AURIGNY AIR SERVICES LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

AURIGNY AIR SERVICES LIMITED

Annual Report and Audited Financial Statements

For the year ended 31 December 2025

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Company Information

Directors of the Company

K George	Chairman (***2,3**)
N Bezuidenhout	Chief Executive
R Pratt	Finance Director
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 2025

The Directors present their annual report and the audited financial statements for the year ended 31 December 2025.

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.

Proposed dividend

The Directors do not recommend the payment of a dividend (2024: £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.

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.

Directors' Report (continued)

For the year ended 31 December 2025

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 2(j) 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

9th June 2026

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 2025 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 2025 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.

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.

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;
- Discussions 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 Guernsey and UK employment legislation.

Our procedures in respect of the above included:

- Discussions with and enquiry of management, those charged with governance and Head of Finance concerning known or suspected instances of non-compliance with laws or 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 or 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:
    - 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 areas most susceptible to fraud to be revenue recognition, the override of controls and determining the carrying value of aircraft.

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

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 and judgements made by management for bias in relation to the calculation of aircraft depreciation and carrying value by reviewing and recalculating the models used, testing a sample of the major inputs and challenging the key assumptions; and
- Testing a sample of revenue transactions to underlying documentation, as well as testing the key controls over revenue, such as the daily bank reconciliation.

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

BDO Limited
Chartered Accountants
Second Floor, Plaza House
Admiral Park
St Peter Port, Guernsey

Date 09 June 2026

Balance Sheet

As at 31 December 2025

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Non-current Assets					
Property, plant and equipment	6		41,401		43,912
Computer software	7		395		345
			41,796		44,257
Current Assets					
Stock		2,474		1,566	
Accounts receivable	8	6,907		5,922	
Cash at bank and in hand	9	45		26	
Derivative financial instruments	14	1,609		2,843	
		11,035		10,357	
Current Liabilities					
Bank overdraft	9	(2,861)		(2,510)	
Accounts payable	11	(18,962)		(15,009)	
Loan from Shareholder	12	(3,000)		-	
Aircraft loans	13	(5,481)		(5,803)	
Derivative financial instruments	14	(122)		(95)	
		(30,426)		(23,417)	
Net Current Liabilities			(19,391)		(13,060)
Non-current Liabilities					
Aircraft loans	13		(32,904)		(35,513)
Net Liabilities/Assets			(10,499)		(4,316)
Capital and Reserves					
Share Capital	16		130		130
Reserves			(10,629)		(4,446)
Total Equity			(10,499)		(4,316)

The notes on pages 12 to 27 form an integral part of these financial statements.
These financial statements were approved by the Board of Directors on 9th June 2026

Director

Director

Statement of Comprehensive Income and Retained Earnings

For the year ended 31 December 2025

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Passenger revenue		61,292		57,335	
Other revenue		3,217		3,111	
Government grants received		2,870		2,887	
Total revenue	*3*		67,379		63,333
Fuel		(5,698)		(6,403)	
Station and ground expenses		(7,330)		(6,394)	
Flight crew salaries and expenses		(7,776)		(7,577)	
Engineering costs		(2,567)		(2,423)	
Landing fees, aerodrome charges and navigation		(23,251)		(22,479)	
Aircraft maintenance		(6,544)		(5,757)	
Ticketing, sales and promotions		(2,850)		(2,564)	
Aircraft insurance		(471)		(482)	
Aircraft leases	*19*	(4,901)		(6,896)	
General and administration costs		(4,894)		(4,416)	
Total operating costs			(66,282)		(65,391)
Gross profit/loss			1,097		(2,058)
Gain on sale of Property, Plant and Equipment	*6*	(70)		246	
Insurance claim funds		365		258	
Depreciation and amortisation	*6/7*	(4,976)		(4,994)	
Total depreciation, impairment and similar items			(4,681)		(4,490)
Operating Loss			(3,584)		(6,548)
Interest payable and similar charges		(126)		(15)	
Interest payable on aircraft loans		(1,215)		(1,485)	
Investment income		3		179	
Net finance charges		(1,338)		(1,321)	
Movement in unrealised loss on derivatives		(1,261)		(31)	
Write back of group company loan		-	(2,599)	1,892	540
Loss for the year			(6,183)		(6,008)
Retained Earnings:					
Loss for the year			(6,183)		(6,008)
Opening Retained Earnings			(94,173)		(88,165)
Closing Retained Earnings			(100,356)		(94,173)

All activities derive from continuing operations. The Company has no recognised gains or losses other than those included in the above statement.

The notes on pages 12 to 27 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2025

2024	Share Capital £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
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	130	89,727	(94,173)	(4,316)

2025	Share Capital £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2025	130	89,727	(94,173)	(4,316)
Loss for the year	-	-	(6,183)	(6,183)
Balance at 31 December 2025	130	89,727	(100,356)	(10,499)

The notes on pages 12 to 27 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 £'000	2024 £'000
Operating activities			
Result for the year		(6,183)	(6,008)
Adjustments for:			
Depreciation and amortisation	*6/7*	4,976	4,994
Loss/(Gain) on disposal of non-current asset	*6*	70	(246)
Investment income		(3)	(179)
Interest payable and similar charges		126	-
Interest payable on aircraft loans		1,020	1,500
Insurance claim recognised in result for the year		(365)	(262)
Movement in derivative financial instruments		1,261	31
Increase in stock		(908)	29
Increase in accounts receivable	*8*	(985)	(2,614)
Increase in accounts payable	*11*	3,953	315
Insurance proceeds received		365	-
Release of (increase in) fair value adjustment on loans	*13*	187	(274)
Net cash generated from operations		3,514	(2,714)
Net cash flow from operating activities		3,514	(2,714)
Investing activities			
Divestment from money market deposits		-	5,000
Purchase of property, plant and equipment	*6*	(2,438)	(3,916)
Purchase of computer software	*7*	(148)	(17)
Insurance proceeds received		-	262
Proceeds from sale of property, plant and equipment		-	4,165
Net cash flow from investing activities		(2,586)	5,494
Financing activities			
New loans raised	*12*	3,000	-
Repayment of aircraft loans		(3,117)	(7,543)
Investment income		3	179
Loan interest paid		(1,146)	(1,226)
Net cash flow from financing activities		(1,260)	(8,590)
Net decrease in cash and cash equivalents		(332)	(5,810)
Cash and cash equivalents as at 1 January		(2,484)	3,326
Cash and cash equivalents as at 31 December	*9*	(2,816)	(2,484)

The notes on pages 12 to 27 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2025

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.

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.

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 rotable parts is written down in a straight line over ten years over their estimated useful economic lives.

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 11). 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 11).

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 and Retained Earnings. Where an asset was previously impaired the gain or loss is calculated by reference to the impaired amount.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

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) Intangible Fixed Assets
Intangible fixed assets comprise computer software, licences and other intangible assets acquired by the Company. Intangible assets are initially recognised at cost, being the purchase price together with any directly attributable costs required to prepare the asset for its intended use. Intangible fixed assets are reviewed for indicators of impairment at each reporting date and written down to recoverable amount where such indicators exist. Amortisation is provided to write off the cost of intangible assets on a 20% straight-line basis over their estimated useful economic lives, which is reviewed annually.

f) 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**
Rotable stock and Radio Equipment	10% Straight Line
Tools, ground equipment and office furniture	20% Reducing Balance
Motor Vehicles	25% Reducing Balance
Computer Equipment	25% Straight Line
Buildings	20% Reducing Balance
Leasehold Property	5% Straight Line

g) *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 annually. Where a contract to sell an aircraft has been entered into, the contracted sale value is recognised 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

2. Basis of accounting (continued)

h) *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.

i) *Pension costs*

The Company operates 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.

j) *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, and a standing Letter of Support from the States of Guernsey, 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.

k) *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 amortised cost. These deposits are initially recognised at fair value, which includes any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The carrying amount of these deposits is reduced by any impairment losses recognised based on an incurred loss model. Interest income from money market deposits is recognised using the effective interest method and is included in investment income in the Statement of Comprehensive Income and Retained Earnings.

Notes to the Financial Statements (continued)
For the year ended 31 December 2025

2. Basis of accounting (continued)

k) *Financial instruments* (continued)

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 13) 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 13(v). 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 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.

Notes to the Financial Statements (continued)
For the year ended 31 December 2025

2. Basis of accounting (continued)

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

m) *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.

n) *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.

o) *Lease Accounting*
Lease Accounting under FRS102 has not been early adopted. It will apply in 2026 and 2025 comparatives will need to be restated. Leases in place with Jetstream Aviation Capital Holdings 2022A, LLC are for 2 aircraft in 2025, and 3 during 2026. Property lease is with the shareholder for Head Office premises and engineering hangar. The maintenance of aircraft engines and propellor hubs for 3 ATR owned aircraft has required the leasing of equipment in order to complete the programme of works. This is likely to span both accounting years and qualify for lease accounting, which will require the leases to be capitalised and depreciated while a corresponding liability and interest charge will be recorded.

3. Revenue

	2025 £'000	2024 £'000
Passenger revenue	61,292	57,335
Other revenue	3,217	3,111
Government grants received	2,870	2,887
	67,379	63,333

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. 2025 is the final year of a 5-year contract to provide the Guernsey, Alderney and UK service. 2025 is the mid year of a 3-year contract to provide the Paris service. The amounts are accounted for in accordance with note 2(n). At the year-end £728,847 (2024: £541,000) was outstanding and included within trade and other debtors (note 8).

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

Notes to the Financial Statements (continued)
For the year ended 31 December 2025

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 (see note 2j) 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(g) as required by FRS 102.

Notes to the Financial Statements (continued)
For the year ended 31 December 2025

6. Property, plant and equipment

Cost	31 December 2024 £'000	Additions £'000	Disposals £'000	31 December 2025 £'000
Aircraft	63,565	1,905	(932)	64,538
Rotable Stock	1,440	-	-	1,440
Tools, ground and radio equipment	1,519	378	(161)	1,736
Motor vehicles	567	24	(143)	448
Office furniture, equipment & computer equipment	1,207	114	(51)	1,270
Buildings and Leasehold Property	481	17	-	498
Total	68,779	2,438	(1,287)	69,930

Accumulated Depreciation	31 December 2024 £'000	Depreciation £'000	Disposals £'000	31 December 2025 £'000
Aircraft	21,952	4,476	(879)	25,549
Rotable Stock	1,027	-	-	1,027
Tools, ground and radio equipment	857	167	(152)	872
Motor vehicles	366	63	(136)	293
Office furniture, equipment & computer equipment	662	135	(50)	747
Buildings and Leasehold Property	3	38	-	41
Total	24,867	4,879	(1,217)	28,529

Carrying Amount	31 December 2024 £'000	31 December 2025 £'000
Aircraft	41,613	38,989
Rotable Stock	413	413
Tools, ground and radio equipment	662	864
Motor vehicles	201	155
Office furniture, equipment & computer equipment	545	523
Buildings and Leasehold Property	478	457
	43,912	41,401

Notes to the Financial Statements (continued)
For the year ended 31 December 2025

7. Computer software

	31 December 2024	Additions	Disposals	31 December 2025
	£'000	£'000	£'000	£'000
Cost	486	148	-	634
Accumulated Amortisation	142	97	-	239
Carrying Amount	345			395

In the current year, computer software has been separately disclosed from property plant and equipment to provide improved clarity and transparency of asset classification and to better reflect the nature of the underlying expenditure. This change represents a reclassification only and has no impact on the total value of fixed assets, net assets, or reported results for the year

8. Accounts Receivable

	2025	2024
	£'000	£'000
Trade and other debtors	2,566	2,904
Prepayments	3,581	2,298
Lease and trade deposits	760	720
	6,907	5,922

9. Cash and Cash equivalents

	2025	2024
	£'000	£'000
Cash at bank	45	26
Bank overdraft	(2,861)	(2,510)
	(2,816)	(2,484)

The Company obtained an unsecured overdraft facility of £3m in December 2024, supported by a matching guarantee from the States of Guernsey on 21 January 2025. The overdraft bears interest at 1% above the Bank of England base rate.

10. Investments

The Company did not hold any investment funds in 2024 and 2025.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

11. Accounts payable

	2025 £'000	2024 £'000
Trade creditors	6,576	4,461
Bookings paid in advance	7,652	7,362
Vouchers	226	280
Accruals and provisions	4,508	2,906
	18,962	15,009

Included within trade creditors is £2,507,104 (2024: £1,252,402) 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 have reduced as expiry dates are now applied in accordance with the Company's accounting policy for these vouchers is detailed in note 2(m).

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:

	2025 £'000	2024 £'000
Opening balance	333	691
Movement in outstanding points	126	(358)
Expired points	(106)	-
	353	333

Aurigny frequent flyer points normally expire after 2 years. In 2023, following a change of Passenger Booking system, frequent flyer points expiry dates were extended, whereby there were no expired points in 2024, but expiry dates were reinstated in 2025. The Company's accounting policy for this scheme is in note 2(c).

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:

	2025 £'000	2024 £'000
Opening balance	145	64
Additions	9	134
Charges	(32)	(53)
	122	145

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

12. Loan from Shareholder

During the year the Company entered into an agreement for an unsecured loan from the States of Guernsey payable at interest rate of SONIA +0.6%. £3m was drawn and is payable on 31 December 2026.

13. Aircraft loans

	2025 £'000		2024 £'000	
	Current	Non-current	Current	Non-current
External Aircraft loans				
(i) ATR 72-600 loan	2,485	28,916	2,431	31,401
	2,485	28,916	2,431	31,401
Shareholder Aircraft loans				
(ii) Dornier 228 NG loan 1	2,740	-	3,057	-
(iii) Dornier 228 NG loan 2	383	4,196	370	4,579
(iv) Fair value adjustment upon initial recognition of refinanced loans	(127)	(208)	(55)	(467)
	2,996	3,988	3,372	4,112
	5,481	32,904	5,803	35,513

(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(k). Year end balances on these swaps are shown in Note 14.

(ii) 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 £2,740,000 (2024: £3,056,897) through scheduled repayments. The loan bears a fixed interest rate of 4.124% pa to 30 November 2025. This loan was due to mature in November 2025. However, the States of Guernsey has extended the loan term for 1 year, as the Dornier was in use until 12 February 2026. The fixed interest rate of 4.8% pa has been agreed to 30 November 2026.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

13. Aircraft loans continued

(iii) 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 £4,579,298 (2024: £4,949,131) 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.

(iv) When the loan with the States of Guernsey (referenced in (ii) above) was refinanced to a fixed interest rate on 1 April 2015, a fair value adjustment upon initial recognition of £704,024 was recognised. 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 2k). This increased the interest charged during the year by £55,481 (2024: £138,490). The fair value adjustment has been fully released as at the balance sheet date.

(v) When the loan with the States of Guernsey referenced in (iii) 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 2k). This increased the interest charged during the year by £131,552 (2024: £135,411).

	2025 £'000	2024 £'000
Maturity of debt:		
Balance at year end	38,385	41,316
Repayable over:		
Less than one year	5,481	5,803
One to two years	2,817	2,869
Two to five years	30,087	32,644

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

14. 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.

Current Assets	2025 £'000	2024 £'000
Interest rate swaps	1,609	2,804
Foreign currency exchange forward contracts	-	39
	1,609	2,843
Current Liabilities		
Fuel forward contracts	(94)	(95)
Foreign currency exchange forward contracts	(28)	-
	(122)	(95)

Details of the interest rate swaps are disclosed in Note 13.

The fuel forward contracts relate to the hedging of fuel costs and the outstanding contracts at the balance sheet date totalled 2,660 (2024: 1,860) metric tonnes. All these contracts expire in 2026.

The foreign currency exchange forward contracts relate to the hedging of the purchase of USD 2.0m (2024: USD 2.26m). All these contracts expire in 2026.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

15. Categories of financial instruments

	Financial assets at fair value through profit or loss	Debt instruments at amortised cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities measured at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000
31 December 2025					
Accounts Receivable	-	3,326	-	-	3,326
Cash and cash equivalents (net of overdrafts)	-	(2,816)	-	-	(2,816)
Loan from Shareholder	-	(3,000)	-	-	(3,000)
Accounts Payable	-	-	-	(11,084)	(11,084)
Aircraft loans	-	-	-	(38,385)	(38,385)
Derivative financial instruments (Current Assets)	1,609	-	-	-	1,609
Derivative financial instruments (Current Liabilities))	(122)	-	-	-	(122)
	1,487	(2,490)	-	(49,469)	(50,472)

	Financial assets at fair value through profit or loss	Debt instruments at amortised cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities measured at amortised cost	Total
	£'000	£'000	£'000	£'000	£'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)

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

16. Share Capital

	2025 £'000	2024 £'000
Authorised and issued ordinary shares of £1 each		
At 1 January and 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.

17. Pension costs

Throughout the year the Company 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 £509,304 (2024: £419,414). The amount payable at the end of the year was £94,337 (2024: £95,561). 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 in relation to that period. Furthermore, the assets of those scheme are not included within these financial statements.

18. Contingent liabilities

The Company has provided guarantees in favour of Guernsey Customs and Excise to the value of £180,500 (2024: £120,500) and the UK Customs and Excise to the value of £5,000 (2024: £5,000), guaranteeing duty-free stock held.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

19. 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 and crews.

The Company also entered the second year of an agreement leasing two additional ATR aircraft for the period of 5 years each, commencing July and October 2024.

The Company also entered into a contract with Skybus (note 21) to provide two fully crewed Twin Otter aircraft for the period of 3 years from 1 November 2025. One crew was provided in 2025, with the service expected to expand to two in early 2026.

Charge for the year

	2025	2024
	£'000	£'000
Fully crewed lease agreements	3,235	6,591
Aircraft only lease agreements	1,666	305
	4,901	6,896

Future commitments	2025	2024
	£'000	£'000
Within 1 year	3,416	2,012
1 to 5 years	10,002	11,799
Over 5 years	-	1,619
	13,418	15,430

20. Ultimate controlling party

On 30 November 2024, the States of Guernsey acquired 100% direct ownership of the Company.

21. 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 or significant influence.

Key management personnel compensation for the Company totalled £1,010,084 (2024: £1,326,872).

Kevin George is Chairman of Aurigny and a Non-Executive Director of Isles of Scilly Steamship Group, which is the parent company of Skybus.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

22. Post Balance Sheet Events

On 15 January 2026, Aurigny was given a licence to operate the Jersey Guernsey route following the liquidation of Blue Islands Ltd which operated this route.

On 2 February 2026, Aurigny entered into a lease agreement for an additional aircraft until 13 March 2027.

On 12 February 2026, the Dornier Aircraft were withdrawn from service being replaced by the Skybus leasing arrangement for the Twin Otter Aircraft.

In April 2026, the repayment date of the £3m loan provided by States of Guernsey (Note 12) was extended to 31 December 2027. On the same date agreement of a further £3m was made. Further, on 26th May 2026, an additional £6m was made available. Interest for both of these extensions will be charged at the same rate (Note 12) and both are due for repayment on 31 December 2027.

Tensions between the United States and Iran have increased volatility in global aviation fuel markets. The Company operates a high-frequency short-haul air transport model and is therefore directly exposed to movements in jet fuel prices. While fuel price risk is partially managed through hedging arrangements, current fuel prices are elevated and increased volatility may limit the effectiveness of such hedges. These conditions may result in increased operating costs and potential disruption to fuel supply. As at the date of approval of these financial statements, the directors are unable to reliably estimate the financial impact of these matters.