

# **CABERNET LIMITED**

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

# CABERNET LIMITED

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## Annual Report and Audited Financial Statements

For the year ended 31 December 2023

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# CABERNET LIMITED

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## Company Information

### Directors of the Company

K. George	Chairman (*1,2)
W Meyer	Finance Director (appointed 4 <sup>th</sup> March 2024)

\* represents:

1 – Remuneration Committee member

2 – Nomination Committee member

The non-rotational directors' resignations from Cabernet Limited were to facilitate a planned corporate restructure which will have no impact on the Board of Directors of Aurigny Air Services Limited, a subsidiary company and the main operating company of the group.

### Registered office

States Airport  
La Planque Lane  
Forest  
Guernsey  
GY8 0DT

### Independent Auditor

BDO Limited  
Place Du Pre  
Rue Du Pre  
St Peter Port  
Guernsey  
GY1 3LL

# CABERNET LIMITED

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## Directors' Report

For the year ended 31 December 2023

The Directors present their annual report and audited consolidated financial statements of Cabernet Limited (the "Company") together with Aurigny Air Services Limited ("Aurigny") and Anglo Normandy Aero Engineering Limited ("Anglo Normandy") (the "Subsidiaries", together the "Group") for the year ended 31 December 2023. These comprise the Consolidated Balance Sheet, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, which have been prepared in accordance with the Companies (Guernsey) Law, 2008.

### Principal activities

The Company is the 100% holding company for Aurigny and Anglo Normandy. The principal activities of these subsidiaries are those of passenger air transport services and aircraft engineering and repair respectively.

### Proposed dividend

The Directors do not recommend the payment of a dividend (2022: £nil).

### Results

The results for the year are shown in the Consolidated Statement of Comprehensive Income 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 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 Group and of the profit or loss of the Group 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.

# CABERNET LIMITED

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## **Directors' Report (continued)**

For the year ended 31 December 2023

### **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 Group 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 Aurigny 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 Group'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 Group'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 3(i) to the financial statements on page 14.

### **Independent Auditor**

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

By order of the Board

  
\_\_\_\_\_  
Director

14<sup>th</sup> August 2024

## Independent Auditor's Report to the Member of Cabernet Limited

### Opinion on the financial statements

In our opinion, the consolidated financial statements of Cabernet Limited (the "Company"), together with its subsidiaries, (the "Group"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 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 consolidated financial statements of the Group for the year ended 31 December 2023 which comprise the Consolidated Balance Sheet, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated 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 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.

### *Independence*

We are independent of the Company and Group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 or Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# CABERNET LIMITED

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## **Independent Auditor's Report to the Member of Cabernet Limited** (continued)

### **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 and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

Based on:

- Our understanding of the Company and Group and the sectors in which they operate;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group'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 and Group are 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 litigation. We identified such laws and regulations to be relevant UK aviation legislation and employment legislation.

## **Independent Auditor's Report to the Member of Cabernet Limited** (continued)

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; and
- 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.

### *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 and Group'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.

Our procedures in respect of the above included:

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

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.

# CABERNET LIMITED

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## **Independent Auditor's Report to the Member of Cabernet Limited** (continued)

A further description of our responsibilities is available at 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 member, 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 member 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO Limited*

BDO Limited  
Chartered Accountants  
Place du Pré  
Rue du Pré  
St Peter Port  
Guernsey

Date **14 August 2024**

# CABERNET LIMITED


## Consolidated Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
<b>Non-current Assets</b>					
Property, plant and equipment	7	49,263	49,263	55,348	55,374
Lease and Trade Deposits		-		26	
<b>Current Assets</b>					
Accounts Receivable	8	5,200		3,123	
Derivative financial instruments	14	2,883		4,587	
Cash at bank and in hand	10	3,326		4,955	
Investments	11	5,000		-	
Stock		1,595		1,509	
		<u>18,004</u>		<u>14,174</u>	
<b>Current Liabilities</b>					
Aircraft loans	13	(7,768)		(4,304)	
Accounts Payable	12	(14,694)		(11,526)	
Derivative financial instruments	14	(104)		-	
		<u>(22,566)</u>		<u>(15,830)</u>	
<b>Net Current Liabilities</b>			<u>(4,562)</u>		<u>(1,656)</u>
<b>Non-current Liabilities</b>					
Aircraft loans	13		(41,117)		(48,375)
<b>Net Assets</b>			<u>3,584</u>		<u>5,343</u>
<b>Capital and Reserves</b>					
Share Capital	16		89,727		89,727
Retained Earnings			(86,143)		(84,384)
<b>Total Equity</b>			<u>3,584</u>		<u>5,343</u>

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

These financial statements were approved and authorised for issue by the Board of Directors on 14<sup>th</sup> August 2024

  
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 Director

# CABERNET LIMITED

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	<i>Notes</i>	2023 £'000	2022 £'000
Passenger revenue		54,829	44,195
Other revenue		4,063	5,907
Government grants received		1,949	1,950
<b>Total Revenue</b>	<b>4</b>	<b>60,841</b>	<b>52,052</b>
Fuel		(6,539)	(5,895)
Station and ground expenses		(4,876)	(4,432)
Flight crew salaries and expenses		(7,127)	(6,476)
Landing fees, aerodrome charges and navigation		(18,069)	(15,627)
Aircraft maintenance		(7,166)	(6,623)
Ticketing, sales and promotions		(2,394)	(1,875)
Aircraft insurance		(444)	(523)
Aircraft leases		-	(59)
Other costs		(5,109)	(4,343)
<b>Total operating costs</b>		<b>(51,724)</b>	<b>(45,853)</b>
<b>Gross profit</b>		<b>9,117</b>	<b>6,199</b>
Impairment property, plant and equipment assets	7	(2,038)	-
Depreciation	7	(5,374)	(4,952)
<b>Operating Profit</b>		<b>1,705</b>	<b>1,247</b>
Interest payable and similar charges		-	(61)
Interest payable on aircraft loans		(1,921)	(2,213)
Investment income		265	-
<b>Net finance charges</b>		<b>(1,656)</b>	<b>(2,274)</b>
Movement in unrealised gain on derivative financial instruments		(1,808)	5,222
<b>(Loss)/Profit for the year</b>		<b>(1,759)</b>	<b>4,195</b>

All material activities derive from continuing operations.

The Group 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 27 form an integral part of these financial statements.

# CABERNET LIMITED

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## Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

<b>2022</b>	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2022	72,012	(88,579)	(16,567)
Profit for the year	-	4,195	4,195
Issue of share capital	<i>16</i> 17,715	-	17,715
Balance at 31 December 2022	<u>89,727</u>	<u>(84,384)</u>	<u>5,343</u>
<b>2023</b>	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2023	89,727	(84,384)	5,343
Loss for the year	-	(1,759)	(1,759)
Balance at 31 December 2023	<u>89,727</u>	<u>(86,143)</u>	<u>3,584</u>

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

# CABERNET LIMITED

## Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	<i>Notes</i>	2023 £'000	2022 £'000
<b>Operating activities</b>			
(Loss)/Profit for the year		(1,759)	4,195
Adjustments for:			
Depreciation	7	5,374	4,952
Impairment of property, plant and equipment		2,038	-
Investment income		(265)	-
Interest payable and similar charges		-	61
Loan interest		1,921	2,213
Government grants received		-	(1,950)
Write down of group company loan		1	-
Increase in stock		(86)	(204)
Movement in derivative financial instruments	14	1,809	(5,222)
Increase in accounts receivable	8	(2,052)	(200)
Decrease in other non-current assets		-	91
Increase in accounts payable	12	3,167	850
Increase/(Decrease) in parent company shareholder loan		(646)	(535)
<b>Net cash flow from operating activities</b>		9,502	4,251
<b>Investing activities</b>			
Investment in money market deposits		(5,000)	-
Purchase of property, plant and equipment	7	(1,449)	(987)
Disposal of property, plant and equipment	7	123	47
<b>Net cash flow from investing activities</b>		(6,326)	(940)
<b>Financing activities</b>			
New loans raised		-	1,447
Repayment of aircraft loans		(3,794)	(10,491)
Repayment of parent company shareholder loans		-	(6,190)
Issue of share capital		-	17,715
Investment income		265	-
Loan interest paid		(1,276)	(1,050)
<b>Net cash flow from financing activities</b>		(4,805)	1,431
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,629)	4,742
Cash and cash equivalents as at 1 January		4,955	213
<b>Cash and cash equivalents as at 31 December</b>	<i>10</i>	3,326	4,955

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

# CABERNET LIMITED

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## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 1. Reporting entity

The Company was established on 14<sup>th</sup> February 2003 and is registered in Guernsey. The Company is limited by shares and is governed by the provisions of the Companies (Guernsey) Law, 2008. The address of the Company's registered office is given on the Company Information page on page 1.

### 2. Basis of consolidation

The group financial statements consolidate the financial statements of the Company and its Subsidiaries identified in Note 9 for the year ended 31 December 2023. All intra-group transactions have been excluded from the consolidated financial statements. All companies within the Group compile their financial statements to the same date.

### 3. 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 FRS 102 *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 Group has consistently applied the following accounting policies to all periods presented in these financial statements.

#### a) Revenue recognition

The Group's revenue is derived solely from the activities of its subsidiaries and is recognised as follows:

##### (i) *Aurigny Air Services Limited (hereafter "Aurigny")*

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.

During the year, a number of flight cancellations were made where customers were entitled to a refund from Aurigny. In some cases, at the reporting date, the customer had not confirmed the type of refund they wished to receive. Such liabilities are held in the 'bookings paid in advance' creditor, held against income, to be released when the refund has been fulfilled.

##### (ii) *Anglo Normandy Aero Engineering Limited (hereafter "Anglo Normandy")*

Revenue is expressed as a combination of completed work, which has been invoiced and part completed work, which is accounted for as work in progress. Any revenue billed in advance of work being performed is carried forward and not recognised as revenue in the period.

#### b) Provisions

##### Frequent Flyer Programme

Aurigny operates a frequent flyer programme, a loyalty programme to reward customers with points which can be redeemed free flights subject to the payment of taxes and surcharges. A provision for unused points is made in accordance with FRS 102.21. 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 compensation claims

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

# CABERNET LIMITED

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 3. Basis of accounting (continued)

#### b) Provisions (continued)

##### Onerous lease

In accordance with FRS102.21 provision is made against onerous lease contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. When measuring a provision, the unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it, less the reasonably expected income/benefits during the same period. An appropriate discount rate is applied when making the provision.

#### c) *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation. 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 consolidated statement of comprehensive income.

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.

#### d) *Depreciation – Excluding aircraft*

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

Asset	Depreciation per annum
Leasehold Property	5% straight line
Ground equipment	20% reducing balance
Plant, tools, equipment, office furniture and fittings	20%/25% reducing balance
Motor vehicles	25% straight line / 25% reducing balance
Airport buildings and fittings	20% straight line
Radio equipment	10% straight line

#### e) *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. 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.

Where a review of future valuations indicates that an impairment in aircraft value may be necessary, the impairment policy as defined in Note 7 is applied. 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

# CABERNET LIMITED

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## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 3. Basis of accounting (continued)

#### e) *Aircraft depreciation (continued)*

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.

#### f) *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. Stock items will usually be purchased as required rather than held.

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

#### 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 profits and losses are recognised in the Consolidated Statement of Comprehensive Income.

#### h) *Pension costs*

Throughout the year the Subsidiaries 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. Aurigny 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.

#### 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, a standing Letter of Comfort from the States of Guernsey, an increased Company overdraft facility with the formal acknowledgement of 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.

# CABERNET LIMITED

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## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 3. Basis of accounting (continued)

#### j) *Financial instruments (continued)*

##### 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 Group's cash management are included as a component of Cash and Cash Equivalents for the purpose of the Consolidated Statement of Cash Flows only.

##### Investments

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

##### Financial liabilities at fair value through profit or loss

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

Interest swap deals -	The fair value has been estimated by calculating the difference between the interest payments due under the swap deal, and those that would be due using the year end interest charged by Aurigny'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 Aurigny'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 approx. 6.4% for the 2015 loans, then 8.4% for the subsequent loan taken out in 2016 at the date the loans were taken out (Source: local bank) (This rate was subsequently revised to 7.21 % - see Note 13(vi)). Accordingly, a fair value of the

# CABERNET LIMITED

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 3. Basis of accounting (continued)

#### j) *Financial instruments (continued)*

loans has been calculated using this rate (discounted for future cash flows), and the interest charge has been increased to release the unrealised gain over the life of the loan.

#### De-recognition

The Group derecognises 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 Group 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 Group, is recognised as a separate asset or liability. The Group 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 Group recognises a voucher liability when a voucher is issued either (i) as a gift certificate purchased by a customer; or (ii) in connection with passenger disruption caused by Covid-19; or (iii) under its "Aurigny Assurance" scheme (details of which can be found on the Aurigny website). Vouchers are valid for one year from date of issue. If the voucher is redeemed before the expiry date the voucher liability is derecognised. If the voucher expires, unless the Group has agreed under certain limited 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 the Public Service Obligation ('PSO') contract with the States of Guernsey. The Group has not directly benefited from any other form of States of Guernsey or UK government assistance.

### 4. Revenue

	2023	2022
	£'000	£'000
Passenger revenue	54,829	44,195
Other revenue	4,063	5,907
Government grants received	1,949	1,950
	<u>60,841</u>	<u>52,052</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; line maintenance and ground handling services performed for other airlines; carriage of cargo and mail; aircraft charter; and medevac flights.

# CABERNET LIMITED

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## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 4. Revenue (continued)

The grants received from the States of Guernsey are in relation to the Public Service Obligation (PSO) contract regarding flights between Guernsey, Alderney and the UK. 2023 is the third year of a 5-year contract to provide this service. This amount is accounted for in accordance with note 3 m). At the year-end £449,000 (2022: £449,795) was outstanding and included within trade and other debtors (Note 8).

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

### 5. Taxation

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

### 6. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, 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 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, the cost of fuel and exchange rates. In formulating its depreciation policy, the Board uses 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 3 e) as required by FRS 102. During the year an impairment of £2,038,338 was required on the Embraer aircraft to align the carrying value to its contractual residual value.

#### Provisions for vouchers, frequent flyer points and refunds for flight cancellations

At the prior year end, Aurigny held a number of liability balances that had largely arisen or the quantum of which had been significantly impacted by the disruption to air travel caused during the Covid-19 pandemic. These included provisions for vouchers, frequent flyer points and refunds for flight cancellations where the customer had not confirmed the type of refund they wished to receive.

Given the age of these balances and the decreasing likelihood of the transfer of economic benefit being required, Aurigny has made the judgement that all of the provisions for frequent flyer points and refunds for flight cancellations will be released in the reporting period, and the balance of the provision for vouchers will be released in 2024.

# CABERNET LIMITED

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 7. Property, plant and equipment

Cost	31 December 2022 £'000	Additions £'000	Written off/ Disposals £'000	Impairment £'000	31 December 2023 £'000
Aircraft	78,129	758	-	-	78,887
Rotable Stock	1,397	-	(123)	-	1,274
Tools, ground and radio equipment	1,710	140	-	-	1,850
Motor vehicles	465	3	-	-	468
Office furniture, equipment & computer equipment	987	542	-	-	1,529
Buildings	15	-	-	-	15
Leasehold Property	576	6	-	-	582
<b>Total</b>	<b>83,279</b>	<b>1,449</b>	<b>(123)</b>	<b>-</b>	<b>84,605</b>
<b>Accumulated Depreciation</b>	<b>31 December 2022 £'000</b>	<b>Depreciation £'000</b>	<b>Written off/ Disposals £'000</b>	<b>Impairment £'000</b>	<b>31 December 2023 £'000</b>
Aircraft	24,931	4,690	-	2,038	31,658
Rotable Stock	608	419	-	-	1,027
Tools, ground and radio equipment	1,169	124	-	-	1,293
Motor vehicles	307	30	-	-	337
Office furniture, equipment & computer equipment	692	79	-	-	771
Buildings	12	3	-	-	15
Leasehold Property	212	29	-	-	241
<b>Total</b>	<b>27,931</b>	<b>5,374</b>	<b>-</b>	<b>2,038</b>	<b>35,342</b>
<b>Carrying Amount</b>	<b>31 December 2022 £'000</b>				<b>31 December 2023 £'000</b>
Aircraft	53,198				47,229
Rotable Stock	789				247
Tools, ground and radio equipment	541				557
Motor vehicles	158				131
Office furniture, equipment & computer equipment	295				758
Buildings	3				-
Leasehold Property	364				341
<b>Total</b>	<b>55,348</b>				<b>49,263</b>

Prior to the Balance Sheet date, an agreement was reached for the sale of an aircraft. The carrying value of the asset is less than the agreed sale proceeds net of selling costs, so an impairment loss of £2,038,338 has been recognised in the Consolidated Statement of Comprehensive Income.

# CABERNET LIMITED

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 7. Property, plant and equipment (continued)

Included within tangible fixed assets are assets acquired under finance leases as follows:

Plant and equipment	Cost £'000	Accumulated Depreciation £'000	Carrying Amount £'000
	<u>108</u>	<u>91</u>	<u>17</u>

### 8. Accounts Receivable

	2023 £'000	2022 £'000
Trade and other debtors	2,812	2,318
Prepayments	1,869	714
Lease and trade deposits	519	91
<b>Total accounts receivable</b>	<u>5,200</u>	<u>3,123</u>

### 9. Investment in subsidiary undertakings

The Subsidiaries of the Company, which are incorporated within these consolidated financial statements, are as follows:

	<i>Place of incorporation</i>	<i>Percentage of equity share capital held</i>	<i>Principal activity</i>
Aurigny Air Services Limited	Guernsey	100%	Air transport services
Anglo Normandy Aero Engineering Limited	Guernsey	100%	Aircraft engineering

On 8 November 2023, Aurigny bought back 89,727,450 shares from the Company, its sole shareholder, for a consideration of £1.

# CABERNET LIMITED

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## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 10. Cash at bank and in hand

	2023 £'000	2022 £'000
Cash at bank	3,326	5,041
Bank overdraft	-	(86)
	<u>3,326</u>	<u>4,955</u>

Aurigny has an unsecured overdraft facility of £1m supported by a guarantee from the States of Guernsey. The overdraft bears interest at 1.125% above the Bank of England base rate. The bank overdraft of £82 (2022: £85,966) represents an actual balance as at 31 December 2023 of £nil (2022: £35,140) and uncleared receipts of £82 (2022: uncleared payments of £121,106).

### 11. Investments

	2023 £'000	2022 £'000
Money market deposits	<u>5,000</u>	<u>-</u>

Investments consist of two Money Market Deposits of £2 million and £3 million with a term of 9 months and 12 months respectively. These contracts matured on 28 June 2024 and 28 March 2024.

### 12. Accounts payable

	2023 £'000	2022 £'000
Trade creditors	4,109	1,823
Bookings paid in advance	7,364	5,922
Vouchers	626	1,430
Air passenger duty paid in advance	-	87
Accruals	2,595	2,264
<b>Total accounts payable</b>	<u>14,694</u>	<u>11,526</u>

Included within trade creditors is £590,934 (2022: £494,036) which was payable to the States of Guernsey in relation to trading activities between the parties.

# CABERNET LIMITED

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## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 12. Accounts payable (continued)

A significant voucher liability exists at the year-end as a result of involuntary schedule changes and cancellations arising from Covid-19 related travel restrictions. The Group's accounting policy for these vouchers is detailed in note 3 l).

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

Total frequent flyer points	2023 £'000	2022 £'000
Opening balance	430	480
Movement in outstanding points	571	63
Expired points	(310)	(113)
	<u>691</u>	<u>430</u>

Aurigny frequent flyer points normally expire after 2 years. As part of the Group'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.

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

	2023 £'000	2022 £'000
Opening balance	55	49
Additions	61	51
Charges	(52)	(45)
	<u>64</u>	<u>55</u>

# CABERNET LIMITED

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 13. Aircraft loans

	2023 £'000		2022 £'000	
	Current	Non-current	Current	Non-current
<u>External Aircraft loans</u>				
(i) ATR 72-600 loan	2,377	33,832	2,327	36,209
	<u>2,377</u>	<u>33,832</u>	<u>2,327</u>	<u>36,209</u>
<u>Shareholder Aircraft loans</u>				
(ii) Embraer jet loan	4,777	-	1,314	4,777
(iii) Dornier 228 NG loan 1	332	3,057	319	3,389
(iv) Dornier 228 NG loan 2	357	4,949	344	5,306
(v), (vi) Fair value adjustment upon initial recognition of refinanced loans	(75)	(721)	-	(1,306)
	<u>5,391</u>	<u>7,285</u>	<u>1,977</u>	<u>12,166</u>
<b>Total Aircraft loans</b>	<u><b>7,768</b></u>	<u><b>41,117</b></u>	<u><b>4,304</b></u>	<u><b>48,375</b></u>

- (i) Aurigny 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 have been 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. Aurigny 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 assets, as appropriate, having been calculated in accordance with Note 3(j) derivative financial instruments and hedging.

# CABERNET LIMITED

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 13. Aircraft loans (continued)

- (ii) Aurigny 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 drawn down but had been reduced to £4,777,080 (2022: £6,091,025) through scheduled and ad hoc repayments. This loan bears interest at 4.047% pa, matures in July 2024 and has a residual balance to be repaid at maturity of £4,100,000.
- (iii) Aurigny 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 £3,389,385 (2022: £3,708,505) through scheduled repayments. The loan bears a fixed interest rate of 4.124% pa. This loan matures in November 2025 and has a residual balance of £2,740,000.
- (iv) Aurigny 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 £5,305,855 (2022: £5,649,937) through scheduled repayments. The loan bears a fixed interest rate of 3.625% pa. This loan matures in September 2028 and has a residual balance of £3,490,000.
- (v) When the loans with the States of Guernsey (referenced in (iii) and (iv) 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. This increased the interest charged during the year by £371,461 (2022: £337,210).
- (vi) When the loan with the States of Guernsey referenced in (v) 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. This increased the interest charged during the year by £138,525 (2022: £140,966).

	2023	2022
	£'000	£'000
<b>Maturity of debt:</b>		
Balance at year end	41,117	48,375
Repayable over:		
One to two years	11,342	16,186
Two to five years	29,775	32,189

# CABERNET LIMITED

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 14. Derivative financial instruments

<i>Current Assets</i>	2023 £'000	2022 £'000
Aircraft interest rate swap	2,883	4,391
Fuel forward contracts	-	66
Foreign currency exchange forward contracts	-	130
	<u>2,883</u>	<u>4,587</u>
<i>Current Liabilities</i>		
Aircraft interest rate swap	(58)	-
Foreign currency exchange forward contracts	(46)	-
	<u>(104)</u>	<u>-</u>

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

The fuel forward contracts relate to the hedging of fuel costs and the outstanding contracts at the balance sheet date totalled 1,990 (2022: 2,601) metric tonnes. All these contracts expire in 2024.

The foreign currency exchange forward contracts relate to the hedging of the purchase of USD 2.6m (2022: USD 6.1m). All of these contracts expire in 2024.

# CABERNET LIMITED

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 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 £
<b>31 December 2023</b>					
Accounts Receivable	-	3,331	-	-	3,331
Cash and cash equivalents (net of overdrafts)	-	3,326	-	-	3,326
Accounts Payable	-	-	-	(14,694)	(14,694)
Aircraft loans	-	-	-	(48,885)	(48,885)
Derivative financial instruments (Current Assets)	2,883	-	-	-	2,883
Derivative financial instruments (Current Liabilities)	(104)	-	-	-	(104)
	<b>2,779</b>	<b>6,657</b>	<b>-</b>	<b>(63,579)</b>	<b>(54,143)</b>

	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 £
<b>31 December 2022</b>					
Accounts Receivable	-	2,409	-	-	2,409
Cash and cash equivalents (net of overdrafts)	-	4,955	-	-	4,955
Creditors	-	-	-	(11,525)	(11,525)
Aircraft loans	-	-	-	(52,679)	(52,679)
Derivative financial instruments (Current Assets)	4,587	-	-	-	4,587
Derivative financial instruments (Creditors: amounts falling due within one	-	-	-	-	-
	<b>4,587</b>	<b>7,364</b>	<b>-</b>	<b>(64,204)</b>	<b>(52,253)</b>

# CABERNET LIMITED

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## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 16. Share Capital

Authorised and issued ordinary shares of £1 each	2023 £'000	2022 £'000
At 1 January	89,727	72,012
Share capital issued	-	17,715
<b>At 31 December</b>	<b>89,727</b>	<b>89,727</b>

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 16 September 2022, following the second tranche of recapitalisation, 17.7 million new ordinary shares of £1 each were issued to the States of Guernsey at par value.

### 17. Pension costs

Throughout the year the Subsidiaries 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 separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £370,523 (2022: £351,952). The amount payable at the end of the year was £23,394 (2022: £64,841). A defined contribution plan 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.

### 18. Financial commitments

Cabernet Limited has been granted a lease to occupy the Company hangar at La Planque Lane. Its term is 21 years ending on 31 December 2031. The annual rent is paid by equal monthly payments in advance on the first day of every month. The amount of £267,525 (2022: £235,080) is borne by Anglo Normandy and paid via Cabernet to the States of Guernsey.

During 2024 Aurigny has entered into a number of dry and wet lease agreements for ATR aircraft, as one of the Group's owned aircraft is in maintenance and to accommodate routes which were previously operated by the Embraer aircraft prior to its sale.

# CABERNET LIMITED

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## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

### 19. Contingent liabilities

Aurigny has provided a guarantee in favour of Guernsey Customs and Excise to the value of £500 (2022: £500) and the UK Customs and Excise to the value of £5,000 (2022: £5,000), guaranteeing duty-free stock held by Anglo Normandy.

Anglo Normandy has provided a guarantee in favour of Guernsey Customs and Excise to the value of £40,000 (2022: £40,000), guaranteeing duty-free stock held by Anglo Normandy.

The Company is party to an unlimited inter-company guarantee between Anglo Normandy, Aurigny and a commercial bank as security for loans and overdrafts provided.

### 20. Controlling party

The controlling party, which has interests in 100% (2022: 100%) of the issued share capital of the Company, is the States of Guernsey.

### 21. Related party transactions

On 22 July 2011 Cabernet Limited signed a 21-year lease agreement, commencing on 1 January 2011 and ending on 31 December 2031, with the States of Guernsey for the hangar and land situated at La Planque Lane, Forest. Rents of £267,525 (2022: £235,080) were paid.

Key management personnel compensation for the Group totalled £1,468,056 (2022: £1,360,025).

### 22. Post Balance Sheet Events

#### *i) Sale of Embraer Aircraft*

Subsequent to the balance sheet date, the Company entered into an agreement to sell its Embraer aircraft. The details of the transaction are as follows:

Sale Agreement Date: 28 June 2024

Sale Completion Date: 19 July 2024

Sale Price: US\$5,270,000 (£4,182,539)

The proceeds from the sale of the Embraer aircraft were received on 19 July 2024 and applied to fully repay the loan from the States of Guernsey.

#### *ii) Group Amalgamation*

Subsequent to the balance sheet date, the board and shareholder formally approved the restructuring of the current Group structure. As part of this restructuring, Cabernet Limited, the current holding company, will become dormant, and Anglo Normandy will be amalgamated into Aurigny.

The reason for the decision was that the current structure of the Group served no purpose anymore, as Anglo Normandy is largely dedicated to Aurigny operations with very little work performed on behalf of third parties.