

AURIGNY AIR SERVICES LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

AURIGNY AIR SERVICES LIMITED

Annual Report and Audited Financial Statements

For the year ended 31 December 2024

Contents	Page
Company Information	1
Directors' Report	2
Independent Auditor's Report	4
Balance Sheet	8
Statement of Comprehensive Income and Retained Earnings	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12

AURIGNY AIR SERVICES LIMITED

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

AURIGNY AIR SERVICES LIMITED

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 on page 9.

Directors

The Directors who held office during the year and up to the date of this report are stated on page 1.

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.

AURIGNY AIR SERVICES LIMITED

Directors' Report (continued)

For the year ended 31 December 2024

Statement of Directors' responsibilities (continued)

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 on page 14.

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

19th 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.

AURIGNY AIR SERVICES LIMITED

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

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.

AURIGNY AIR SERVICES LIMITED

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

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.

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:
 - o Detecting and responding to the risks of fraud; and
 - o 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.

AURIGNY AIR SERVICES LIMITED

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

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

Date 19 June 2025

AURIGNY AIR SERVICES LIMITED

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 12 to 26 form an integral part of these financial statements.

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



Director



Director

AURIGNY AIR SERVICES LIMITED

Statement of Comprehensive Income and Retained Earnings

For the year ended 31 December 2024

		2024		2023	
	Notes	£'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>
Gain on sale of Property, Plant and Equipment	6	246		-	
Insurance claim funds		258		-	
Depreciation	6	(4,994)		(5,374)	
Impairment of fixed assets		-		(2,038)	
Total depreciation, impairment and 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>(1,759)</u>	
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 12 to 26 form an integral part of these financial statements.

AURIGNY AIR SERVICES LIMITED

Statement of Changes in Equity

For the year ended 31 December 2024

		Share Capital	Capital Redemption Reserve	Retained Earnings	Total Equity
		£'000	£'000	£'000	£'000
2023					
Balance at 1 January 2023		89,857	-	(84,514)	5,343
Loss for the year		-	-	(3,651)	(3,651)
Share repurchase	14	<u>(89,727)</u>	<u>89,727</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2023		<u>130</u>	<u>89,727</u>	<u>(88,165)</u>	<u>1,692</u>
			Capital Redemption Reserve	Retained Earnings	Total Equity
		Share Capital	£'000	£'000	£'000
2024					
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 12 to 26 form an integral part of these financial statements.

AURIGNY AIR SERVICES LIMITED

Statement of Cash Flows

For the year ended 31 December 2024

	<i>Notes</i>	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 12 to 26 form an integral part of these financial statements.

AURIGNY AIR SERVICES LIMITED

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.

c) 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.

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2. Basis of accounting (continued)

d) *Tangible fixed assets (continued)*

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 Amounts
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.

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2. Basis of accounting (continued)

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.

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.

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2. Basis of accounting (continued)

j) *Financial instruments* (continued)

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 rate swaps -	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 any

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2. Basis of accounting (continued)

j) *Financial instruments* (continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

4. Taxation

The Company is taxed at the company 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.

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

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	84,605	3,932	(18,319)	(951)	69,267
	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	35,342	4,994	(14,375)	(951)	25,010
	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
	49,263				44,257

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.

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

7. Accounts Receivable

	2024 £'000	2023 £'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 £'000	2023 £'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 £'000	2023 £'000
Money market deposits	<u>-</u>	<u>5,000</u>

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

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

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 21.

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.

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

10. Accounts payable (continued)

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)
	145	64

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

11. Aircraft loans

	2024		2023	
	£'000		£'000	
	Current	Non-current	Current	Non-current
<u>External Aircraft loans</u>				
(i) ATR 72-600 loan	2,431	31,401	2,377	33,832
	2,431	31,401	2,377	33,832
<u>Shareholder Aircraft loans</u>				
(ii) Embraer jet loan	-	-	4,777	-
(iii) Domier 228 NG loan 1	3,057	-	332	3,057
(iv) Domier 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)
	3,372	4,112	5,391	7,285
	5,803	35,513	7,768	41,117

- (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.

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

11. Aircraft loans continued

- (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	2023
	£'000	£'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

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

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.

<i>Current Assets</i>	2024 £'000	2023 £'000
Interest rate swaps	2,804	2,883
Foreign currency exchange forward contracts	39	-
	<u>2,843</u>	<u>2,883</u>
 <i>Current Liabilities</i>		
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.

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

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)
	2,748	1,140	-	(48,683)	(44,795)

	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)
	2,779	9,765	-	(55,589)	(43,045)

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

14. Share Capital

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

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.

AURIGNY AIR SERVICES LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

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

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.