at fair value, which includes any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate (EIR) method. The carrying amount of these deposits is reduced by any impairment losses recognized based on an expected credit loss model. Interest income from money market deposits is recognized using the effective interest method and is included in investment income in the statement of profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The following describes the items subject to this re-measurement and the methods used for determining fair value:

Interest swap deals	The fair value has been estimated by calculating the difference between the interest payments due under the swap deal, and those that would be due using the year end interest charged by the Company's bankers.
Fuel forward contracts	The fair value has been estimated by calculating the difference between the total cost of the contracts (number of tonnes of fuel contracted to purchase, multiplied by the contracted rate) and the cost of the equivalent amount of fuel had it been purchased at the forward rate available at the year end.
Foreign exchange forward contracts	The fair value has been estimated by calculating the difference between the total cost of the contracts (quantity of foreign currency contracted to purchase, multiplied by the contracted rate) and the cost of the equivalent amount of foreign currency had it been purchased at the forward rate charged by the Company's bankers at the year end.

Loans at amortised cost

Loans at amortised cost are initially measured at fair value, net of transaction costs, then subsequently measured at amortised cost using the effective interest method.

Shareholder loans to support asset purchases at fixed interest rates (see Note 11) fall into this category. Acquiring these loans on the open market would have generated a higher interest rate of approximately 6.4% for the 2015 loans, then 8.4% for the subsequent loan taken out in 2016, both at the date the loans were taken out (Source: local bank). The rate for the 2016 loan was subsequently revised to 7.21 % - see Note 11(vi). Accordingly, a fair value of the loans has been calculated using this rate (discounted for future cash flows) and the interest charged to profit or loss has been increased to release the unrealised gain over the life of the loan.

De-recognition

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is de-recognised) and the consideration received (including new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company, is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

k) Operating Leases

Rental charges on operating leases are charged to profit or loss as incurred over the life of the lease.

l) Vouchers

The Company recognises a voucher liability when a voucher has been issued either (i) as a gift certificate purchased by a customer; or (ii) in connection with passenger disruption caused by pandemic such as Covid-19; or (iii) under its "Aurigny Assurance" scheme. Vouchers are valid for one year from date of issue. If the voucher is redeemed before the expiry date, or if the voucher expires, unless the Company has agreed under certain circumstances to extend its validity, the voucher liability is de-recognised and released against income.

m) Government grants

Grants of a revenue nature are recognised as "Government grants received" within profit or loss in the same period as the related expenditure. This includes two Public Service Obligation ('PSO') contracts with the States of Guernsey. The Company has not directly benefited from any other form of States of Guernsey or UK government assistance.

Notes to the Financial Statements continued

3. REVENUE

	2024	2023
	£'000	£'000
Passenger revenue	57,335	54,829
Other revenue	3,111	3,461
Government grants received	2,887	1,949
	<u>63,333</u>	<u>60,239</u>

Other revenue includes, but is not limited to, revenue from: services ancillary to the carriage of passengers; sales of refreshments, snacks and duty-free goods on board aircraft; ground handling services performed for other airlines; carriage of cargo and mail; aircraft charter; medevac flights; aero engineering parts and maintenance works for other airlines.

The grants received from the States of Guernsey are in relation to the Public Service Obligation (PSO) contracts regarding flights between Paris and Guernsey as well as Alderney, Guernsey and the UK. 2024 is the fourth year of a 5-year contract to provide the Guernsey, Alderney and UK service. 2024 is the first year of a 3-year contract to provide the Paris service. The amounts are accounted for in accordance with note 2m). At the year-end £541,000 (2023: £449,000) was outstanding and included within trade and other debtors (note 7).

Turnover and operating profit/loss derive wholly from continuing activities.

4. TAXATION

The Company is taxed at a standard rate of 0% under Guernsey tax regulation.

5. 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively, except that to the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, the Company recognises it by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than the support from the States of Guernsey are discussed below.

Aircraft residual values

The ultimate residual value of commercial aircraft is impacted by numerous factors in addition to usual market demand. These include the life remaining in major components before overhaul, cumulative hull hours and cycles, routes flown, the cost of fuel and exchange rates. In formulating its depreciation policy, the Board has regard to third party valuation information, where available, and estimates based on similar fleets where there is no such third party information.

Aircraft impairment

If there are indications of a required impairment of the Company's fleet of aircraft at the reporting date, the Directors will perform an impairment review in accordance with Note 2 f) as required by FRS 102.

6. PROPERTY, PLANT AND EQUIPMENT

	31 December 2023	Additions	Disposals	Amalgamation adjustment	31 December 2024
Cost	£'000	£'000	£'000	£'000	£'000
Aircraft	78,887	2,736	(18,058)	-	63,565
Rotable Stock	1,274	412	(246)	-	1,440
Tools, ground and radio equipment	1,850	237	-	(568)	1,519
Motor vehicles	468	99	-	-	567
Office furniture, equipment & computer equipment	1,529	283	-	(117)	1,695
Buildings and Leasehold Property	597	165	(15)	(266)	481
Total	<u>84,605</u>	<u>3,932</u>	<u>(18,319)</u>	<u>(951)</u>	<u>69,267</u>

	31 December 2023	Depreciation	Disposals	Amalgamation adjustment	31 December 2024
Accumulated Depreciation	£'000	£'000	£'000	£'000	£'000
Aircraft	31,658	4,654	(14,360)	-	21,952
Rotable Stock	1,027	-	-	-	1,027
Tools, ground and radio equipment	1,293	132	-	(568)	857
Motor vehicles	337	29	-	-	366
Office furniture, equipment & computer equipment	771	151	-	(117)	805
Buildings and Leasehold Property	256	28	(15)	(266)	3
Total	<u>35,342</u>	<u>4,994</u>	<u>(14,375)</u>	<u>(951)</u>	<u>25,010</u>

	31 December 2023	31 December 2024
Carrying Amount	£'000	£'000
Aircraft	47,229	41,613
Rotable Stock	247	413
Tools, ground and radio equipment	557	662
Motor vehicles	131	201
Office furniture, equipment & computer equipment	758	890
Buildings and Leasehold Property	341	478
Total	<u>49,263</u>	<u>44,257</u>

An agreement reached for the sale of an aircraft resulted in disposal of the Embraer aircraft during the year.

Upon the Amalgamation, certain assets were transferred from Anglo Normandy Aero Engineering Limited to Aurigny Air Services Limited at their net book value, rather than original cost and accumulated depreciation.

Notes to the Financial Statements continued

7. ACCOUNTS RECEIVABLE

	2024	2023
	£'000	£'000
Trade and other debtors	2,904	920
Prepayments	2,298	1,869
Lease and trade deposits	720	519
	<u>5,922</u>	<u>3,308</u>

During 2023 a write down of £1,355,774 was recorded by the Company against an amount due from Anglo Normandy Aero Engineering Limited as this portion was considered irrecoverable, reducing the year end balance to £1,892,424. This remaining £1,892,424 was provided for as a doubtful debt in 2023, but due to the amalgamation was subsequently written back in 2024 through "Write back/Impairment of group company loan" on the Statement of Comprehensive Income and Retained Earnings.

8. CASH AND CASH EQUIVALENTS

	2024	2023
	£'000	£'000
Cash at bank	26	3,326
Bank overdraft	(2,510)	-
	<u>(2,484)</u>	<u>3,326</u>

The Company increased an unsecured overdraft facility from £1m to £3m in September 2024. This was subsequently supported by a matching guarantee from the States of Guernsey on 21 January 2025. The overdraft bears interest at 1.125% above the Bank of England base rate.

9. INVESTMENTS

	2024	2023
	£'000	£'000
Money market deposits	-	5,000

The Company's fixed deposit contracts matured on 28 March 2024 and 28 June 2024 and the balances were liquidated.

10. ACCOUNTS PAYABLE

	2024	2023
	£'000	£'000
Trade creditors	4,461	4,109
Bookings paid in advance	7,362	7,364
Vouchers	280	626
Accruals	2,906	2,595
	<u>15,009</u>	<u>14,694</u>

Included within trade creditors is £1,252,402 (2023: £590,934) which was payable to the States of Guernsey in relation to trading activities between the parties.

Voucher liabilities as a result of involuntary schedule changes and cancellations for related travel restrictions has reduced as claims relating to Covid-19 have reached expiry dates. The Company's accounting policy for these vouchers is detailed in note 2l.

Included in accruals is a provision in respect of estimated future liabilities under the Company's frequent flyer scheme, the movement on which is as follows:

	2024	2023
	£'000	£'000
Opening balance	691	430
Movement in outstanding points	(358)	571
Expired points	-	(310)
	<u>333</u>	<u>691</u>

Aurigny frequent flyer points normally expire after 2 years. As part of the Company's response to the Covid-19 pandemic, this condition was suspended during 2020 and 2021. The expiry rules were reinstated in May 2022, apart from in specific circumstances. In 2023, following a change of Passenger Booking system, frequent flyer points expiry dates were extended, whereby there were no expired points in 2024. The Company's accounting policy for this scheme is in note 2c.

Also included in accruals is a provision in respect of liabilities under EU261/UK261 regarding flight delay compensation, the movement on which is as follows:

	2024	2023
	£'000	£'000
Opening balance	64	55
Additions	134	61
Charges	(53)	(52)
	<u>145</u>	<u>64</u>

The Company's accounting policy for these claims is detailed in note 2c.

Notes to the Financial Statements continued

11. AIRCRAFT LOANS

	2024 £'000		2023 £'000	
	Current	Non-current	Current	Non-current
External Aircraft loans				
(i) ATR 72-600 loan	2,431	31,401	2,377	33,832
	<u>2,431</u>	<u>31,401</u>	<u>2,377</u>	<u>33,832</u>
Shareholder Aircraft loans				
(ii) Embraer jet loan	-	-	4,777	-
(iii) Dornier 228 NG loan 1	3,057	-	332	3,057
(iv) Dornier 228 NG loan 2	370	4,579	357	4,949
(v), (vi) Fair value adjustment upon initial recognition of refinanced loans	(55)	(467)	(75)	(721)
	<u>3,372</u>	<u>4,112</u>	<u>5,391</u>	<u>7,285</u>
	<u>5,803</u>	<u>35,513</u>	<u>7,768</u>	<u>41,117</u>

- (i) The Company entered into a loan facility of up to £51m with a commercial bank in 2018 to finance the purchase of three ATR72-600 aircraft which were acquired in that year. The loan was repaid in part out of the proceeds of sale of two ATR72-500 sold during 2020. Capital repayments on the remaining loan balance commenced in March 2020 and are scheduled to end in December 2028 when the outstanding balance is expected to be approximately 50% of the original borrowing. The loan, which is guaranteed by the States of Guernsey, bears interest at 0.62% per annum above SONIA. The Company has entered into interest rate swap arrangements in respect of loan repayments to fix the future cash flow requirements. The fixed interest rate was 1.58% until 31 December 2019 and 1.61% for the remainder of the period of the loan. Both swaps include a buy back of the 0% floor included within the loan facility. The value of these swaps is shown within "derivative financial instruments" under current liabilities or current asset, as appropriate, having been calculated in accordance with Note 2(j). Year end balances on these swaps are shown in Note 12.
- (ii) The Company entered into an agreement with the States of Guernsey in 2014 for the purpose of funding the purchase of one new Embraer jet. This was a £4.4m facility which was subsequently extended, also in 2014, to £22,170,805. As at the balance sheet date, the entire loan had been repaid (2023: £4,777,080) as part of the sale of the Embraer jet in July 2024.
- (iii) The Company entered into an agreement with the States of Guernsey in 2015 for the purpose of purchasing a new Dornier 228 NG aircraft. This is a £5,630,216 facility. As at the balance sheet date, the entire loan had been drawn down but had been reduced to £3,056,897 (2023: £3,389,385) through scheduled repayments. The loan bears a fixed interest rate of 4.124% pa. This loan matures in November 2025 and the residual principal due at that date is £2,740,000.
- (iv) The Company entered into an agreement with the States of Guernsey in 2016 for the purpose of purchasing a second new Dornier 228 NG aircraft which was delivered in August 2018. This is a £6,981,347 facility. As at the balance sheet date the entire loan had been drawn down but had been reduced to £4,949,131 (2023: £5,305,855) through scheduled repayments. The loan bears a fixed interest rate of 3.625% pa. This loan matures in September 2028 and the residual principal due at that date is £3,490,000.
- (v) When the loans with the States of Guernsey (referenced in (ii) and (iii) above) were refinanced to fixed interest rate loans on 1 April 2015, a fair value adjustment upon initial recognition of £3,695,999 was recognised. £129,793 of this amount was released in full in 2016 as it related to an aircraft that was sold

in that year. This adjustment was calculated using an external market rate of 6.4% pa to determine the net present value of future cash flows. The effective interest method has increased the interest being charged through profit or loss to unwind this unrealised gain over the life of the loans (Note 2j). This increased the interest charged during the year by £138,490 (2023: £371,461)

- (vi) When the loan with the States of Guernsey referenced in (iv) above was made available in 2016 a fair value adjustment upon initial recognition of £1,640,003 was recognised. The adjustment was calculated using an external market rate of 7.21% pa to determine the net present value of future cash flows. The effective interest method has increased the interest being charged through profit or loss to unwind this unrealised gain over the life of the loan (Note 2j). This increased the interest charged during the year by £135,411 (2023: £138,525).

	2024 £'000	2023 £'000
Maturity of debt:		
Balance at year end	41,316	48,885
Repayable over:		
Less than one year	5,803	7,768
One to two years	2,869	5,858
Two to five years	32,644	35,259

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices and it uses forward foreign exchange and commodity contracts and interest rate swaps to hedge these exposures. The Company does not use derivative financial instruments for trading purposes.

	2024 £'000	2023 £'000
Current Assets		
Interest rate swaps	2,804	2,883
Foreign currency exchange forward contracts	39	-
	<u>2,843</u>	<u>2,883</u>
Current Liabilities		
Fuel forward contracts	(95)	(58)
Foreign currency exchange forward contracts	-	(46)
	<u>(95)</u>	<u>(104)</u>

Details of the interest rate swaps are disclosed in Note 11 (i).

The fuel forward contracts relate to the hedging of fuel costs and the outstanding contracts at the balance sheet date totalled 1,860 (2023: 1,990) metric tonnes. All these contracts expire in 2025.

The foreign currency exchange forward contracts relate to the hedging of the purchase of USD 2.26m (2023 USD 2.6m). All of these contracts expire in 2025.

Notes to the Financial Statements continued

13. CATEGORIES OF FINANCIAL INSTRUMENTS

	Financial assets at fair value through profit or loss £'000	Debt instruments at amortised cost £'000	Financial liabilities measured at fair value through profit or loss £'000	Other financial liabilities measured at amortised cost £'000	Total £'000
31 December 2024					
Accounts Receivable	-	3,624	-	-	3,624
Cash and cash equivalents (net of overdrafts)	-	(2,484)	-	-	(2,484)
Accounts Payable	-	-	-	(7,367)	(7,367)
Aircraft loans	-	-	-	(41,316)	(41,316)
Derivative financial instruments (Current Assets)	2,843	-	-	-	2,843
Derivative financial instruments (Current Liabilities)	(95)	-	-	-	(95)
	<u>2,748</u>	<u>1,140</u>	<u>-</u>	<u>(48,683)</u>	<u>(44,795)</u>

	Financial assets at fair value through profit or loss £'000	Debt instruments at amortised cost £'000	Financial liabilities measured at fair value through profit or loss £'000	Other financial liabilities measured at amortised cost £'000	Total £'000
31 December 2023					
Accounts Receivable	-	1,439	-	-	1,439
Cash and cash equivalents (net of overdrafts)	-	3,326	-	-	3,326
Investments	-	5,000	-	-	5,000
Accounts Payable	-	-	-	(6,704)	(6,704)
Aircraft loans	-	-	-	(48,885)	(48,885)
Derivative financial instruments (Current Assets)	2,883	-	-	-	2,883
Derivative financial instruments (Current Liabilities)	(104)	-	-	-	(104)
	<u>2,779</u>	<u>9,765</u>	<u>-</u>	<u>(55,589)</u>	<u>(43,045)</u>

14. SHARE CAPITAL

	2024 £'000	2023 £'000
Authorised and issued ordinary shares of £1 each		
At 1 January	130	89,857
Shares repurchased	-	(89,727)
At 31 December	<u>130</u>	<u>130</u>

The ordinary shares have the right to participate in the profits of the Company and on a return of capital are entitled to repayment, in full, of the nominal amount. Further, the ordinary shares carry rights to attend and vote at general meetings of the Company. All these shares are fully paid.

On 8 November 2023, the Company bought back 89,727,450 shares from Cabernet Limited, its sole shareholder at that time, for a consideration of £1. The gain arising from this transaction has been recorded through the Capital Redemption Reserve.

On 30 November 2024, Anglo Normandy Aero Engineering Limited was amalgamated within the Company, and its 30,000 ordinary shares of £1 each were effectively added to the Company's share capital.

15. PENSION COSTS

Throughout the year the Company and its fellow subsidiary company, Anglo Normandy Aero Engineering Limited ("Anglo Normandy"), until amalgamation, operated a joint defined contribution pension scheme for their Channel Islands resident employees and a Group Personal Pension Plan arrangement for their United Kingdom resident employees. The assets of the schemes are held in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £419,414 (2023: £370,523). The amount payable at the end of the year was £95,561 (2023: £23,394). A defined contribution scheme and a personal pension plan are post-employment benefit plans under which a company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Furthermore, the assets of those scheme are not included within these financial statements.

The trust deed for the Channel Islands pension scheme was updated to take account of secondary pension legislation introduced during the period.

16. CONTINGENT LIABILITIES

The Company has provided a guarantee in favour of Guernsey Customs and Excise to the value of £120,500 (2023: £40,500) and the UK Customs and Excise to the value of £5,000 (2023: £5,000), guaranteeing duty-free stock held.

17. LEASE COMMITMENTS

During the year the Company entered into a number of short term lease agreements for aircraft, to be supplied fully crewed, to cover scheduled services due to the lack of availability of owned aircraft. The Company also entered into an agreement to lease two additional ATR aircraft for the period of 5 years each, commencing July and October 2024.

	2024 £'000	2023 £'000
Fully crewed lease agreements	6,591	-
Aircraft only lease agreements	305	-
	<u>6,896</u>	<u>-</u>

Notes to the Financial Statements continued

18. ULTIMATE CONTROLLING PARTY

Until 30th November 2024, the Company's immediate parent and controlling party was Cabernet Limited, a company incorporated in Guernsey.

On 30th November 2024, ownership of the Company transferred to the States of Guernsey directly. The States of Guernsey now therefore has 100% ownership of the Company and is the ultimate controlling party.

19. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption within FRS102 to disclose transactions and balances with the States of Guernsey and entities over which it has control of significant influence.

Key management personnel compensation for the Company totalled £1,326,872 (2023: £1,468,056).

20. POST BALANCE SHEET EVENTS

On the 18th June 2025, approval was given by the Policy & Resources Committee of the States of Guernsey for the PSO agreement relating to flights from Alderney to Guernsey and the UK which was due to end on 31st December 2025 to be extended for a minimum of an additional 2 years. This extension will coincide with the phased exit of the Dornier aircraft from the fleet, to be replaced with DHC6-300 Twin Otter aircraft provided by a third-party operator.

Appendix

RECONCILIATION OF AMALGAMATED COMPARATIVES

As noted in the Corporate Details section, until 2024, the Aurigny group of companies was composed of:

- Cabernet Limited (a non-trading holding company) ("Cabernet")
- Aurigny Air Services Limited (the airline) ("Aurigny")
- Anglo Normandy Aero Engineering Limited (aircraft maintenance division) ("Anglo Normandy")

During 2024, this structure was consolidated so that the States of Guernsey now have a direct shareholding in Aurigny, removing the need for a holding company, and Anglo Normandy was amalgamated into Aurigny, leaving Aurigny as the sole surviving company.

The comparative figures presented in the financial statements within this report represent the combined results of Aurigny and Anglo Normandy. This appendix provides a reconciliation to the consolidated Cabernet 2023 financial statements.

The adjustments described below allow reconciliation of 2023 Consolidated Cabernet financial statements to the amalgamated comparatives:

Bad Debt Provision

A bad debt provision was established in Aurigny in 2023 for the debt due from Anglo Normandy. This amount was then eliminated on consolidation within the consolidated financial statements of Cabernet Limited, hence it is re-introduced here as a reconciling item.

Share Repurchase

During 2023, Aurigny bought back 89,727,450 shares from Cabernet for a consideration of £1. The gain arising from the transaction was recognised through the Capital Redemption Reserve. There was also an amalgamation adjustment of £130k following the group restructure. The net impact of these items is £89,597,450 and is removed to allow reconciliation to the 2023 Cabernet figures as this transaction had no impact on Cabernet share capital.

Amalgamation Adjustment

Some reclassification adjustments have been made to make the comparatives to improve clarity. For example, Engineering costs that were previously disclosed in Anglo Normandy have been shown separately from Aircraft maintenance costs, under which they were included in the consolidated Cabernet financial statements.

The appendix does not form part of the Audited Financial Statements

BALANCE SHEET

	Cabernet Limited		Bad Debt Provision		Share Repurchase		Amalgamated Comparative	
	2023		2023		2023		2023	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current Assets								
Property, plant and equipment		49,263	-					49,263
Current Assets								
Stock	1,595		-					1,595
Accounts receivable	5,200		(1,892)					3,308
Cash at bank and in hand	3,326		-					3,326
Investments	5,000		-					5,000
Derivative financial instruments	2,883		-					2,883
	<u>18,004</u>		<u>(1,892)</u>					<u>16,112</u>
Current Liabilities								
Accounts payable	(14,694)		-					(14,694)
Aircraft loans	(7,768)		-					(7,768)
Derivative financial instruments	(104)		-					(104)
	<u>(22,566)</u>		<u>-</u>					<u>(22,566)</u>
Net Current Liabilities		<u>(4,562)</u>		<u>(1,892)</u>				<u>(6,454)</u>
Non-current Liabilities								
Aircraft loans	(41,117)		-					(41,117)
Net Liabilities/Assets		<u>3,584</u>		<u>(1,892)</u>				<u>1,692</u>
Capital and Reserves								
Share Capital	89,727		-		(89,597)			130
Reserves	(86,143)		(1,892)		89,597			1,562
Total Equity		<u>3,584</u>		<u>(1,892)</u>				<u>1,692</u>

STATEMENT OF COMPREHENSIVE INCOME

	Cabernet Limited		Bad Debt Provision		Amalgamation Adjustment		Amalgamated Comparative	
	2023		2023		2023		2023	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Passenger revenue	54,829		-					54,829
Other revenue	4,062		-		(601)			3,461
Government grants received	1,949		-		-			1,949
Total revenue	<u>60,841</u>		<u>-</u>		<u>(601)</u>			<u>60,239</u>
Fuel	(6,539)		-		-			(6,539)
Station and ground expenses	(4,876)		-		(924)			(5,800)
Flight crew salaries and expenses	(7,127)		-		-			(7,127)
Engineering costs	-		-		(2,452)			(2,452)
Landing fees, aerodrome charges and navigation	(18,069)		-		-			(18,069)
Aircraft maintenance	(7,166)		-		2,733			(4,433)
Ticketing, sales and promotions	(2,394)		-		-			(2,394)
Aircraft insurance	(444)		-		-			(444)
Aircraft leases	-		-		-			-
General and administration costs	(5,109)		-		1,245			(3,864)
Total operating costs	<u>(51,724)</u>		<u>-</u>		<u>601</u>			<u>(51,122)</u>
Gross (loss)/profit		<u>9,117</u>		<u>-</u>		<u>-</u>		<u>9,117</u>
Impairment of fixed assets	(2,038)		-		-			(2,038)
Depreciation	(5,374)		-		-			(5,374)
Total depreciation, impairment & similar items	<u>(7,412)</u>		<u>-</u>		<u>-</u>			<u>(7,412)</u>
Operating (loss)/profit		<u>1,705</u>		<u>-</u>		<u>-</u>		<u>1,705</u>
Interest payable on aircraft loans	(1,921)		-		-			(1,921)
Investment income	265		-		-			265
Net finance charges	<u>(1,656)</u>		<u>-</u>		<u>-</u>			<u>(1,656)</u>
Movement in unrealised (loss)/gain on derivatives	(1,808)		-		-			(1,808)
Write back/(Impairment) of group company loan	-		(1,892)		-			(1,892)
Loss for the year		<u>(1,759)</u>		<u>(1,892)</u>		<u>-</u>		<u>(3,651)</u>

GUERNSEY'S
AIRLINE
aurigny