AMEDEO AIR FOUR PLUS LIMITED

Consolidated Annual Financial Report (audited)
For the year ended 31 March

2021

Contents

Strategic Report
Summary Information

Trading	SFS
Ticker	AA4
SEDOL	BKY41C6 (Effective from 28 September 2020) BWC53H4 (Prior to compulsory redemption on 28 September 2020)
ISIN	GG00BKY41C61 (Effective from 28 September 2020) GG00BWC53H48 (Prior to compulsory redemption on 28 September 2020)
LEI	21380056PDNOTWERG107
Reporting Currency	Sterling
Launch Date / Share Price	13 May 2015 / 100 pence*
Share Price	24.00 pence (as at 31 March 2021) 23.50 pence (as at 22 July 2021)
Market Capitalisation	GBP104 million (as at 31 March 2021) GBP102.02 million (as at 22 July 2021)
Target Dividend	The original target of 2.0625 pence per Share per quarter (8.25 pence per annum) was suspended on 6 April 2020
Dividend Payment Dates	January, April, July, October
Year End	31 March
Stocks & Shares ISA	Eligible
Aircraft Registration Numbers	A6-EEY, A6-EOB, A6-EOM, A6-EOQ, A6-EOV, A6-EOX, A6-EPO, A6-EPQ, HS-THF, HS-THG, HS-THH, HS-THJ
Website	www.aa4plus.com

*On 28 September 2020, 214,083,243 Shares (33.33%) were compulsorily redeemed by the Company at 46 pence per Share.

Chairman's Statement

THE PAST YEAR

The past financial year has been challenging for everyone involved with the Company. The share price continues to languish, we have had to deal with requests by our lessees for rent deferrals, government mandated closure of borders and the international travel which widebody aircraft were designed for, the continuing deterioration in prospects for the A380 notwithstanding Emirates' support for them, the bankruptcy of Thai Airways and the cessation of rent from them from May onwards, the termination of a costly advisory contract, and like everyone else, trying to transact the Company's business by Zoom. The saviour of Vaccine roll out is inexplicably slow in some places, such as Australia, by contrast the USA and the UK have been most impressive. There will be no wholesale restoration of international travel without it.

The process of rehabilitation of Thai Airways continues and our assumption is that resolution will be achieved during Q3 2021. On 15 June 2021, the Court rendered its order to approve the Rehabilitation Plan and appointed the Plan Administrators, who will begin implementing the terms of the Plan. The Asset Manager is in negotiations to agree the binding lease amendment documentation with the airline, on a power by the hour basis initially, before moving to a fixed rate lease for the remaining term of the lease including an extension of the lease from the original term. The Company targets Q3 2021 to document and effect the restructuring of debt with its lenders. As soon as the documentation is agreed and signed, we will inform shareholders.

DIVIDENDS

Whilst two dividends were declared and paid in October 2020 and January 2021, the Board took the decision to suspend quarterly dividends until the rehabilitation of Thai Airways and agreement with the Company's lenders was complete, which is currently expected in Q3 2021. We were able to return to shareholders c.£98.5 million on 28 September 2020 by way of a compulsory redemption of one-third of the ordinary shares in the capital of the Company at a redemption price of 46 pence per each redeemed share. Due to the diversity of our shareholder base the compulsory redemption route was considered the most equitable way to treat all shareholders fairly. This resulted in the redemption of 214,083,243 Shares. The Board is committed to reinstating a sustainable dividend policy as soon as is practicable.

Following completion of the rehabilitation, as well as agreement with the Company's lenders, the Board will assess what income is to be received and debt service is to be maintained with our lenders. The Board will then assess when a regular dividend will be reinstated and in what amount.

BOARD COMPOSITION AND DIVERSITY

The Board mandated BoardAlpha Limited to carry out a review of the Board's effectiveness. The report was positive and made suggestions which will be implemented in the course of this year. The Board is already very aware that it lacks female representation, notwithstanding the powerful representation of women in management roles at both Amedeo Limited and JTC Fund Solutions (Guernsey) Limited. In addition, a new independent director to assume responsibility for the Audit Committee is required. Active independent searches commenced earlier in the year and our intention is to make two new appointments shortly.

John Le Prevost resigned as a director of the Company, for personal reasons, with effect from 21 June 2021. On behalf of the Board, I would like to thank John for his service and valuable contribution to the Company and we wish him all the best in his future endeavours.

IMPAIRMENTS

The recent crisis has had a negative, and I would say permanent, effect on widebody values, particularly the A380. Our fleet of 12 aircraft has suffered an aggregate USD199m charge. The Board has, with Amedeo's help, carried out extensive analysis on likely future values, a difficult exercise given the lack of reliable data, and the ability of Subsidiaries to meet their future obligations.

The A350s have suffered barely any reduction in base value. It is still the case that no arm's length secondary trade, either for sale or lease, has taken place for the A380 and the worldwide fleet remains 80% grounded. The numbers of operators who say they intend to return such aircraft to service is small. Therefore availability, whether of aircraft, engines or spare parts, will exceed demand with the inevitable effect on values and prices. Our leases have at least 6 years left to run and opportunities may emerge.

The B777-300ER has also suffered due to its size, its high engine overhaul costs and the perception that the modern fuel efficient twins, such as the B787 and A350, are the future. However, there is still a wide user base and a viable conversion programme has emerged. It is also clear that the 777-X will be delayed but not as far out as the lease end date for our aircraft in 2028.

FINANCIAL SUMMARY

Financial Year	2020-21	2019-20	2018-2019
Total Rental Income (GBP)	201,374,560	256,560,337	254,648,768
Net Asset Value Per Share (Pence)	71.80	98.43	109.70
Distributions Made (GBP)[1]	11,346,419	52,985,622	52,985,621
Outstanding Shares	434,141,757	642,250,000	642,250,000
Outstanding Debt (GBP)	1,033,556,018	1,233,244,765	1,574,112,490
Change in Portfolio Residual Value[2]	-20%	-16%	-1%

I should like to add here that the commitment and application brought by my fellow directors to managing the numerous challenges faced by your Company has been impressive. However hard the decisions have been, however unpopular, there has always been a full quorum of all directors on the dozens of Zoom and other calls needed.

In a similar vein, Amedeo Limited, our asset manager, has worked tirelessly to protect our interests. Their experience in managing distressed situations has been invaluable.

Liberum Capital Limited joined us as our Corporate Broker and has quickly established good and cooperative working relationships with the Board and Amedeo Limited. We have noted a useful improvement in information flow, particularly a broad and thorough feedback exercise with our shareholders which has helped us focus on actual expectations rather than our assumptions as to what they might be.

We note that Emirates has recently published its annual financials. Whilst these make sober reading, it is clear that their energy in devoting their 777 fleet to cargo has helped stem the losses from the rest of their fleet and they benefit from a committed and supportive Government shareholder.

Finally, may I also thank our shareholders for their patience and support. I am hopeful that the fast uptake in domestic flying which is evident in China and the USA, where domestic traffic is back to 83%, will be copied across into international long haul travel, albeit at a slower pace.

Robin Hallam
Chairman

Date: 23 July 2021

1 Interim dividends of 1.15 pence and 1.50 pence per Redeemable Ordinary Share in respect of the financial year ending 31 March 2021

2 Based on appraisal assumptions used for each respective financial year

Asset Manager's Report

On the invitation of the Directors of the Company, the following commentary has been provided by Amedeo Limited as Asset Manager of the Company and is provided without any warranty as to its accuracy and without any liability incurred on the part of the Company, its Directors and officers and service providers. The commentary is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Company should seek their own independent financial advice and may not rely on this communication in evaluating the merits of an investment in the Company. The commentary is provided as a source of information for shareholders of the Company but is not attributable to the Company.

AA4P PORTFOLIO UPDATE

As set out in the Company's announcement on 19 May 2021, the meeting to vote on the Rehabilitation Plan (and amendments to it) occurred as scheduled on 19 May at 9am Bangkok time by way of a virtual meeting. In accordance with the Thailand Bankruptcy Act, the Rehabilitation Plan proposed by the Planners along with certain proposed amendments to the Rehabilitation Plan tabled by the Planners and certain creditors, was approved by the creditors committee. On 15 June 2021, the Court rendered its order to approve the Plan and appointed the Plan Administrators, who will have rights, duties, and powers to manage and operate Thai Airways in accordance with the conditions and terms stipulated in the Plan. The Asset Manager is in negotiations to agree the binding lease amendment documentation with the airline, on a power by the hour basis initially, before moving to a fixed rate lease for the remaining term of the lease including an extension of the lease from the original term. The Company is targeting Q3 2021 to document and effect the restructuring of debt with its lenders.

Emirates continues to fulfil its current lease obligations. The airline has released its 2020/21 financial statements at the end of Q2 2021, highlighting its first annual loss in over 30 years, however the carrier also ended the year with a much-improved passenger network and strong cash reserves of AED 15.1 billion (USD 4.1 billion[3]) that will help its recovery. The Company has given permission to Emirates to add "premium economy" to three of its A380 aircraft. MSNs 201, 206, & 208 have been selected by Emirates to undergo the modification and the airline will bear the cost in full. The Company is encouraged by this step forward in Emirates' A380 programme and believes that the cabin refurbishment will enhance the value of its aircraft.

AMEDEO'S ASSET INSPECTION REPORT TO AA4P

The utilisation figures below represent the totals for each aircraft from first flight to 31 May 2021

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles
Emirates	A380-861	157	A6-EEY	04/09/2014	04/09/2026	23,633	3,761
	A380-861	164	A6-EOB	03/11/2014	03/11/2026	23,475	3,773
	A380-861	187	A6-EOM	03/08/2015	03/08/2027	23,993	2,210
	A380-861	201	A6-EOQ	27/11/2015	27/11/2027	17,707	2,799
	A380-861	206	A6-EOV	19/02/2016	19/02/2028	19,331	3,098
	A380-861	208	A6-EOX	13/04/2016	13/04/2028	16,110	2,543
	B777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	18,498	4,560
	B777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	18,218	4,188
Thai Airways	A350-900	123	HS-THF	13/07/2017	13/07/2029	12,930	2,189
	A350-900	130	HS-THG	31/08/2017	31/08/2029	12,516	2,012
	A350-900	142	HS-THH	22/09/2017	22/09/2029	12,266	2,018
	A350-900	177	HS-THJ	26/01/2018	26/01/2030	10,745	1,764

Recent Technical Activity:

- No significant technical events have been reported by Emirates for this period.
- No significant technical events have been reported by Thai Airways for this period.
- Emirates aircraft have been grounded from the end of March 2020, with the exception of the B777-300ER aircraft and A380's MSN 187 & 206.

3 US$ Figures are converted at US$ 1 = AED 3.67

Asset Manager's Report (continued)

- Thai Airways aircraft have undergone the relevant checks and confirmed as serviceable and seen limited operations, with all aircraft returning to full revenue service.
- Emirates fleet last operated as per the dates listed below:
  - MSN 157: 12 July 2021 (Positioning Flight from DXB – DWC)
  - MSN 164: 19 March 2020
  - MSN 187: In service (last revenue flight on 20 July 2021)
  - MSN 201: 18 August 2020 (Positioning Flight from DWC – DWC)
  - MSN 206: In service (Last revenue flight on 20 July 2021)
  - MSN 208: 26 August 2020 (Positioning Flight from DWC – DWC)
  - MSN 42334: In service (Last revenue flight on 20 July 2021)
  - MSN 42336: In service (Last revenue flight on 20 July 2021)
- Thai Airways fleet last operated as per the dates listed below:
  - MSN 123: In service (Last revenue flight on 12 July 2021)
  - MSN 130: 03 June 2021
  - MSN 142: In service (Last revenue flight on 18 July 2021)
  - MSN 177: 14 February 2021

Industry Update: COVID-19[4]

On 3 February 2021, IATA announced full-year global passenger traffic results for 2020 showing that demand (RPKs fell by 65.9% compared to the full year of 2019. IATA describes this as by far the sharpest traffic decline in aviation history. International passenger demand in 2020 was 75.6% below 2019 levels, while capacity, measured in ASKs, declined 68.1% and load factor fell 19.2 percentage points to 62.8%. Unsurprisingly, domestic demand in 2020 was slightly better than international demand, but was still down 48.8% compared to 2019 levels, while capacity contracted by 35.7% and load factor dropped 17 percentage points to 66.6%.

In June, IATA published the latest data from April performance showing that total demand for air travel in April 2021 (measured in revenue passenger kilometres or RPKs) was down 65.4% compared to April 2019. That was an improvement over the 66.9% decline recorded in March 2021 versus March 2019. The better performance was driven by gains in most domestic markets. Total domestic demand was down 25.7% versus pre-crisis levels (April 2019), much improved over March 2021, when domestic traffic was down 31.6% versus the 2019 period. All markets except Brazil and India showed improvement compared to March 2021, with both China and Russia reporting traffic growth compared to pre-COVID-19 levels.

Willie Walsh, IATA's Director General, claims that "The continuing strong recovery in domestic markets tells us that when people are given the freedom to fly, they take advantage of it." He mentioned that international travel remained stagnant due to travel regulations, however offered optimism that there will be "a similar resurgence in demand" to domestic travel once restrictions are relaxed and global vaccination rates improve.

Despite the underwhelming results in 2021 thus far, IATA estimates that travel demand (RPKs) will recover to 43% of 2019 levels over the year. While that is a 26% improvement on 2020, it is far from a recovery. Domestic markets will improve faster than international travel. Overall passenger numbers are expected to reach 2.4 billion in 2021. That is an improvement on the nearly 1.8 billion who travelled in 2020, but well below the 2019 peak of 4.5 billion. Industry revenues are expected to total USD 458 billion. That's just 55% of the USD 838 billion generated in 2019 but represents 23% growth on the USD 372 billion generated in 2020.

4 As of publication of this report.

EMIRATES GROUP

2020/21 Financial Results[5]:

Emirates did well to design and implement bio-safety measures across operations to gradually restore its passenger network and hub connectivity from mid-June 2020 when the UAE re-opened its borders. By the 31 March 2021, Emirates increased its flight network to over 120 destinations across the globe, an impressive achievement considering that the airline recorded zero scheduled passenger flights at the start of its financial year. Despite its efforts, Emirates recorded its first loss in over 30 years, during the 2020/21 financial year.

Due to ongoing pandemic-related flight and travel restrictions, the airline reported a loss of AED 20.3 billion (USD 5.5 billion) after last year's AED 1.1 billion (USD 288 million) profit, and a negative profit margin of 65.6%. Emirates' total revenue for the financial year declined 66% compared to AED 30.9 billion (USD 8.4 billion) recorded during the same period last year. Emirates focused their attention towards preserving cash and ultimately ended the year holding AED 15.1 billion (USD 4.1 billion) in cash assets. The airline claims that its cash position would have been stronger if not for a one-time pay-out of AED 8.5 billion (USD 2.3 billion) for customer refunds. Emirates was well supported by its biggest shareholder, the Government of Dubai, and ultimately received a capital injection of AED 11.3 billion (USD 3.1 billion) during the year.

Emirates carried 6.6 million passengers (down 88% from 56.2 million in 2019-20) in 2020-21, with seat capacity down by 83%. The airline reports a Passenger Seat Factor of 44.3%, compared with last year's passenger seat factor of 78.5%; and a 48% increase in passenger yield to 38.9 fils (10.6 US cents) per Revenue Passenger Kilometre (RPKM), due largely to a favourable route mix, fares and continued healthy demand for premium seats.

Emirates SkyCargo did very well to respond to new demand in a changed global marketplace, and ultimately contributed to 60% of the airline's total transport revenue. It supplemented its existing freighter capacity by bringing into service 19 modified Boeing 777-300ER, which acted as "mini freighters". This helped Emirates to upscale and take advantage of the strong demand in air freight and end the financial year with revenue of AED 17.1 billion (USD 4.7 billion), an increase of 53% over last year.

In February 2021, Emirates' president Sir Tim Clark stated that the carrier will recover from the COVID-19 crisis without any fundamental changes to its business model. Rather, Emirates intends to use its mix of widebody aircraft to take advantage of anticipated supply-side shortages in medium- and long-haul sectors in the coming years. At the same time, Sir Tim Clark walked back his prediction according to which medium- and long-haul international traffic would ramp up significantly in July and August this year but expects such developments in the last quarter of 2021: "At the end of the day, my view is that once we are through this, demand for air travel will return, consumer confidence will return."

As of the publishing of the annual results, Emirates' order book for 200 aircraft remains unchanged as the airline is firmly committed to its strategy of operating a modern and efficient fleet that is in line with its "Fly Better" brand. However, during a webinar that took place on 8 April, Sir Tim Clark publicized that Boeing's 777X programme is in "a state of disarray". Sir Tim Clark stated that he expects the jets will begin arriving "either [at] the back end of '23, '24 or possibly even '25", over five years later than scheduled. He also added that the absence of the aircraft is causing difficulties for the airline as it assesses its fleet and network strategy for the coming years. Emirates had planned to begin replacing some of its A380s with 777-9s, however given the delays, the timeline "has been shifted to the right". Amid the uncertainty, the Airbus A380 will potentially play an ongoing role at the carrier for at least another 15 years. The double-deck type has formed the backbone of the airline's fleet for over a decade, and Clark highlights that pre-pandemic the A380 accounted for 85% of profits and was "always full", proving popular across all classes, something that "we see continuing".

Thai Airways International

As detailed in the AA4P Portfolio Update section above, the airline, with the help of its Planners, submitted the Rehabilitation Plan to the Official Receiver on 2 March 2021. The Court will now review the extensive details before providing a decision that will likely be announced in a hearing during Q3 2021. Furthermore, on 15 June 2021, the Central Bankruptcy Court rendered its order to approve the Plan and appointed the Plan Administrators, who will have rights, duties, and powers to manage and operate Thai in accordance with the conditions and terms stipulated in the Plan.

5 US$ Figures are converted at US$ 1 = AED 3.67

Asset Manager's Report (continued)

During the first quarter of 2021, Thai Airways published its annual report for the financial year ending in December 2020. Thai reported a net loss of 141.2-billion-baht (c. USD 4.5 billion)[6], widening the 12-billion-baht (c. USD 388 million) loss incurred in 2019. The annual loss was the largest ever for a Thai company, according to data compiled by the Stock Exchange of Thailand.

Overview

The airline's losses last year included one-time expenses of almost 92 billion baht (c. USD 2.9 billion) from an employee separation plan and impairment losses on aircraft, right-of-use assets and aircraft spare parts. In efforts to rebuild the airline's fortunes, Thai is gradually cutting its workforce with the aim to reduce its current 28,000 workforce by half, paying out severance along the way. However, the majority of 92-billion-baht was attributed to impairment loss of 83-billion-baht (c. USD 2.7 billion). At the operational level, Thai incurred a loss of 38.6-billion-baht (c. USD 1.2 billion), far greater than the 10.6-billion-baht (c. USD 340 million) loss suffered in 2019.

In April 2020, the Thai government imposed strict travel restrictions, causing passenger numbers to drop to unprecedentedly low figures. In December, the Government of Thailand eased travel restrictions to allow citizens from 56 countries to visit Thailand without visa requirements. However, the travellers were still forced to follow other health safety measures. Given these severe travel restrictions, Thai and its subsidiaries carried around 5.87 million passengers in 2020, which was a decrease of 76.1% from the previous year. Capacity (in ASKs) decreased by 73.7% while passenger traffic (in RPKs) decreased by 78.5%. In its outlook, Thai notes that vaccines will go some way towards helping the industry recover, though it notes that its financial performance for the first half of 2021 will continue to remain "negative".

Thailand faced a third wave of COVID-19 in the initial periods of 2021, which slowed down Thai's progress on its commercial operations. Towards the end of April, the government of Thailand implemented travel restrictions from India over concerns of imported coronavirus cases. The government also ordered parks, gyms, cinemas, day-care centres and other venues in Bangkok, the epicentre of the latest wave of infections, to shut from April 26 until May 9.

The Civil Aviation Authority of Thailand (CAAT) said in an 18 July statement that it would require local airlines to suspend commercial passenger flights to and from "dark red" zones, which are provinces classified as having the highest infection risk, starting 21 July, in line with travel restrictions imposed on these provinces. In support of the Covid-19 containment efforts by the government of Thailand, Thai Airways has suspended several domestic routes from the capital Bangkok until September and its regional subsidiary Thai Smile will temporarily suspend all of its scheduled domestic commercial flight operations from 21 July until 3 August.

Fortunately, Prime Minister Prayuth Chan-ocha made a statement in June, mentioning that fully inoculated foreign visitors and Thai citizens must be allowed entry "without quarantine or other inconvenient restrictions," and that his goal is to open up the country within 120 days. He stated that "this decision comes with some risk because, once the country is open there will be an increase in infections, no matter the precautions they choose to take. However, he added that "when we take into consideration the economic needs of the people, the time has come for us to take that calculated risk." We will have to wait and see how things progress, but this provides hope for the country, that heavily relies on tourism, and offers positive indication for the upcoming operations of Thai. There is further optimism after the Government of Thailand passed the "Phuket Sandbox" initiative, which from 1 July 2021 will allow free movement on the island for tourists fully vaccinated against COVID-19, with no self-isolation on arrival. This "sandbox initiative" is not affected by the tightening of restrictions in Thailand and tourists will be given a green light to travel elsewhere in Thailand after 14 days.

6 US$ Figures are converted at US$ 1 = 30.5923 Thai Baht

Environmental, Social And Governance Policy

Introduction

The Board recognises that shareholders now have a growing interest in the ESG considerations resulting from a company's business. This report sets out our current policy and approach to ensuring that the Company's level of engagement on ESG matters moves towards being commensurate to the size, nature and complexity of the business.

This Board's current policy is in its infancy as it strives to address today's ESG considerations within a company which was established in 2015 on a business model designed to run for twelve years without interruption. Subsequent acquisitions of aircraft have pushed that end date out to March 2030.

The Board has adopted a policy to uphold ESG standards where possible and applicable although recognising that this may be constrained somewhat by the nature of the Company's activities and the existing contracts it has already entered into on behalf of shareholders.

The Company has granted "quiet enjoyment" of its aircraft to its lessees, Emirates and Thai Airways. Shareholders are invited to review the environmental and sustainability criteria published by Emirates on page 14 of their most recent annual report and the statements made by Thai on their website as further detailed on page 12.

The Company

The Company is a Guernsey company incorporated on 16 January 2015.

The Company is under the control of its Board on behalf of the shareholders. All directors are independent and non-executive. The Board has overall responsibility for the Company's activities including all business decisions and the declaration of distributions.

The Company has delegated the following activities to its appointed service providers:

- arranging the financing, acquisition and disposal of aircraft and the management of such aircraft whilst owned by the Group are delegated to the Asset Manager;
- arranging meetings with major shareholders and other shareholders as may reasonably be requested by the Company to discuss proposed developments in relation to the Company and providing feedback to the Board has been delegated to the Corporate Broker;
- Company secretarial, administration and accounting services are delegated to the Secretary and Administrator; and
- share registration services are delegated to the Registrar.

The Company has no executive directors nor employees and for all purposes its business is deemed to be operating out of its registered office which is also the office of the Company Secretary in Guernsey. The Board conducts the Company's business via a series of meetings held in Guernsey or via a video link.

Sometimes directors are required to travel in the fulfilment of their duties and, where circumstances allow, travel is kept to a minimum. Where travel restrictions put in place as a result of the COVID-19 pandemic permit, the directors are required to travel to Guernsey on at least a quarterly basis for Board meetings, to the UK to visit shareholders and service providers as and when required and very occasionally, to the middle east or Asia to meet the Assets' lessees.

The Company consequently has a limited physical footprint and therefore its environmental impact is low.

The Board of Directors

The Board recognises the importance of gender diversity and ethnic inclusion. The Board will take such considerations into account whilst searching for a new director. The Company's service providers also engage a number of executive women who are involved heavily in the affairs of the Company.

As a Guernsey incorporated company and under the DGTRs of the UK's FCA the Company is not required to comply with the UK Code but has instead chosen voluntarily to comply with the provisions of the AIC Code to the extent that they are considered relevant to the Group.

The Board has adopted a comply or explain approach to the AIC Code and exceptions are reported in the Directors' Report section of this publication.

Environmental, Social And Governance Policy (continued)

The Board has considered and determined the following two additional policies:

- there are no relevant disclosures to be made with regard to modern slavery in relation to the Company's own operations; and
- the Board takes a zero-tolerance approach to bribery and corruption; and has procured from all service providers their own similar undertaking.

Finally, the Board monitors potential conflicts of interest closely and has engaged with its service providers to request them to do the same and to adopt appropriate policies to deal with such matters.

The Assets

The principal activity of the Group is to acquire, lease and then sell aircraft. The Group currently owns six A380-800 aircraft, two 777-300ER aircraft and four A350-900 aircraft. The six A380s and the two Boeing 777 aircraft are leased to Emirates and the four A350 aircraft are leased to Thai Airways.

The nature of the leases entered into with these lessees means the Company has no influence whatsoever in the use by each lessee of the relevant aircraft; and each such lease is fixed for twelve years and is non-cancellable. The terms of each lease were fixed when they were entered into and afford the lessees quiet enjoyment of the relevant aircraft for the duration of the initial lease term; whilst ensuring each aircraft is maintained to the highest standard and remain as efficient as possible.

The Aviation Industry

The increased focus on climate change and greenhouse gas emissions, inevitably means that further focus has landed on the aviation industry and its emissions profile. In this regard the Company is fortunate to have two responsible flag carrying airlines as its lessees who each demonstrate on their websites a considerable amount of concern for their respective businesses' environmental and social impact. The following links to these websites explain this:

Emirates = https://www.emirates.com/english/about-us/

Thai Airways = https://www.thaiairways.com/en_GB/about_thai/company_profile/index.page

The ATAG reports that aircraft flights produced 895 million tons of carbon dioxide, or 2% of total "human-induced" carbon dioxide emissions. Among transport sources of carbon dioxide, aviation is responsible for just 12%, with road emissions comprising the vast majority at 74%.

ATAG aims for net carbon emissions neutrality from 2020 onwards and for net carbon emissions to be 50% of 2005 levels by the year 2050. Airframe and engine manufacturers can and will contribute significantly to this effort.

As an asset owner, the Group is fortunate that its choice of aircraft were among the most environmentally efficient jet aircraft in service at the time of acquisition.

In the context of the aircraft the Group owns and their associated leases, the Board will continue to monitor the sustainability efforts of the industry and the lessees and will continue to have regard to environmental concerns when considering changes in the future to the Group's existing contracts.

Business Model

COMPANY OVERVIEW

The Company is a Guernsey company incorporated on 16 January 2015. The Company operates under the Law and the DGTRs of the UK's FCA.

All of the Company's Shares have since 13 May 2015 been admitted to trading on the SFS.

The initial and six subsequent share raisings resulted in the issue and admission to trading on the SFS of 642,250,000 Shares issued at an average offer price of 102 pence. On 28 September 2020 the Company compulsorily redeemed 214,083,243 Shares on a one for three shares held basis as at 25 September 2020 paying a redemption price of 46 pence per Share redeemed.

As at 22 July 2021, the last practicable date prior to the publication of this report, the Company's total issued share capital was 434,141,757 Shares trading at 23.50 pence per Share giving the Company a market capitalisation of £102.02 million.

Investment Objective and Policy

Since launch the Company's investment objective has been to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling aircraft.

To pursue its investments objective, the Company sought to use the net proceeds of placings and/or other equity capital raisings, together with debt facilities, to acquire aircraft which it leased to one of three major airlines. In February 2020 all aircraft leased to Etihad Airways were disposed of and now the remaining aircraft are leased either to Emirates or Thai Airways.

Given the current COVID-19 crisis and the devastating affect it has had upon the long-haul air travel industry, plus the fact that one of the Group's lessees, Thai Airways is now under bankruptcy protection, the Board considers it unlikely that in the near term there will be any further expansion of the Company but rather all effort is concentrated on managing the current economic challenges to ensure the Company's long term survival.

Investment Portfolio

As at the financial reporting date of 31 March 2021 the Company had twelve wholly-owned aircraft owning subsidiaries and two Irish leasing subsidiaries, see note 1 for further details.

Distribution Policy

The Company aims to provide shareholders with a total return comprising income from distributions through the period of the Group's ownership of the Assets and a capital distribution upon the sale, or other disposition of the Assets.

Up until December 2019 the Group regularly received income in the form of lease payments and income distributions were made to shareholders quarterly in accordance with the Company's then target of a distribution to shareholders of 2.0625 pence per Share per quarter.

However, on 6 April 2020, as a result of the impact of COVID-19 on the airline industry, the Company announced that the Board had resolved to temporarily suspend the payment of any kind of distribution to shareholders, as the Board's priority lay in preserving the long-term financial stability of the Company for the benefit of its shareholders and creditors. The Board considered that maintaining the Company's liquidity was vital and prudent in doing so.

Whilst two dividends were declared and paid in October 2020 and January 2021, the Board has taken the decision to suspend quarterly dividends until the rehabilitation of Thai Airways and agreement with the Company's lenders are complete which is currently expected at the end of July 2021. The Board is committed to reinstating a sustainable dividend policy as soon as is practicable.

Details of special dividends declared by the Board during the year under review are set out on page 63.

Return of Capital

Following the sale of an Asset the Board may, as it deems appropriate at its absolute discretion, either return to shareholders all or part of the net capital proceeds of such sale (subject to satisfaction of the Solvency Test), or re-invest the proceeds in accordance with the Company's investment policy, subject to shareholder approval.

Following the sale in February 2020 of the two aircraft leased to Etihad Airways, on 23 September 2020 the Company announced the return to shareholders of £98.5 million of the resultant proceeds by means of a compulsory redemption of one share for every three shares held as at 25 September 2020 for a payment of 46 pence per each share redeemed. Accordingly, 214,083,243 Shares were redeemed and have now been cancelled.

The Asset Manager regularly monitors the market valuations of the Assets and, subject to any lease obligations, will consider the most appropriate time for the sale of any one or more of the Assets. The Board will consider any recommendation from the Asset Manager as to the sale of any Asset and proceed as the Board considers appropriate.

Liquidation Resolution

Although the Company does not have a fixed life, the Articles require that the Board convenes a Liquidation Proposal Meeting in 2029 or such other date as shareholders may approve by ordinary resolution.

Stakeholders and Section 172

An intention of the AIC Code, to which the Company fully subscribes, is that the Board should understand the views of the Company's key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the UK's Companies Act 2006 have been considered in Board discussions and decision-making.

Such guidance says that the Board has a duty to promote the success of their company for the benefit of the members as a whole and, in doing so, have regard to:

a. the likely consequences of any decision in the long term;

b. the interests of the company's employees;

c. the need to foster the company's business relationships with suppliers, customers and others;

d. the impact of the company's operations on the community and the environment;

e. the desirability of the company maintaining a reputation for high standards of business conduct; and

f. the need to act fairly between members of the company.

As an aircraft leasing company, the Company has no employees and all of the directors are non-executive, so the Board considers that its key stakeholders are its shareholders and its service providers.

The Company has managed its relationship with the lessees in the knowledge that the recent difficulties in air travel have not arisen due to default by lessees and we have cooperated with them with a view to overcoming such difficulties.

The Board's engagement with shareholders is described in the section "Dialogue with Shareholders" on page 31. All shareholders are treated equally and no shareholder receives preferential treatment. When making decisions of relevance to shareholders, the Board considers first and foremost the likely consequences of their decisions in light of their duty to act in the best interests of the Group in the longer term. The Board also considers what is likely to be in the best interests of shareholders as a whole, but does not consider individual shareholders' specific circumstances or desires when making its decisions.

The Company engages third party service providers and, in addition to the regular reporting provided by these key service providers, the Board performs a review of the performance of these key service providers on an annual basis. The services provided by these key service providers are critical to the ongoing operational performance of the Group. The Board believes that fostering constructive and collaborative relationships with the Company's service providers will assist in their promotion of the success of the Group for the benefit of all shareholders.

The Board considers the interests of all stakeholders and oversees the activities of the Asset Manager, as further explained below.

As described in detail in the Company's viability statement on page 23, the Board considers the prospects of the Group for at least the duration of each lease whenever it considers the Group's sustainability. All strategic decisions are therefore taken with the long-term success of the Group in mind and the Board would take external advice whenever it considered that such would be beneficial to its decision making process, primarily from its retained service providers (including legal counsel), but also from other external consultants.

The Board recognises that ESG considerations can have a significant impact on investment activity in terms of raising funds, identifying investment opportunities and long-term value creation for shareholders. Please see more information regarding ESG in the report on pages 10 to 11.

Business Model (continued)

The Board ascribes to the highest standards of business conduct and has policies in place to ensure compliance with all applicable laws and regulations. In addition to the monitoring of the Company's compliance with its own obligations, the Board also monitors compliance by its key service providers with their own obligations. Each provider is required to have in place suitable policies to ensure that they maintain high standards of business conduct, treat customers fairly and are committed to ensuring that high standards of corporate governance are maintained.

The Board encourages openness and transparency with its service providers.

Management of the Group

The directors are responsible for managing the business affairs of the Group in accordance with the Company's Articles and have overall responsibility for the Group's activities, including investment activity. The Group has delegated management of the Assets to Amedeo Limited, a company incorporated in Ireland. The directors delegate secretarial and administrative functions to JTC Fund Solutions (Guernsey) Limited which is a company incorporated in Guernsey and licensed by the GFSC for the provision of administration services. JTC Registrars Limited is the Company's Registrar, Transfer Agent and Payment Agent. Following the termination of the appointment of Nimrod Capital LLP as the Company's corporate and shareholder adviser on 31 January 2021, on 15 March 2021 the Company appointed Liberum Capital Limited as the Company's Corporate Broker.

Asset Manager, Agency Services and Liaison Agent

The Asset Manager has been appointed by the Company to provide asset management services to the Group. Pursuant to the Asset Management Agreement dated 30 April 2015, the Asset Manager will: (i) monitor and, to the extent required pursuant to the terms and conditions set out in each lease, administer each relevant lessee's performance of its obligations under the relevant lease (including such lessee's obligations relating to the insurance of the Assets); (ii) as the Group's exclusive remarketing agent in respect of the Assets, use all reasonable endeavours to solicit offers to lease or sell each of the Assets on the best terms reasonably obtainable having due regard to the then current market conditions (including current industry and market practice); (iii) carry out mid-lease inspections of the Assets; (iv) provide the Group with information and analysis with respect to each Asset, including a quarterly asset monitoring report which will include recent developments and a forward looking statement including inspection results, events, any material information, significant changes, decisions which have been or need to be made, events affecting distributions, and other major or pending events, issues or outcomes as far as known to Amedeo; and (v) if requested by the Group, acting reasonably, provide a financial model that would allow the Board to prepare or re-assess target distributions based on the Asset Manager's view of projected cash flows and liabilities.

The Asset Manager has further undertaken that it will dedicate sufficient time and resources as they reasonably believe is sufficient from time to time to fulfil any contractual arrangements it enters into with the Group.

Amedeo Limited has also been appointed as Agency Services provider by the Company, pursuant to the Agency Agreement dated 30 April 2015, to assist the Group, and act as the Group's agent, in relation to the arrangement, negotiation, review, and, following the approval and execution by the Group, the management of the acquisition of assets, the borrowings of the Group relating to the acquisition of the assets (including any financing documentation), each lease and ensuring that material agreements are consistent with market practice in the aviation industry.

Amedeo Services (UK) Limited has been appointed as Liaison and Administration Oversight Agent by the Company, pursuant to the Liaison and Administration Oversight Agreement dated 30 April 2015, to: (i) co-ordinate the provision of services by service providers to the Group under the Asset Management Agreement, the Agency Agreement and the Administration Agreement; (ii) facilitate communication between the Group and its service providers in relation to the services provided under the Administration Agreement, Asset Management Agreement and Agency Agreement; (iii) in relation to the acquisition of any asset, monitor and review the timing or payments and any currency exchanges to be effected in order to ensure payments are made in a timely maker; (iv) monitor the on-going budget of the Group and the payment of recurring and certain non-recurring costs, fees and expenses, and (v) assist the Administrator in monitoring the balances in the bank accounts of the Group and, where appropriate, provide the Administrator with any assistance it might reasonably require with respect to making payments, transferring balances or entering into currency exchanges as appropriate. Amedeo Services (UK) Limited is authorised and regulated by the FCA.

Amedeo is a recognised aircraft asset manager and principal investor in leasing transactions to customer airlines globally. The aircraft portfolio currently managed by the Amedeo group, includes thirty nine aircraft under management and an

Business Model (continued)

additional 8 aircraft under oversight. The volume of assets under management is c. $7 billion, which include commercial airliners including A380, A350, A330 and Boeing 777 and 747-F. Amedeo is a member of the International Society of Transport Aircraft Trading ("ISTAT").

Corporate Broker

Liberum Capital Limited were engaged by the Company on 15 March 2021 to act as the Company's corporate broker. In such a capacity, the Corporate Broker maintains a regular dialogue with shareholders in order to ensure that any significant developments in relation to the Company are communicated appropriately to shareholders. The Corporate Broker also provides shareholder feedback to the Company following shareholder meetings or interaction.

Liberum is a leading independent UK provider of investment banking, research, sales and trading. Liberum is authorised and regulated by the FCA.

Secretary and Administrator

JTC Fund Solutions (Guernsey) Limited is an independent provider of institutional and private client services to clients in numerous jurisdictions and is a member of the JTC Group. See the JTC Group's website at www.jtcgroup.com.

JTC Fund Solutions (Guernsey) Limited is a Guernsey incorporated company, which is licensed by the GFSC. JTC Fund Solutions (Guernsey) Limited provides administration and secretarial services to the Group pursuant to the Administration Agreement dated 30 April 2015, as amended.

In such capacity, the Secretary is responsible for the general secretarial functions required by the Law and assists the Group in its compliance with its continuing legal and regulatory obligations, as well as providing advice on good corporate governance and best practice for a publicly traded company.

The Administrator is also responsible for the Group's general administrative functions and for the preparation of unaudited half-yearly and audited annual financial reports, subject to the direction and oversight of the Board.

Registrar

JTC Registrars Limited has been appointed as registrar, transfer agent and paying agent by the Company pursuant to a Registrar's Agreement dated 30 April 2015. The Registrar performs all the usual duties of a registrar, transfer agent and paying agent in relation to the Shares and the maintenance of the Company's Share register.

Review of Service Providers

The Board keeps under review the performance of the Asset Manager, Corporate Broker, the Secretary and Administrator and the Registrar and the powers delegated to each service provider. In the opinion of the Board the continuing appointments of the current service providers on the terms agreed is in the interest of the Company and its shareholders as a whole.

A full list of the Group's service providers is set out on pages 81 and 82.

Board of Directors

As at 31 March 2021, the Company had four directors, all of whom are independent and non-executive. All directors held office throughout the period under review.

Robin Hallam (Chairman) (Independent non-executive)

Until 31 December 2015, Robin Hallam was a partner and co-head of Asset Finance at international law firm Hogan Lovells International LLP. He became a partner in 1995 specialising in aircraft finance, particularly leasing, export credit and structured financing. Between January and December 2016, Robin was a consultant at Hogan Lovells. He has represented financial institutions, operating lessors, investors, airlines and export credit agencies. Robin holds a degree in law from Trinity College, Cambridge, is a member of the International Society of Transport Aircraft Trading ("ISTAT") and was ranked Band 1 for Asset Finance in Chambers UK 2015.

David Gelber (SID) (Independent non-executive) (Acting Chairman of the Audit Committee with effect from 21 June 2021)

David Gelber began his career with Citibank in London in 1974. Over the course of the next twenty years he held a variety of trading roles in foreign exchange, fixed income and derivatives at Citibank, Chemical Bank and HSBC where he was Chief Operating Officer of HSBC Global Markets. In 1994 he joined ICAP, an inter-dealer broker, as COO and oversaw two mergers and a number of acquisitions. He is currently a non-executive director of Walker Crips PLC, a stock broker and wealth manager; and a non-executive director of IPGL, a holding company with investments in numerous companies on several of which he serves as a director (DDCAP an arranger of Sharia Compliant transactions, Tellimer Ltd an online research platform for frontier markets, Veridium ID a biometric identification provider, Opportunity Network a B2B CEO platform and Aviva Singapore Life Ltd, an entity recently formed from a merger of Singapore Life with the local operations of Aviva PL). David holds a BSc in Statistics and Law from the University of Jerusalem and an MSc in Computer Science from the University of London.

Laurence Barron (Independent non-executive)

Having begun his career as a commercial lawyer in Paris and then in Tokyo, where he first became involved in aircraft financing transactions, Laurence joined Airbus in 1982 as an in-house lawyer specialising in aircraft finance. He subsequently moved to the business side when, in 1984, he was appointed Sales Finance Director North America, becoming Head of Sales Finance in 1985, and then, in 1987, Vice President of Customer Finance. In 1994, he was asked to set up the Asset Management Organisation within Airbus and that year became Vice President and Head of Asset Management. Airbus Asset Management has full responsibility for all used aircraft transactions at Airbus and acts as an in-house leasing company for the used Airbus aircraft owned or controlled by the Airbus group of companies. In 2001 he was promoted to Senior Vice President of Airbus before assuming the role of President of Airbus China in 2004, with responsibility for Airbus' overall activities in the People's Republic of China. In January 2013, Laurence was appointed Chairman of EADS China, now rebranded Airbus China. Laurence retired from salaried Airbus employment at the end of April 2016 and was non-executive Chairman of Airbus China until the end of 2017. He holds an LLB from Bristol University Law Faculty.

John Le Prevost

John Le Prevost resigned as director of the Company, for personal reasons, with effect from 21 June 2021.

A selection process for additional non-executive directors, one of which it is intended will become Chairman of the Audit Committee, commenced earlier in the year and our intention is to make two new appointments shortly. Senior independent director David Gelber will assume chairmanship of the Audit Committee pending appointment of a successor.

Principal Risks and Uncertainties

The Board has undertaken a robust assessment of the principal risks facing the Group and has undertaken a detailed review of the effectiveness of the risk management and internal control systems. The Board is comfortable that the risks are being appropriately monitored and the documentation to support these processes undergoes review and enhancement with each new acquisition.

The risks set out below are those which are considered by the Board to be the material risks relating to the Company and the Group.

Risk	Explanation/Mitigation
Global Pandemic	COVID-19 has spread globally and resulted in widespread restrictions on individuals socialising and travelling which is having a significant effect on the airline industry, in particular, international business travel on which widebody aircraft operation is dependent. With the majority of aircraft grounded and the financial impact on airlines, it is probable that a number will enter into bankruptcy, as Thai Airways has done. The Board has been focussed on cash conservation for the Company and suspended dividend payments during the year under review.
Operational risk	There is a risk that the Group will not achieve its investment objective and that the value of a shareholder's investment could decline substantially or entirely as a consequence. The Board is ultimately responsible for all operational aspects of performance, including cash management, asset management and legal and regulatory obligations. The Group has no employees and so the Company enters into legal agreements with service providers to ensure that all operational functions are fulfilled. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Group and could adversely affect the ability of the Company to meet its investment objective. This risk has been mitigated by the Company using well established, reputable and experienced service providers. The Board assess service providers' continued performance on an annual basis. Remote working may restrict the ability of the Board to monitor performance of service providers
Key Personnel at Asset Manager	The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of certain key personnel at Amedeo Limited. The exact impact of the departure of a key individual from Amedeo Limited on the ability of the Company to achieve its investment objective cannot be determined and may depend on the ability of Amedeo Limited to recruit a new individual of a similar level of experience and calibre. There can be no guarantee that Amedeo Limited would be able to do so and this could adversely affect the ability of the Company to meet its investment objective. The service provision agreements in place seek to ensure that the level of service remains continuous.
Investment risk	The Group will only enter into leases on terms which stipulate that the cost of repair and maintenance of the Assets will be borne by the lessee. However, upon expiry or termination of leases, the cost of repair and maintenance will fall upon the Group. Upon expiry of leases, the Group may therefore bear higher costs and the terms of any subsequent leasing arrangements may be adversely affected, which may reduce the distributions paid to the shareholders from such point. Repair and maintenance issues may adversely affect the price of the Assets upon sale. Further, if the Group were to dispose of the Assets at the end of the lease terms, there is a risk that indicative values may not be realised on disposal. This could affect the ability of the Company to meet its investment objective. Intervening bankruptcy or other legal constraints may result in substantial renegotiation of long term contracts on which the Group relied to meet these objectives. No new investments are currently envisaged.

Corporate Information (continued)

Insurance risks	The lease for each Asset requires that the lessee insures the Asset and this is monitored by the Asset Manager. However, inflation, changes in ordinances, environmental consideration and other factors may make the insurance proceeds insufficient to repair or replace the Assets if they are damaged or destroyed. If the insurance proceeds are insufficient to repair or replace the Assets if they are damaged or destroyed, this may affect the ability of the Company to meet its investment objective. If a lease is terminated, the Group will have to insure the relevant Asset directly which will cause additional expenses to be incurred.
Return of the Assets at the end of the Leases	At the end of each of the leases, the relevant Asset must, subject to certain conditions, be redelivered in accordance with the relevant terms of the lease. Any redelivery of an Asset in a condition other than contracted condition may impact upon the amount that can be realised upon any subsequent sale or re-lease of such Asset, including that it may create additional, unforeseen expenses, such as re-fitting, storage and insurance costs, for the Group at that time. The Asset Manager performs regular checks of the Assets and updates the Board of any material developments.
Airline industry related risks	The airline industry is particularly sensitive to changes in economic conditions. Unfavourable economic conditions can also impact the ability of airlines to raise fares to counteract increase in fuel, labour and other costs. The airline industry is also subject to other risks including competition between airlines, dependency on rapidly evolving technology, inability to obtain additional equipment or support for aircraft and engine suppliers, availability and price of fuel, staff and employee related issued (including employee strikes), security concerns and the threat of terrorism, airport capacity constraints, air traffic control inefficiencies, changes in or additional governmental regulations relating to air travel and acts of God (including adverse weather, natural disasters and pandemics). There is also a risk that the behaviour of airline competitors could restrict the lessees' activities in certain jurisdictions. Any of these risks could materially affect the ability of the lessees to comply with payment obligations. Furthermore, a general downturn in the airline industry would have an impact on attainable leasing rates in the event of any termination or at expiry of the leases as well as on attainable sales revenue for the Assets. The Asset Manager actively monitors the Company's Assets, as well as the credit status of the lessees. Routine maintenance checks and inspections are carried out to ensure the Assets are kept at the required quality standards.

Valuation of Assets

The Group's net asset value for accounting purposes is calculated in accordance with IFRS and may not properly reflect the actual realisable value of the Assets at any particular point of time.

Valuations of the Assets by IEV will be considered in any valuation of the Group's Assets. The Board will consider these valuations and shall, if there are indicators that would suggest a permanent diminution in book value of one or more of the Assets, determined in consultation with the Administrator and the Asset Manager, there will be made an appropriate adjustment for accounting purposes to the net asset value and net asset value per Share of the Group.

Valuations (including valuations provided by any IEV), and in particular valuations of assets for which market quotations are not readily available, are inherently uncertain. Valuations may therefore fluctuate over short periods of time and may be based on estimates.

Valuations of an Asset (including valuations provided by any IEV) will not constitute a guarantee of value and may not necessarily reflect the prices at which that Asset could be, or could have been, purchased or sold at any given time, which may be subject to significant volatility and uncertainty, and depend on various factors beyond the control of the Group, Amedeo Limited and the IEV. Therefore, there can be no guarantee that the Assets could ultimately be realised at the Group's valuation. The "highest and best use" value has been used for accounting purposes given that the aircraft are held for use in a leasing business.

The Group has a robust audit process to ensure that valuations accurately reflect the requirements of IFRS. The IEV will be engaged on an annual basis to report on fair value for accounting purposes only.

Borrowings and financing risk

There is a risk that the Group is exposed to fluctuations in market interest rates and foreign exchange rates.

This risk has been partially mitigated by ensuring that loan repayments are made from lease rental revenues received in the matching currency and by fixing the interest rate on loans and lease rentals. In the case of the four Thai Airways aircraft, the floating rate lease rentals are closely matched to floating rate loan repayments.

As with the current situation, the Company would make its best effort to fulfil any obligations as a borrower under the loan through various means, if necessary, such as refinancing and/or restructuring of the lease, etc.

The Asset Manager provides the Board with a quarterly report on the performance of the lessees and of the Assets.

An expense budget is also reviewed on at least a quarterly basis to ensure that adequate reserves are maintained to meet operational expenses.

Lessee risk

The Group's airline lessees are responsible for all maintenance and safety checks. The requirement for each airline lessee to service and maintain the aircraft are set out in the lease agreements. There is a risk that airlines may not properly maintain aircraft which may lead to an impairment of the aircraft's value. In order to mitigate against this risk the Group closely monitors each airline's usage of aircraft and their compliance with agreed maintenance schedules.

In certain cases, the Group requires lessees to pay maintenance reserve payments in order to ensure that there is adequate funding at all times for proper maintenance of the aircraft.

The credit quality and risk of lease transactions with counterparty airlines is evaluated upon conception of the transaction. In addition, ongoing updates as to the operational and financial stability of the airlines are provided by the Company's Asset Manager in its quarterly reports to the Company. Downturns in the aviation industry on a systemic level could weaken the financial stability of the Group's lessees and result in the increased risk that they could default on lease obligations. If lessees are not able to meet their obligations to the Group, the Company's own cash flows and financial results could be adversely affected.

Corporate Information (continued)

Legal and Compliance Risks	The Group is required to comply with the Law, the obligations of a listing on the SFS, the DGTRs and various European Union regulations. Any failure to comply with applicable laws and regulations or to respond in a timely manner to changes could lead to criminal or civil proceedings. The Company is a member of the AIC which is the trade body for closed-ended investment companies. Amongst other things, the AIC keeps its member companies up-to-date with legal and regulatory changes and provides guidance and advice on how to comply with them. The Board receives periodic updates from the Company's external auditor, legal advisers and other professionals. Although responsibility ultimately lies with the Board, the Secretary also monitors and assists the Board with compliance with its legal and regulatory obligations.
Impact of the United Kingdom leaving the European Union	The Board is mindful of the fact that aviation is a global business and the aircraft owned by the Group are active all globally. However, as the Group has no business with companies based in the European Union, and the aircraft owned by the Group are leased to airlines based in the Middle East and Thailand, the Board expects that the Group is unlikely to be significantly impacted by the departure of the United Kingdom from the European Union.

Emerging Risks

The Board has developed a risk matrix for the Company which is reviewed at each Board meeting and continually monitors emerging risk areas relevant to the performance of the Group including those that would threaten its business model, future performance, solvency and liquidity on an ongoing basis.

Additional risks and uncertainties of which the Board is presently unaware may also adversely affect its business, financial condition, results of operations or the value of shares.

Internal Control and Financial Reporting

The Board is responsible for establishing and maintaining the Group's system of risk management and internal controls, which is reviewed fully for effectiveness on an annual basis. Internal controls are designed to meet the particular needs of the Group and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The key procedures which have been established to provide effective internal controls are as follows:

- The Board is responsible for the Group's systems of risk management and internal controls and for reviewing their effectiveness. The Board confirms that there is an on-going process for identifying, evaluating and monitoring the significant risks faced by the Group. The internal controls, which are delegated to the applicable service providers as appropriate, are designed to meet the Group's particular needs and the risks to which it is exposed;
- the Board clearly defines the duties and responsibilities of their service providers. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their on-going performance and contractual arrangements;
- the Board regularly reviews the performance of, and the contractual arrangements with, the Group's agents, advisers and service providers;
- asset management services are provided to the Group by the Asset Manager;
- corporate broking services are provided to the Company by the Corporate Broker;
- administration and secretarial services are provided to the Group by the Secretary and Administrator;
- cash investment transactions and expense payments are approved by the Board or their delegates;
- the Board reviews financial information produced by the Administrator on a regular basis;

- the Board also specifies which matters are reserved for a decision by the Board and which matters may be delegated to its service providers.

Going Concern

The Group's principal activities are set out on page 24. The financial position of the Group is set out on page 45. In addition, note 19 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The directors have considered the going concern for the next 12-18 months.

The directors believe that international travel has not rebounded in the way predicted at the start of the COVID-19 crisis. Airlines have used up much of the liquidity provided to them by governments and shareholders, but the expected restoration in air travel has been blighted by poor COVID-19 testing facilities, lack of coordinated action by governments, increased infection rates and the expected ending of many of the most generous furlough schemes.

In the case of materialisation of the risk related to the lessee counterparty creditworthiness, the fixed rents receivable under the leases may not be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and may not provide surplus income to pay for the Group's expenses.

As announced on 6 April 2020 the Board decided to temporarily suspend the declaration of dividends until the future prospects of the Group's two lessees becomes more assured. Such a decision was made after the Board had carefully considered and assessed the above mentioned factors against the background of the Company's investment objectives and the maintenance of the long-term financial stability of the Company for the benefit of all shareholders as a class and the Group's creditors.

However, pursuant to the announcements released by the Company on 23 September 2020 and 14 January 2021, the directors of the Company declared interim dividends of 1.15 pence and 1.50 pence per Share in respect of the financial year ending 31 March 2021.

As announced on 23 September 2020, the Board resolved on that date to redeem one Share for every three existing Shares from shareholders on the register of members as at close of business on 25 September 2020. Accordingly, 214,083,243 Shares were redeemed and have now been cancelled. The redemption proceeds due on these redemptions were paid on 9 October 2020.

On 18 February 2021 the Company announced that it had entered into an agreement with Nimrod Capital LLP to terminate their appointment as sole corporate and shareholder advisor to the Company with effect from 31 January 2021 and settle outstanding matters between them (the "Termination Agreement"). Under the Termination Agreement, the Company made a payment of £9.45 million and issued 5,975,000 Shares to Nimrod Capital LLP as a complete settlement of contractual obligations to Nimrod Capital LLP. Nimrod Capital LLP has undertaken to the Company not to dispose of the said shares for a period of 12 months (subject to certain customary exceptions). The Board estimates that such termination will result in net gains of a minimum GBP7,000,000 by 15 May 2027.

Thai Airways

As noted in the annual report for the year ended 31 March 2020, on 27 May 2020 the Central Bankruptcy Court of Thailand issued an order to accept the rehabilitation petition for consideration and set the date of 17 August for the first hearing on the rehabilitation petition. Effectively, from 27 May 2020 an automatic stay came into effect which restricted Thai Airways' right to pay and incur debts and a moratorium affecting creditors' rights comes into force. Thai Airways has not paid any lease payments to the Company's subsidiaries since 22 May 2020.

From such time, Planners and counsel were appointed to the carrier's restructuring case and a Rehabilitation Plan was proposed. After many extensions to Court hearings, the Central Bankruptcy Court of Thailand rendered its order to approve the Plan on 15 June 2021 and appointed the Plan Administrators, who will have rights, duties, and powers to manage and operate Thai Airways in accordance with the conditions and terms stipulated in the Plan. The Asset Manager is in negotiations to agree the binding lease amendment documentation with the airline, on a power by the hour basis (PBH) initially, before moving to a fixed rate lease for the remaining term of the lease including an extension of the lease from the original term. The Company targets Q3 2021 to document and effect the restructuring of debt with its lenders.

Corporate Information (continued)

Thailand was facing threats of new waves of COVID, which would further impact the country's tourism industry as well as Thai Airways' operations. The Civil Aviation Authority of Thailand (CAAT) says in an 18 July statement that it will require local airlines to suspend commercial passenger flights to and from "dark red" zones[7], classified as having the highest infection risk, starting 21 July, in line with travel restrictions imposed on these provinces. Exceptions will be made for regions with a tourism-oriented "sandbox" initiative, as well as emergency or technical landings, and other CAAT-authorised flights. Outside of the "dark red" provinces, other flights are capped at 50% passenger capacity to account for social distancing.

These are positive developments for Thai Airways, as the carrier is gradually restarting its operations in line with the updates from local authorities. Thai Airways has resumed key international routes to Japan, South Korea, Australia and Europe. Flights to London, Frankfurt, Paris, Zurich and Copenhagen, as part of the Phuket Sandbox travel scheme, will continue to be operated directly from Bangkok or via Phuket. From Phuket, flights to London and Frankfurt will run weekly, while London, Frankfurt and Copenhagen will be served twice weekly. In Southeast Asia, Thai Airways has recommenced flights to Manila in the Philippines from Bangkok, operating three times a week. Flights to North Asian destinations has also restarted, including daily flights to Hong Kong, twice-weekly flights to Haneda and Nagoya in Japan, four-times weekly to Osaka and six-times weekly to Tokyo Narita. Flights to Seoul in South Korea and Sydney in Australia will be operated on a thrice-weekly and twice-weekly basis.

Going Concern Assessment

While the Group has made a loss in the current period, it is in a net current asset position and continues to generate strong positive operating cash flows. The Group's cash levels rose significantly due to the sale of two A380-800 aircraft on 25 February 2020 in the prior financial year. The sales included the full repayment of the financing arrangements on both aircraft, including applicable swap breakage and facility prepayment costs.

The Board decided to return to Shareholders £98.5 million on 25 September 2020 by way of a redemption of one-third of the ordinary shares in the capital of the Company (being the redemption of approximately 214,083,243 Shares) at a redemption price of 46 pence per each redeemed share.

On 23 February 2021 the Company made a payment of £9.45 million and issued 5,975,000 new shares to Nimrod as a complete settlement of contractual obligations to Nimrod.

During the current year, due to the non-payment of lease rentals by Thai Airways, a provision has been raised for the impairment of amounts due (see the Consolidated Statement of Comprehensive Income). Management has completed a high-level analysis which considers both historical and forward-looking qualitative and quantitative information, to assess the credit risk of the receivables from Thai Airways. The security deposits payable were utilised in full against the lease rentals due by Thai Airways at year end, with the remaining rental amounts due recognised as receivable (discounted for the time value of money) at year end in accordance with the Thai rehabilitation plan. The remaining amounts receivable were impaired in full in the Statement of Comprehensive Income as this is considered not recoverable.

The Company reviewed plausible downside scenarios (such as receiving no power-by-the hour rental income from Thai) and implemented sufficient measures, such as the temporary suspension of dividends, in order to best position itself to settle its future debt obligations in the short term to medium term. Additionally, the Company is also arranging with the lenders an optimal solution that will facilitate servicing of the loan in line with the rent received under the lease amendment documentation.

The Board was also of the opinion that the Planning Committee's initial timeline of having a plan agreed with all creditors and implemented and working within Q1 2021, was optimistic. The Board is therefore working on the basis that the timeline should be realistically shifted further out and that the Group will receive little or no income before Q3 2021 from the Thai leases.

Whilst progress has been made, the Directors are uncertain as to the final outcome of these matters.

However, on the basis of (i) the Group's current liquid assets and (ii) cash-flow projections, the Directors nevertheless believe that the going concern basis of accounting is appropriate but there are material uncertainties.

7 Thirteen provinces have been classified as "dark red" zones and these are Bangkok, Chachoengsao, Chonburi, Nakhon Pathom, Nonthaburi, Narathiwat, Pathum Thani, Pattani, Phra Nakhon Si Ayutthaya, Yala, Songkhla, Samut Prakan and Samut Sakhon.

Corporate Information (continued)

The Board will continue to monitor actively the financial impact on the Group resultant from the evolving position with its aircraft lessees and lenders whilst bearing in mind its fiduciary obligations and the requirements of Law which determines the ability of the Company to make dividends and other distributions.

Refer to note 2(i) for further details in relation to Going Concern.

Viability Statement

The directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, and that are reported elsewhere in the consolidated annual financial report.

The directors regularly consider the viability of the Company and the Group and are required by the Law to do so on every occasion that any distribution is to be declared. When the directors consider the declaration of a distribution to shareholders and under the Law they are required to consider the Company's future solvency and the directors consider future cash flows for at least the next three years on the assumption that lease income will continue to flow throughout that time. Likewise for the purposes of this annual financial report, the Directors have considered the prospects of the Company and the Group over a three year period to March 2024.

The Directors, in assessing the viability of the Group, have paid particular attention to the principal risks faced by the Group as disclosed in this report, the Audit Committee report and the notes to the consolidated financial statements, reviewing the risks faced and ensuring that any mitigation measures in place are functioning correctly.

In addition, the directors have considered a detailed cash flow forecast for the running costs of the Group, which is updated regularly, on the assumption that Emirates continues to fulfil its current lease obligations and Thai Airways follows its obligations according to the revised lease terms agreed with the Planner. The directors have also considered current cash-flow projections under various scenarios (including worst case scenarios of default for Thai). Based on all financial and other information available, including the cash flow forecast and cash flow scenario projections, the directors believe that unencumbered cash held and forecast cash receipts will be sufficient to cover all forecast operating costs of the Group for the period up to at least March 2023 and that the Group will therefore be able to meet its debt obligations as they fall due during that period. However, material uncertainties remain and assumptions must be made on the length of the crisis and whether or not the Plan Administrators in Thailand will reaffirm the leases as negotiations are ongoing, and therefore determining whether the aircraft will be returned. The airline is reportedly rumoured to be in talks with government and private financial institutions to obtain near 50 billion baht in new capital to help sustain its cash flow.

The directors believe that their assessment of the viability of the Group over the period chosen was sufficiently robust and as a result of their review, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Directors' Report

The directors present their consolidated annual financial report of the Group, for the financial year ended 31 March 2021.

Principal Activities and Business Review

The principal activity of the Group is to acquire, lease and then sell aircraft. The directors do not envisage any change in these activities for the foreseeable future. A description of important events that have occurred during the financial year, their impact on the financial statements and a description of the principal risks and uncertainties facing the Group, together with an indication of important events that have occurred since the end of the financial year and are likely to affect the Group's future development are included in the Company Overview, the Chairman's Statement, Asset Manager's Report, this Directors Report, the Principal Risks and Uncertainties on pages 17 to 23, Audit Committee Report and the notes to the consolidated financial statements contained on pages 48 to 80 and are incorporated herein by reference.

All payments due from Emirates were made in accordance with the terms of the respective leases. However, Thai Airways are in rehabilitation proceedings and the meeting to vote on the Rehabilitation Plan (and amendments to it) occurred as scheduled on 19 May at 9am Bangkok time by way of a virtual meeting. In accordance with the Thailand Bankruptcy Act, the Rehabilitation Plan proposed by the Planners along with certain proposed amendments to the Rehabilitation Plan tabled by the Planners and certain creditors, was approved by the creditors committee and finally approved by the official receiver on 15 June 2021. The Company, through its Asset Manager, will now continue to negotiate and agree binding lease amendment documentation with the airline, on a power by the hour basis initially, before moving to a fixed rate lease for the remaining term of the lease including an extension of the lease from the original term. The Company continues to target the end of July 2021 to document and effect the restructuring of debt with its lenders. Please see the Chairman's Statement and Asset Managers Report on pages 4 to 9 for more information regarding this process.

Status

The Company is a Guernsey domiciled company with registered number 59675, the shares of which have been admitted to trading on the SFS.

Directors

The directors in office are shown on page 16. Save for John Le Prevost who resigned as director effective from 21 June 2021, all other directors remain in office as at the date of approval of this consolidated annual financial report. Further details of the directors' responsibilities are given on page 26.

Management of Conflicts of Interest

The Company has established guidelines to ensure management of conflicts of interest. The Board has also communicated their expectations to the Company's service providers and each director.

The Board considers the directors conflicts of interest at each Board meeting by reviewing a schedule of each directors other directorships and other interests held. Each director is required to notify the Secretary of any potential, or actual, conflict situations that would need to be considered by the Board.

Results and Dividends

The financial results of the Group for the financial year are set out on pages 44 to 80.

The Company declared and paid the following dividends during the financial year:

Announcement Date	Payment Date	Dividend per Share (pence)
13 October 2020	30 October 2020	1.15
14 January 2021	29 January 2021	1.50

The Board has since taken the decision to suspend quarterly dividends until the rehabilitation of Thai Airways and agreement with the Company's lenders are complete which is currently expected in July 2021. The Board is committed to reinstating a sustainable dividend policy as soon as is practicable.

Related Parties

There were no events or changes in the related parties during the financial year which had or could have had a material impact on the financial position of the Group, other than those disclosed in note 27 to this consolidated annual financial report.

Directors' Report (continued)

Overview

Substantial Shareholdings

As of the date of this report, the following shareholders had notified the Company that they held or controlled 5% or more of the total voting rights of the Company in issue:

Holder	% of Total Voting Rights	Number of Shares
Weiss Asset Management LP	10.12%	43,935,145
Metage Funds Limited	5.16%	22,415,726
Mirabelle Financial Services LLP	6.77%	29,391,396

Disclosure of information to the auditor

The directors who held office at the date of approval of this report confirm in accordance with the provisions of Section 249 of the Law 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KPMG has expressed its willingness to continue in office as auditor and the Audit Committee has recommended their reappointment. A resolution proposing its reappointment will be submitted at the forthcoming annual general meeting to be held pursuant to section 199 of the Law.

The strategic report on pages 3 to 25 was approved by the Board on 23 July 2021 and is signed on their behalf by:

Robin Hallam
Director

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Law requires directors to prepare financial statements for each financial year. Under the Law, they have elected to prepare the Groups' financial statements in accordance with IFRS as adopted by the European Union.

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, IAS1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and 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 Law. They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of 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. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors jointly and severally confirm that to the best of their knowledge:

- this management report (including the information incorporated by reference) includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces;
- the consolidated financial statements, prepared in accordance with IFRS, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and Consolidated statement of comprehensive income of the Group and the undertakings included in the consolidation taken as a whole; and
- the consolidated annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Signed on behalf of the Board on 23 July 2021

Robin Hallam
Director

Remuneration Report

Overview

Overview

In accordance with the Company's Articles, the directors shall determine the directors' fees payable provided that the aggregate amount of such fees paid in respect of services rendered to the Company shall not exceed £400,000 per annum.

Directors are also entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties or in attending meetings of the Board or of any committees or general meetings.

Directors' and Officers' liability insurance cover is also maintained by the Company on behalf of the Directors.

Directors' Remuneration

Fees paid to the non-executive directors in the 2021 and 2020 financial years were as follows:

Director	2021 fees	2020 fees
Robin Hallam (Chairman)	£76,875	£76,875
John Le Prevost (Chairman of the Audit Committee)*	£69,187	£69,187
David Gelber	£61,500	£61,500
Laurence Barron	£61,500	£61,500

*John Le Prevost resigned as a director of the Company with effect from 21 June 2021.

All directors receive an annual fee and there are no share options or other performance related benefits available to them. Further details of the directors' fees are disclosed in note 70.

The terms and conditions of appointment of the non-executive directors are available for inspection at the Company's registered office by prior arrangement with the Secretary.

At the time of writing no director has a contract of service with the Group, nor are any such contracts proposed. There were also no outstanding loans or guarantees between the Group and any director as at the year-end nor as at the date of this report.

Directors Interest in Shares

The interests in Shares of the Company held by persons discharging managerial responsibility and their persons closely associated are shown below:

	Number of Shares held as at 31 March 2021	Number of Shares held as at the date of this report
Robin Hallam	30,000	30,000
Amanda Hallam	30,000	30,000
John Le Prevost*	33,334	33,334
David Gelber	221,679	221,679
Vivienne Gelber	22,630	22,630
Laurence Barron	–	–

*John Le Prevost resigned as a director of the Company with effect from 21 June 2021.

Corporate Governance Statement

Statement of Compliance with the AIC Code, as published in February 2019

The Company, and its wholly-owned subsidiaries, is committed to complying with the corporate governance obligations which apply to Guernsey registered companies. As a Guernsey incorporated investment company and under the DGTRs of the UK's FCA the Company is not required to comply with the UK Code.

However, the Board places a high degree of importance on ensuring that high standards of corporate governance are maintained and has considered the principles and provisions of the AIC Code, which addresses all of those set out in the UK Code, as well as setting out additional principles and provisions on issues that are of specific relevance to investment companies. The Board considers that reporting in accordance with the principles and provisions of the AIC Code provides more relevant and comprehensive information to shareholders.

A copy of the AIC Code is available on the AIC website at www.theaic.co.uk/aic-code-of-corporate-governance-0.

For the reasons set out in the introduction to the AIC Code, the Board has considered that the role of the chief executive and executive directors' remuneration are not relevant to the position of the Company and has therefore not reported further in respect of these matters.

Having reviewed the AIC Code, the Board considers that it has maintained procedures during the financial year under review to ensure that it has complied with the AIC Code, subject to the following provisions with explanations provided further within this statement:

- Provision 17: Non-executive directors should review at least annually the contractual relationships with, and scrutinise and hold to account the performance of, the manager. Either the whole board or a management engagement committee consisting solely of directors independent of the manager (or executives) should perform this review at least annually with its decisions and rationale described in the annual report. If the whole board carries out this review, it should explain in the annual report why it has done so rather than establish a separate management engagement committee. The company chair may be a member of, and may chair, the management engagement committee, provided that they are independent of the manager.
- Provision 22: The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to the board and oversee the development of a diverse pipeline for succession. A majority of members of the committee should be independent non-executive directors. If the board has decided that the entire board should fulfil the role of the nomination committee, it will need to explain why it has done so in the annual report.
- Provision 23: All directors should be subject to annual re-election. The board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.
- Provision 37: The board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies [*i.e. not in the FTSE 350*], two. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as chair of the remuneration committee, the board should satisfy itself that the appointee has relevant experience and understanding of the company. If the board has decided that the entire board should fulfil the role of the remuneration committee, it will need to explain why it has done so in the annual report.

Board Composition

The Board comprises three directors, their biographies appear on page 16 demonstrating the wide range of skills and experience they each bring to the Board. All the directors are non-executive and, for the purpose of provision 13 of the AIC Code, all considered to be independent, with the Chairman being independent on appointment. As part of their examination of the independence of the Board, the Board has concluded that all directors remain independent under the principles of the AIC Code.

Robin Hallam is the Chairman.

David Gelber is the SID. As the appointed SID, Mr Gelber provides a sounding board to the Chairman and serve as an intermediary for shareholders. Mr Gelber also leads on the evaluation of the performance of the Chairman.

None of the directors have directorships or employments in any other public company nor do any of the directors hold cross-directorships or have significant links with each other through involvement in any other companies or bodies.

Tenure

The Board notes that provision 23 of the AIC Code expects all directors to be subject to annual re-election. However, the Company's Articles require that all directors who held office at the two preceding annual general meetings of the Company and did not retire from office at either of those meetings shall retire from office and shall be eligible for re-election at the same meeting. The Board considers that the annual re-election of all the directors would be disruptive to the Company for continuity purposes and therefore the directors will continue to be re-elected in accordance with the Company's Articles.

Accordingly, at the forthcoming annual general meeting Robin Hallam and Laurence Barron will retire and, being eligible, offer themselves for re-election. Having considered the performance and contributions made by Messrs Hallam and Barron, and having regard to their biographies on page 16 which demonstrate the key skills, experience and knowledge they each bring to the Board, the Board believes that they continue to perform effectively and with commitment to their roles and, as such, the Board recommends their re-election.

The composition of the Board had been considered by the directors and on 30 March 2021 the Board engaged Nurole Ltd, an external search consultancy which has no connection with the Company, to assist with a search for an additional director to enhance the existing skills and experience of the current Board members and to promote diversity of gender on the Board.

The Board will consider the tenure of all directors, including the chairman, once any director has been appointed to the Board for a continuous period of nine years.

Directors are able and encouraged to provide statements to the Board of their concerns and ensure that any items of concern are recorded in the Board minutes. The Chairman also encourages all directors to present their view on matters in an open forum.

Board Evaluation

In December 2021, the Board re-engaged an external facilitator, BoardAlpha Limited, which has no other connection with the Company, to lead a performance evaluation of the Board, its committees and each of the directors, as required by the principle 7.1L of the AIC Code, such evaluation having been delayed from January 2020 due to the restrictions in place resulting from COVID-19 during 2020.

As part of this process the external facilitator:

- interviewed each director and the key service providers separately;
- performed a review of recent Board and committee meeting packs and other documents that informed them about the business strategy and key risks, the nature and quality of the Board's work and the relationships with the key service providers;
- attended a Board meeting and key committee meeting; and
- considered the Board's succession plan.

At the conclusion of its evaluation, the facilitator provided the directors with a written report of their findings, which included suggestions for improvements thereon, and it was considered by the Board. No significant corporate governance issues arose from this review.

Board Meetings

The Board meets in Guernsey at least four times per year to consider the business and affairs of the Group for the previous quarter and the outlook for the coming quarter and beyond, at which meetings the directors review the Group's assets and all other important issues to ensure control is maintained. At two of these meetings the Board considers and, if deemed appropriate, approves the Group's financial statements.

Between these regular meetings the Board keeps in contact by email, telephone and video conference as well as meeting to consider specific matters of a transactional nature. Additionally, the directors hold strategy meetings with relevant advisers as appropriate.

Corporate Governance Statement (continued)

The directors are kept fully informed by the Asset Manager, of all matters concerning the Assets and their financial arrangements and by the Secretary of all matters that are relevant to the business of the Group and which should be brought to the attention of the directors and / or shareholders. All directors have direct access to the Secretary who is responsible for ensuring that Board procedures are followed and that there are effective information flows both within the Board and between the Board and its Asset Manager.

The directors also have access to the advice and services of the Corporate Broker as required. The directors may also, in the furtherance of their duties, take independent professional advice at the Group's expense.

In the financial year under review the directors held nineteen Board meetings and two Audit Committee meetings in order to carry out their duties. Directors' attendance at these meetings was as follows:

Director	Board	Audit Committee
Robin Hallam	19 of 19	N/A*
David Gelber	18 of 19	2 of 2
John Le Prevost**	19 of 19	2 of 2
Laurence Barron	18 of 19	2 of 2

*Robin Hallam is not as a member of the Audit Committee.

**John Le Prevost resigned from the Company effective 21 June 2021.

No fixed time commitment for Board duties has been set in the directors' letters of appointment, as the Board considers that the time required by directors may vary depending on the demands of the Group and any other events. Therefore, it is required that each director allocates sufficient time to the Group to perform their duties effectively. It is also expected that each director will attend all Board meetings and meetings of committees of which they are a member. The Chairman has confirmed that he considers the performance of each director to be satisfactory and that each director demonstrates continued commitment to their role.

The Board was equally satisfied during the year under review that the Chairman had the commitment to his role and the time to make himself available at short notice when the need arose.

Board Committees

The Board has considered the establishment of a remuneration committee as set out in provision 37 of the AIC Code, a management engagement committee as set out in provision 17 of the AIC Code, and a nomination committee as set out in provision 22 of the AIC Code.

The Board has concluded that, given the small size of the exclusively non-executive and independent Board, the Company has no requirement for these committees and instead, the full Board performs these functions.

The Board has established an Audit Committee and a Dividend Committee. Details of the activities of each of these committees are set out below.

Audit Committee

As at the financial year end, the members of the Audit Committee were John Le Prevost, David Gelber and Laurence Barron. Following John's resignation as director on 21 June 2021, David Gelber has assumed chairmanship of the Audit Committee pending appointment of a successor. The Audit Committee has regard to the Guidance on Audit Committees published by the FRC in September 2012 and most recently updated in April 2016. The Audit Committee examines the effectiveness of the Group's and its service providers' internal control systems as appropriate, the annual and half-yearly reports and financial statements, the auditor's remuneration and engagement, as well as the auditor's independence.

The Audit Committee considers the nature, scope and results of the auditor's work and reviews it annually prior to providing a recommendation to the Board on the reappointment or removal of the auditor. When evaluating the external auditor, the Audit Committee has regard to a variety of criteria including industry experience, independence, reasonableness of audit plan, ability to deliver constructive criticism, effectiveness of communication with Board and the Group 's service providers, quality control procedures, effectiveness of audit process and added value beyond assurance in audit opinion.

Auditor independence is maintained through limiting non-audit services to specific audit-related work that falls within defined categories; for example, the provision of advice on the application of IFRS or formal reports for any Stock Exchange purpose.

All engagements with the auditor are subject to pre-approval from the Audit Committee and fully disclosed within the consolidated annual financial report for the relevant period. A new lead audit partner will be appointed every five years and the Audit Committee ensures the auditor has appropriate internal mechanisms in place to ensure its independence.

The Audit Committee has recommended to the Board that the re-appointment of KPMG as the Company's external auditor be proposed to shareholders at the 2021 annual general meeting. The Audit Committee will, if appropriate, consider arranging for the external audit contract to be tendered in 2028 (being 10 years from the initial appointment) with the aim of ensuring a high quality and effective audit.

The Audit Committee meets in Guernsey at least twice a year, shortly before the Board meets to consider the Group's half-yearly and annual financial reports, and reports to the Board with its deliberations and recommendations and also holds an annual audit planning discussion with the auditor. The ultimate responsibility for reviewing and approving the half-yearly and the annual financial report remains with the Board.

The Audit Committee also operates within clearly defined terms of reference based on the Institute of Chartered Secretaries and Administrators recommended terms and provides a forum through which the Group's external auditor reports to the Board. The Audit Committee can request information from the Company's service providers with the majority of information being directly sourced from the Asset Manager, Secretary and Administrator and the external auditor. The terms of reference of the Audit Committee are available on the Company's website and on request from the Secretary.

Each year, for good governance, the full Board examines the Audit Committee's performance and effectiveness, and ensures that its tasks and processes remain appropriate. Key areas covered include the clarity of the committee's role and responsibilities, the balance of skills among its members and the effectiveness of reporting its work to the Board. The Board is satisfied that all members of the Audit Committee have relevant financial experience and knowledge and ensure that such knowledge remains up to date. Overall the Board considers that the Audit Committee has the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the year.

During the financial year the Audit Committee met to consider the annual financial report for the year ended 31 March 2020 and the half-yearly financial report for the period ended 30 September 2020. The report from the Chairman of the Audit Committee is on pages 33 to 37.

Dividend Committee

The Dividend Committee consists of any one director, who has been given full power and authority to consider and, if thought suitable, declare and approve the payment of a dividend in accordance with the Company's Distribution Policy as set out on page 12; subject to no other director having raised an objection to the declaration of such a dividend.

However, given the suspension of dividends and their importance to shareholders, the full Board will consider the declaration of a dividend.

Bribery

The directors have undertaken to operate the business in an honest and ethical manner and accordingly take a zero-tolerance approach to bribery and corruption. The key components of this approach are implemented as follows:

- the Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships;
- the Group will implement and enforce effective procedures to counter bribery; and
- the Group requires all its service providers and advisers to adopt equivalent or similar principles.

Data Protection

The Group has implemented measures designed to ensure its compliance with the EU General Data Protection Regulation (EU) 2016/679 and associated legislation in Guernsey and in other jurisdictions. The Company has also issued a privacy notice explaining the data it holds, how the data is processed and its procedures etcetera. This notice is available for review and download at the Company's website.

Dialogue with Shareholders

All shareholders have the right to receive notice of, and attend, general meetings of the Company, at which one or more members of the Board will be available to discuss issues affecting the Group.

Corporate Governance Statement (continued)

The Company reports on the number of votes lodged on each resolution proposed at an AGM. This information is published via a regulatory information service and on the Company's website immediately following the AGM.

Following the 2020 AGM, the Board noted the votes against the resolutions to re-elect David Gelber (23.23%) and John Le Prevost (30.46%) as directors of the Company. In order to understand the reasons for the votes against these resolutions the Board sought feedback from shareholders who voted in this manner. Whilst not all shareholders responded to the Company's request for this feedback, the responses received indicated that voting against the resolutions reflected the following:

- lack of information regarding the Board's decision making process, specifically in regard to dividend payments and returns of capital;
- general lack of engagement with the Company's shareholders;
- the Board's management of its relationship with Nimrod Capital LLP; and
- concerns over the Company's governance, specifically in relation to the independence of the directors and members of the Audit Committee.

During the period since the AGM, the Board has been focused on improving communications with shareholders and improving governance within the Company. Actions taken to date include:

- the termination of the appointment of Nimrod Capital LLP as the Company's sole corporate and shareholder advisor with effect from 31 January 2021 and settlement of outstanding matters between them and the Company;
- the appointment of Liberum as the Company's sole corporate broker with effect from 15 March 2021;
- Investor webinars have been held and the Board intends to hold these at regular intervals;
- more regular news announcements have been made via regulatory information service; and
- a search for an independent non-executive director to act as chairman of the Audit Committee is underway.

The primary responsibility for shareholder relations lies with the Board which has delegated this role to the Company's Corporate Broker. The Corporate Broker has met with the Company's shareholders to discuss the Company and seek feedback for the benefit of the Board and will continue to meet with shareholders on a periodic basis or when there is significant information pertaining to the Company which needs to be discussed with shareholders. In addition, the directors are available to enter into dialogue with shareholders by telephone or email and the Chairman is always willing to meet shareholders, as the Company believes such communication to be important. Shareholders also have the opportunity to address questions to the Chairman and the Audit Committee at the Company's annual general meeting.

The Board reviews the Company's Share register at every Board meeting to monitor the Company's shareholder profile and seeks to ensure that information is presented to shareholders in a fair, balanced and understandable manner. The Board would also take action to address any shareholder concerns. The Company provides regular updates to shareholders through factsheets and annual and half-yearly financial reports.

The directors contact details are given on page 81 and can also be found on the last page of each factsheet issued. The directors can also be contacted by shareholders via correspondence sent to the Group's registered office or via the Secretary if they have any concerns.

Audit Committee Report

Membership
David Gelber – Acting Chairman of the Audit Committee
Laurence Barron – Non-executive Director
John Le Prevost – Chairman of the Audit Committee until his resignation as Director of the Company on 21 June 2021

A selection process for additional non-executive directors, one of which it is intended will become Chairman of the Audit Committee, commenced earlier in the year and the Board's intention is to make two new appointments shortly.

Key Duties
The Audit Committee's key duties are as follows:

- reviewing and monitoring the integrity of the Group's financial statements and financial results announcements, and reviewing significant financial reporting judgements contained therein, and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of the Group's accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- overseeing the relationship with the external auditor and reviewing the effectiveness of the external audit process;
- conducting the tender process and making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- monitoring the systems of internal controls and risk management operated by the Group and by the Group's principal service providers;
- monitoring and reviewing the effectiveness of the Group's internal audit function;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditor; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- reporting to the Board on how it has discharged its responsibilities.

Audit Committee Meetings
The Audit Committee meets in Guernsey at least twice a year. The Audit Committee reports to the Board on its activities and on matters of particular relevance to the Board in the conduct of its work.

Main Activities of the Committee during the year
The Audit Committee assisted the Board in carrying out its responsibilities in relation to financial reporting requirements, compliance and the assessment of internal controls. The Audit Committee also managed the Group's relationship with the external auditor.

Fair, Balanced and Understandable
In order to comply with the AIC Code, the Board has requested that the Audit Committee advise them on whether it believes that the Group's annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Financial Reporting and Significant Issues
The Audit Committee's primary role in relation to financial reporting is to review, with its service providers and the external auditor, the appropriateness of the half-yearly and annual financial reports, the significant financial reporting issues and accounting policies and disclosures in the financial statements. The Audit Committee has considered the key risks identified as being significant to this consolidated annual financial report and the most appropriate treatment and disclosure of any new significant issues identified during the audit, as well as any recommendations or observations made by the external auditor. To aid its review, the Audit Committee considered reports prepared by external service providers and reports from the external auditor on the outcome of their annual audit.

The significant issues considered by the Audit Committee in relation to this consolidated annual financial report and how these were addressed were as follows:

Significant issues for the year	How the Audit Committee addressed these significant issues
Global Pandemic Risk	
The emergence of a global pandemic may have a profound and negative impact on the operations and performance of the Group and may directly or indirectly affect some of the other risks mentioned in this table.	COVID-19 has spread globally and resulted in widespread restrictions on individuals socialising and travelling which, in particular, is having a significant effect on the airline industry. The Audit Committee has noted how the Board and the Company's key service providers are all acting and supporting the Group for as long as it is required. The Audit Committee also monitored the Board's decision to preserve liquidity. The impact of COVID-19 has been considered in respect of other risks such as risk of default by lessee and impairment.
Residual value of aircraft Assets	
The Assets of the Group comprise six A380-800 aircraft, two B777-300ER aircraft and four A350-900 aircraft. An annual review is required of the residual value of the Assets as per IAS 16 *Property, Plant and Equipment,* which defines residual value as "the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life". The Group's estimation technique is to make reference to the current forecast market value (excluding inflation) using MRC for the A380's, and base values for the A350's and B777-300ERs, which the Group believes is a reasonable application of the IAS 16 definition as detailed in note 3 to the financial statements. This approach has been taken because current market values in today's prices for twelve year old A380 and A350's do not exist at the reporting date. It should be noted that in relation to B777-300ERs residual values, there is minimal to no public secondary market trading data available. As such the Group has made reference to current forecast base values (excluding inflation) in determining residual values for the B777-300ERs.	At the time of purchase of each Asset, the Group engaged three internationally recognised expert appraisers to provide the Group with third party consultancy valuation services. All appraisers have used similar methodologies to derive their opinions on the current market values and future values. In the absence of used sales data for similar assets, appraisers are heavily reliant on databases containing historical data points of aircraft sales relating to large commercial aircraft. Interpretation of historical data, as well as the current landscape within the aviation industry, is the basis for the current market value and provides, together with the expected developments in the future, the foundation for their opinions on future values. Furthermore, the appraisers' valuations take into account specific technical and economic developments as well as general future trends in the aviation industry and the macro-economic outlook. The Group believes that the use of forecast market values excluding inflation best approximates residual value as required per IAS 16 Property, Plant and Equipment. The effect of a significant decrease in USD terms in the aggregate residual values of the aircraft from the prior year, has resulted in an adjustment made to depreciation in the current year, details of which have been disclosed in note 9. Updated investment valuations of all Assets as at the year-end were commissioned and received from third party professional appraisers and analysed by Amedeo and the Directors. The Audit Committee believes that those valuations are appropriate for use in preparing the financial statements. Therefore, the average residual value excluding inflation used in the accounts is based on these appraisals using values for the A380 aircraft with minimum return conditions and monetary compensation as well as base values for the A350 and 777-300ER aircraft at the end of the lease. MRC refers to minimum return conditions per the lease contracts whereby the aircraft is returned in the specified minimum life condition and includes monetary compensation from Emirates for the A380s. With respect to the A380s, the aircraft type faces a unique situation in terms of its operator base and value offered to operations. Furthermore, given the ongoing developments in the market and the lack of historical data points, it has not been easy to value the aircraft type, which is evident by the appraisers' reports. An average of the three independent appraisers is therefore used to determine the appropriate residual value.

Functional currency and foreign exchange movements

IFRS require that all entities have a functional currency, representing the currency of the primary economic environment in which such an entity operates. The functional currency of the Company is Sterling. However, functional currency must be assessed at an individual entity level.

The functional currency of entities determines the accounting treatment for exchange gains or losses and for the re-translation of monetary items. In particular to consolidation, the treatment of re-translations of a foreign operation will differ from that of a subsidiary with a matching functional currency to that of its parent.

The functional currency of all the subsidiaries had in prior years been determined by the Directors to be US Dollars. For the year under review the Audit Committee still considers this to be appropriate.

The subsidiaries are classified as foreign operations in accordance with IAS 21, and translation movements in such entities are recognised through Other Comprehensive Income as appropriate.

The Audit Committee has carefully considered the disclosure in notes 2(f) and 19(b) to the financial statements to ensure that the impact of the functional currency of the subsidiaries being US Dollars, as well as the reality of the Group's foreign exchange risk exposure, is properly explained.

Risk of default by Lessee on lease rentals receivable

Should Emirates or Thai (collectively the 'Lessees') default on the rental payments, it is unlikely the Company will be able to meet its debt obligations or, in the case of ongoing default, continue as a going concern.

Under IFRS 9, the Group is required to assess on a forward looking basis the expected credit losses associated with its trade receivables carried at amortised cost.

The Audit Committee receives regular reports, sometimes weekly from the Asset Manager which comment on the situation of both lessees.

The Audit Committee has carefully considered the disclosure in note 19(c) to the financial statements to ensure that the concentration of credit risk exposure is properly reflected.

The Group has chosen to apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Due to non-payment of lease rentals by Thai Airways for the period since May 2020 as explained in note 2(i) Going Concern, the security deposits payable were utilised in full against the lease rentals due by Thai Airways at year end, with the remaining rental amounts due recognised as receivable (discounted for the time value of money) at year end in accordance with the Thai rehabilitation plan.

The remaining amounts receivable were impaired in full in the Statement of Comprehensive Income as this is considered not recoverable. The credit risk for Emirates has been assessed as low and no impairment has been identified. Except for the trade receivables with respect to Thai Airways, any identified impairment losses on such assets are not significant.

As with the current situation, the Company would make its best effort to fulfil any obligations as a borrower under the loan through various means, if necessary, such as refinancing and/or restructuring of the lease, etc.

Audit Committee Report (continued)

Consideration of any triggers for impairment

IAS 36 *Impairment of Assets* requires that a review for impairment be carried out by the Group when there is an indication of impairment of an asset and if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review will compare the carrying amount of the asset with its recoverable amount, which is the higher of its current market value and its value in use.

The Audit Committee considered the issue at length and were of the opinion that, an impairment review be undertaken in the current year.

The Audit Committee has considered various factors as in the prior year such as: a lack of conclusive comparable current market data for the A380 and A350 aircraft, the lack of publicly available secondary market data for the B777-300ER aircraft, the nature of the operations of the Group being aircraft leasing as opposed to an airline operating business, as well as other mitigating factors such as the close monitoring by the Group of each airline's usage of aircraft and their compliance with agreed maintenance schedules.

The Audit Committee has also considered pertinent factors for the current year as referred to in note 3 including: the impact of COVID-19 on the business of airlines and indirectly aircraft values and on the credit risk profile of the Group's lessees, information and updates in relation to market demand for the A380 aircraft in particular as well as for the B777-300ER and A350 aircraft, and the latest available updates on the financial position of the Group's lessees in order to assess the recoverability potential for future lease income.

As detailed in note 3, the above factors have impacted the variables used in the impairment analysis including residual values and discount rates, in order to determine the recoverable amount of its aircraft. The resulting impairment loss is disclosed in notes 3 and 9 to the financial statements.

Recognition of the derivative financial instruments in respect of the interest rate swaps

IFRS 9 Financial Instruments: Recognition and Measurement requires that separately identifiable derivative financial instruments such as interest rate swaps are carried at fair value at the reporting date and are accounted for separately in the financial statements. These derivative financial instruments are recorded at mark-to-market fair values as either a financial asset or a financial liability.

The Audit Committee has reviewed the accounting recognition of the interest rate swaps prevailing during the year and continues to be of the opinion that on an on-going basis, the variable loan and corresponding interest rate swap will give rise to cash flows which, in combination will match the lease income.

The fair value of the interest rate swaps on a mark-to-market basis represents the net present value of the estimated differential between the fixed and variable interest rates that will arise given the market "assessment" of interest rates over the balance of the interest rate swap contracts. This financial instrument will have a zero value at the end of the swap contracts.

Internal Controls

The Audit Committee has made due enquiry of the internal controls of the Administrator. The Audit Committee is satisfied with the controls currently implemented by the Administrator and will continue to review them regularly. The Audit Committee has also requested the Secretary keeps the Group informed of any in-house developments and improved internal control procedures effected.

Internal Audit

The Group has no employees and operates no systems of its own, relying instead on the employees and systems of its external service providers. The Board has therefore taken the decision that it would not be of any material benefit for the Group to appoint an internal auditor.

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Audit Committee received from the external auditor, a detailed audit plan, identifying their assessment of the key risks. For the year the primary risks identified were in respect of valuation of the aircraft assets, depreciation and management override of controls.

Audit Committee Report (continued)

Using its collective skills, the Audit Committee evaluated the effectiveness of the audit process in addressing the matters raised through the reporting it received from the external auditor at the conclusion of the audit.

In particular the Audit Committee formally appraised the external auditor against the following criteria:

- Independence
- Ethics and conflicts
- Knowledge and experience
- Challenge
- Promptness
- Cost
- Overall quality of service

In addition the Audit Committee sought feedback from the Administrator on the effectiveness of the audit process.

For the year, the Audit Committee were satisfied that there had been appropriate focus on the primary areas of audit risk and assessed the quality of the audit process to be good. The Audit Committee discussed their findings with the external auditor and will consider if future external audits could be improved.

The Audit Committee holds meetings with the external auditor to provide additional opportunity for open dialogue and feedback from the auditor. If felt necessary, Audit Committee members meet with the external auditor without the Administrator and Asset Manager being present. Matters discussed include the residual valuation of aircraft, the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with the Administrator, confirmation that there has been no obstruction of the auditor by the Administrator or undue influence on the independence of their audit and how they have exercised professional scepticism.

Appointment and Independence

The Audit Committee considers the reappointment of the external auditor, including the rotation of the audit partner, each year and also evaluate their independence on an on-going basis.

The Audit Committee has recommended to the Board the re-appointment of KPMG as the Group's external auditor be proposed for the year ending 31 March 2022. Accordingly a resolution proposing the re-appointment of KPMG as the Group's external auditor will be put to shareholders at the Company's 2021 annual general meeting.

The Audit Committee will, if appropriate, consider arranging for the external audit contract to be tendered in 2028 (being ten years from the initial appointment) with the aim of ensuring a high quality and effective audit.

There are no contractual obligations restricting the Audit Committee's choice of external auditor. The Audit Committee continues to consider the audit tendering provisions outlined in the AIC Code, of which it is supportive.

The external auditor is required to rotate the audit partner responsible for the audit every five years. The current lead audit partner has been in place since October 2018.

Audit Committee Evaluation

Our activities formed part of the external review of Board effectiveness performed in December 2020.

An internal evaluation of our effectiveness will be carried out in 2021.

David Gelber
Chairman of the Audit Committee

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited

1 Our opinion is unmodified

We have audited the financial statements of Amedeo Air Four Plus Limited ("the Company"), and its subsidiaries (together, "the Group"), for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, and the related notes, including the accounting policies in note 2. The financial reporting framework that has been applied in their preparation is Guernsey Law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of affairs of the Group as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

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 section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standards as applied to a listed entity, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (i) ('Accounting Policies – Going Concern') in the financial statements, which indicates that in case of materialisation of the risk related to the lessee counterparty creditworthiness and non-compliance by lessee with the rehabilitation plan agreed with its creditors, the fixed rents receivable under the leases may not be sufficient to meet the loan interest and regular principal repayments of debt scheduled during the life of each loan and may not provide surplus income to pay for the Group's expenses. Additionally, Note 2 (i) indicates that the Group currently has Thai Airways International Public Company Limited aircraft temporarily in storage and is currently earning no income from these aircraft. Furthermore as part of the Thai Airways International Public Company Limited rehabilitation plan, the Group is in negotiations to agree the binding lease amendment documentation with this airline, on a power by the hour basis (PBH) initially, before moving to a fixed rate lease for the remaining term of the leases including an extension of the leases from the original term, which will earn less income depending on the aircraft utilisation. These events or conditions, along with other matters as set forth in Note 29 ('Subsequent Events'), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

The Directors have prepared the financial statements on a going concern basis as they do not intend to liquidate the Group or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. As set out in note 2 (i) in the financial statements, they have also concluded that there is a material uncertainty that could cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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. Our evaluation of the Directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included, inter alia, review of the Directors' cash flow forecasts and details of the Thai rehabilitation plan.

We evaluated the Directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group and Company's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

The risks that we considered most likely to adversely affect the Group and Company's available financial resources over this period were:

- Impact of the Thai rehabilitation plan to the Group's loan repayment obligations; and
- The impact of COVID-19 on the Group's rental income and aircraft values.

As these were risks that could potentially cast significant doubt on the Group and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by cash flow forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. We evaluated the achievability of the actions that the Directors have considered that they could take to improve the position should the risks materialise.

As a result of our evaluation we note that assumptions used by the Directors in the cash flow forecasts are reasonable and the amounts used are supportable.

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

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:

- Inquiring with the Directors as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of Directors, the Audit Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of Directors, the Audit Committee, regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Group's regulatory and legal correspondence.
- Reading Board and Audit Committee minutes.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, environmental law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation
- Evaluating the business purpose of significant unusual transactions
- Assessing significant accounting estimates for bias
- Assessing the disclosures in the financial statements

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below (unchanged from prior year) to be the key audit matter to be communicated in our report:

Valuation of Aircraft £1.2bn (31 March 2020 - £1.7bn)

Refer to pages 48 (accounting policy) and page 63 (Property, Plant and Equipment disclosures)

The key audit matter

The Group's aircraft portfolio makes up 84.13% of its total assets by value. Aircraft valuation requires the exercise of significant judgement around the forecast and timing of sale used to assess recoverable amount, and the discount rates applied, particularly for certain of the aircraft owned by the Group. Appropriate consideration needs to be given to the market for the Group's aircraft both at present and at the end of their current leases. The secondary market for certain of the Company's aircraft is still nascent and/or uncertain, and as such valuation can be challenging.

In addition, the COVID-19 pandemic has had an impact on aircraft values and market lease rates. It has had a significant impact on global financial markets, and, in particular, on the airline industry. As a direct result of global aircraft groundings and reduced passenger numbers, airlines are experiencing unprecedented liquidity issues and threats of bankruptcy.

How the matter was addressed in our audit

The procedures we undertook included but were not limited to:

- documenting and assessing the design and implementation of controls over the valuation of aircraft;
- obtaining the Directors' impairment assessment model and:
  - (i) assessing whether the significant assumptions used for determining recoverable amounts for aircraft were applied consistently across the portfolio;
- testing the accuracy of the impairment assessment model via re-performance;
- evaluating and challenging the Board of Directors' significant assumptions in determining the recoverable amount by:
  - (i) comparing them to evidence obtained through external sources where possible, our industry knowledge and market experience;
  - (ii) performing scenario analysis and stress-testing of the discount rates and forecast timing of sale and comparing results to those used by the Group;
  - (iii) holding discussions with Directors and management's experts and challenging the basis for their recoverable amount by assessing the reasonableness of all underlying significant assumptions by comparing it to the external sources where possible, our industry knowledge and market experience.
- challenging the significant assumptions applied by the servicer with regard to the commercial outlook by comparing with outlook presented by the appraisers and resultant impairment assessment for the aircraft;
- reperforming the calculations of recoverable amount and impairment charge to verify the mathematical accuracy in the assessment of impairment;
- evaluating the competence, capabilities and objectivity of the external independent aircraft appraisers appointed by the Group;
- benchmarking the discount rates used in the impairment assessment against other industry participants and the Group's weighted average cost of capital; and
- performing extended stress testing analysis for aircraft on lease assuming different scenarios based on aircraft specific risk and possible changes in lessee cash flows in order to assess the Group's liquidity and address future uncertainties presented by Covid-19.

Based on procedures performed, we found that the significant assumptions and data inputs into the valuation of aircraft are reasonable.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £8.0m (2020: £10.1m), determined with reference to a benchmark of Total Assets, of which it represents 0.5% (2020: 0.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £398,750 (2020: £505,781), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied materiality to assist us determine what risks were significant risks and the procedures to be performed.

Our audit of the Group was undertaken to the materiality specified above and was all performed by one engagement team in Ireland.

4 Other Information

The Directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the annual report but excluding the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

5 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

6 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 26, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

7 The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Ian Nelson
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm

23 July 2021

1 Harbourmaster Place,
IFSC,
Dublin 1,
Ireland

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2021

	Notes	1 Apr 2020 to 31 Mar 2021 GBP	1 Apr 2019 to 31 Mar 2020 GBP
INCOME			
US Dollar based rent income	4	166,837,378	212,140,601
British Pound based rent income	4	34,537,182	44,419,736
Gain on sale of aircraft	9	–	3,032,605
		201,374,560	256,560,337
EXPENSES			
Operating expenses	5	(19,898,131)	(7,020,360)
Depreciation and amortisation of aircraft	9	(137,167,102)	(158,605,615)
Impairment of aircraft	9	(152,115,323)	(43,714,477)
Expected credit loss	13	(28,854,971)	–
		(338,035,527)	(209,340,452)
Net (loss)/profit for the year before finance income, finance costs and foreign exchange gains /(losses)		(136,660,967)	47,219,885
FINANCE INCOME			
Finance income	10	8,233,554	538,269
FINANCE COSTS			
Finance costs	11	(43,953,810)	(97,324,554)
Foreign exchange gains /(losses)		318,899	(222,713)
Foreign exchange gain on liquidation of foreign operations		–	13,329,057
Loss before tax		(172,062,324)	(33,427,451)
Income tax expense	25	–	(60,984)
Loss for the year after tax		(172,062,324)	(33,488,435)
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified subsequently to profit or loss			
Translation adjustment on foreign operations	2f	(40,380,606)	27,364,231
Reclassified to (loss)/profit for the year on liquidation of foreign operations		–	(13,329,057)
Total comprehensive loss for the year		(212,442,930)	(19,453,261)
		Pence	Pence
Loss per share for the year – basic and diluted	8	(32.17)	(5.21)

In arriving at the results for the financial year, all amounts above relate to continuing operations.

The notes on pages 48 to 80 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 March 2021

	Notes	31 Mar 2021 GBP	31 Mar 2020 GBP
NON-CURRENT ASSETS			
Aircraft	9	1,270,311,830	1,714,508,850
CURRENT ASSETS			
Accrued income	26	13,045,326	14,446,150
Short term investments	14	22,789,120	7,737,776
Trade and other receivables	13	12,830,033	7,478,539
Cash and cash equivalents	21	118,060,583	247,911,207
		166,725,062	277,573,672
TOTAL ASSETS		1,437,036,892	1,992,082,522
CURRENT LIABILITIES			
Payables	15	121,026	182,873
Deferred income	26	8,195,657	9,470,038
Borrowings	16	97,081,633	103,593,531
		105,398,316	113,246,442
NON-CURRENT LIABILITIES			
Derivatives at fair value through profit and loss	18	4,939,122	12,783,866
Security deposits	22	–	14,150,289
Maintenance reserves	23	54,934,474	59,444,834
Borrowings	16	936,474,385	1,129,651,234
Deferred income	26	23,596,288	30,666,285
		1,019,944,269	1,246,696,508
TOTAL LIABILITIES		1,125,342,585	1,359,942,950
TOTAL NET ASSETS		311,694,307	632,139,572
EQUITY			
Share capital	17	550,982,781	647,638,697
Foreign currency translation reserve		18,957,528	59,338,134
Retained deficit		(258,246,002)	(74,837,259)
		311,694,307	632,139,572
		Pence	Pence
Net Asset Value Per Share based on 434,141,757 (2020: 642,250,000) shares in issue		71.80	98.43

The financial statements were approved by the Board of Directors and authorised for issue on 23 July 2021 and are signed on its behalf by:

Robin Hallam, Director

The notes on pages 48 to 80 form an integral part of these consolidated financial statements.

Financial Statements

Consolidated Statement of Cash Flows
ended 31 March 2021

	Notes	1 Apr 2020 to 31 Mar 2021 GBP	1 Apr 2019 to 31 Mar 2020 GBP
OPERATING ACTIVITIES			
Loss for the year after tax		(172,062,324)	(33,488,435)
Decrease in accrued income		(1,808,197)	(6,578,651)
Decrease in deferred income		(3,785,427)	(4,067,195)
Interest income		(388,810)	(538,269)
Depreciation of aircraft	9	137,167,102	158,605,615
Expected credit loss		28,854,971	–
Impairment of aircraft	9	152,115,323	43,714,477
Gain on sale of aircraft	9	–	(3,032,605)
Taxation expense	25	–	60,984
Loan interest payable and fair value adjustments on financial assets	11	34,468,765	91,785,893
(Decrease)/Increase in payables		(12,323,190)	5,347
Maintenance reserves received		1,520,757	27,079,260
Decrease/(increase) in receivables		(33,118,750)	21,939
Foreign exchange movement		(318,899)	222,713
Amortisation of debt arrangement costs	11	1,640,301	5,538,661
Taxation paid		(66,571)	(62,907)
NET CASH FROM OPERATING ACTIVITIES		131,895,051	279,266,827
INVESTING ACTIVITIES			
Proceeds from sale of aircraft	9	–	441,372,710
Investment in short term deposits	14	(22,789,120)	(7,737,776)
Withdrawal from short term deposits	14	7,737,776	
Interest received		388,810	538,269
NET CASH (USED IN) /FROM INVESTING ACTIVITIES		(14,662,534)	434,173,203
FINANCING ACTIVITIES			
Dividends paid	7	(11,346,419)	(52,985,622)
Repayments of capital on senior loans	24	(84,500,698)	(374,788,685)
Repayments of capital on junior loans	24	–	(34,666,245)
Payments of interest on senior loans	24	(32,706,583)	(52,650,603)
Payments of interest on junior loans	24	(11,085,646)	(12,958,096)
Security trustee and agency fees	11	(200,044)	(275,973)
Share redemption paid	17	(98,478,292)	–
NET CASH USED IN FINANCING ACTIVITIES		(238,317,682)	(528,325,224)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		247,911,207	91,070,150
(Decrease)/increase in cash and cash equivalents		(121,085,165)	185,114,806
Effects of foreign exchange rates		(8,765,459)	(28,273,749)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	118,060,583	247,911,207

The notes on pages 48 to 80 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Notes	Share capital GBP	Retained deficit GBP	Foreign currency translation reserve GBP	Total GBP
Balance as at 1 April 2020		647,638,697	(74,837,259)	59,338,134	632,139,572
Loss for the year		–	(172,062,324)	–	(172,062,324)
Other comprehensive loss for the year		–	–	(40,380,606)	(40,380,606)
Total comprehensive loss for the year		–	(172,062,324)	(40,380,606)	(212,442,930)
Transactions with owners of the Company:					
Share redemption	17	(98,478,292)	–	–	(98,478,292)
Share capital raised in the period		1,822,376	–	–	1,822,376
Dividends paid	7	–	(11,346,419)	–	(11,346,419)
Total transactions with owners of the Company:		(96,655,916)	(11,346,419)	–	(108,002,335)
Balance as at 31 March 2021		550,834,003	(258,097,224)	18,957,528	311,694,307

	Notes	Share capital GBP	Retained earnings /(deficit) GBP	Foreign currency translation reserve GBP	Total GBP
Balance as at 1 April 2019		647,638,697	11,636,798	45,302,960	704,578,455
Loss for the year		–	(46,817,492)	–	(46,817,492)
Other comprehensive income for the year		–	–	27,364,231	27,364,231
Reclassified to (Loss)/profit for the year on liquidation of foreign operations		–	13,329,057	(13,329,057)	–
Total comprehensive (loss)/ income for the year		–	(33,488,435)	14,035,174	(19,453,261)
Transactions with owners of the Company:					
Dividends paid	7	–	(52,985,622)	–	(52,985,622)
Balance as at 31 March 2020		647,638,697	(74,837,259)	59,338,134	632,139,572

The notes on pages 48 to 80 form an integral part of these consolidated financial statements.

Financial Statements

Notes to the Consolidated Financial Statements
for the year ended 31 March 2021

1. GENERAL INFORMATION

The consolidated financial information incorporates the results of Amedeo Air Four Plus Limited (the "Company"), AA4P Alpha Limited, AA4P Beta Limited, AA4P Gamma Limited, AA4P Delta Limited, AA4P Epsilon Limited, AA4P Zeta Limited, AA4P Eta Limited, AA4P Theta Limited, AA4P Lambda Limited, AA4P Mu Limited, AA4P Nu Limited, AA4P Leasing Ireland Limited, AA4P Leasing Ireland 2 Limited and AA4P Xi Limited (each a "Subsidiary" and together the "Subsidiaries") (together the Company and the Subsidiaries are known as the "Group").

The Company was incorporated in Guernsey on 16 January 2015 with registered number 59675. Its share capital consists of one class of redeemable ordinary shares ("Shares"). The Shares are admitted to trading on the SFS of the London Stock Exchange's Main Market. The Company and the Guernsey Subsidiaries are tax residents in Guernsey. AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited are Irish tax resident trading companies.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft.

Since the completion of its initial public offering on 13 May 2015, the Company has acquired eight Airbus A380, two Boeing 777-300ER and four Airbus A350-900 aircraft. Eight of the aircraft are leased to Emirates and four aircraft are leased to Thai Airways. During the 31 March 2020 financial year, two Airbus A380 aircraft were sold to Etihad after which the related subsidiaries were liquidated. All aircraft are leased for a period of 12 years from each respective delivery date. In order to complete the purchase of these aircraft, subsidiaries of the Company entered into debt financing arrangements which together with the equity proceeds were used to finance the acquisition of the aircraft.

Rental income received is used to pay loan interest and regular capital repayments of debt. US Dollar lease rentals and loan repayments, with the exception of the four Thai aircraft which incorporate floating rate lease rentals, are furthermore fixed at the outset of the Group's acquisition of an aircraft and are very similar in amount and timing save for the repayment of bullet and balloon repayments of principal due on the final maturity of a loan to be paid out.

2. ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are as follows:

(a) Basis of preparation

The consolidated financial information has been prepared in conformity with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") and applicable Guernsey law. The financial information has been prepared on a historical cost basis except for financial assets and financial liabilities at fair value through profit and loss.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the new and amended standards set out below.

Change in comparatives

Certain comparative figures have been reclassified in statement of profit or loss (gain on sale of aircraft has been included in income and bank interest received has been included in finance income) and presentation was changed of certain figures in the cash flow statement (changes in accrued income and deferred income were separately presented) in order to conform to the current year presentation.. There is no material impact of these amendments on the financial statements.

Changes in accounting policies and disclosure

The following Standards or Interpretations have been adopted in the current year. Their adoption has not had a material impact on the amounts reported in these consolidated financial statements and is not expected to have any impact on future financial periods except where stated otherwise.

New and amended IFRS Standards that are effective for the current period

The following Standard and Interpretation issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Standards Interpretations Committee ("IFRIC") has been adopted in the current year.

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New and amended IFRS Standards that are effective for the current period (continued)

The adoption has not had any impact on the amounts reported in these financial statements and is not expected to have any impact on future financial periods:

IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and error' on definition of material – These amendments to IAS 1, IAS 8 and consequential amendments to other IFRSs: use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immateriality information. The effective date is for annual periods beginning on or after 1 January 2020. The standard does not have a material impact on the financial statements or performance of the Group and is endorsed by the EU.

Amendments to References to Conceptual Framework in IFRS Standards. The revised Conceptual Framework, issued by the IASB in March 2018: includes a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions. The effective date is for annual periods beginning on or after 1 January 2020. The standard does not have a material impact on the financial statements or performance of the Group and is endorsed by the EU.

IFRS 3 'Definition of a Business' – The amendments are a response to feedback received from the post-implementation review of IFRS 3. They clarify the definition of a business, with the aim of helping entities to determine whether a transaction should be accounted for as an asset acquisition or a business combination. The effective date is for annual periods beginning on or after 1 January 2020. The standard does not have a material impact on the financial statements or performance of the Group and is endorsed by the EU.

IFRS 9, IAS 39 and IFRS 7 'Financial Instruments' – Interest Rate Benchmark Reform – Phase 1 deals with pre-replacement issues (issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark). The Group is monitoring the developments and effect and is in the process of considering the impact of the US Dollar LIBOR reform on the debt and derivatives. As this will be published until June 2023, there is no impact on the current year. The effective date is for annual periods beginning on or after 1 January 2020. The standard does not have a material impact on the financial statements or performance of the Group and is endorsed by the EU.

IFRS 16 'Leases' – Covid-19 related rent concessions. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The standard does not have a material impact on the financial statements or performance of the Group and is endorsed by the EU.

New and Revised Standards in issue but not yet effective

IAS 1 'Presentation of financial statements' Classification of Liabilities as Current or Non-current. The IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The effective date is for annual periods beginning on or after 1 January 2023. The standard is not expected to have a material impact on the financial statements or performance of the Group and is not endorsed by the EU.

IAS 37 'Onerous Contracts' – Cost of Fulfilling a Contract. The IASB amended the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The standard is not expected to have a material impact on the financial statements or performance of the Group and is not endorsed by the EU.

IFRS 1 'First-time Adoption of International Financial Reporting Standards', IFRS 9 'Financial Instruments', and IAS 41 'Agriculture'- Annual Improvements to IFRS Standards 2018–2020. This project tracks developments in the annual improvements process for the 2018-2020 cycle. The standard is not expected to have a material impact on the financial statements or performance of the Group and is not endorsed by the EU.

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New and Revised Standards in issue but not yet effective (continued)

IAS 16 'Property, Plant and Equipment' – Proceeds before Intended Use. The proposed amendment would prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The standard is not expected to have a material impact on the financial statements or performance of the Group and is not endorsed by the EU.

IFRS 3 'Business Combinations' – Reference to the Conceptual Framework. The IASB published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The standard is not expected to have a material impact on the financial statements or performance of the Group and is not endorsed by the EU.

IAS 1 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current. The IASB deferred the effective date of the January 2020 Classification of Liabilities as Current or Non-Current to annual reporting periods beginning on or after 1 January 2023. Earlier application of the January 2020 amendments continues to be permitted. The standard is not expected to have a material impact on the financial statements or performance of the Group and is not endorsed by the EU.

IFRS 17 'Insurance Contracts' – IFRS 17 sets out the requirements for a company reporting information about insurance contracts it issues and reinsurance contracts it holds. The amendments are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance. The standard is not expected to have a material impact on the financial statements or performance of the Group and is not endorsed by the EU.

(b) Basis of consolidation

The consolidated financial information incorporates the results of the Company and the Subsidiaries. The Company owns 100% of all the shares in the Subsidiaries which grants it exposure to variable returns from the entities and the power to affect those returns, granting it control in accordance with IFRS 10.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

(c) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2. ACCOUNTING POLICIES (continued)

(c) Taxation (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and the Guernsey Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%. Since AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited are Irish tax resident trading companies, they will not be subject to Guernsey tax, but their net lease rental income earned (after tax deductible expenditure) will be taxable as trading income at 12.5% under Irish tax regulations. Please refer to note 25 for more information.

(d) Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of Shares are recognised as a deduction from equity.

(e) Interest income and expenses

Interest income and expenses are accounted for on an effective interest rate basis.

(f) Foreign currency translation

The currency of the primary economic environment in which the Company operates (the functional currency) is Great British Pounds ("GBP") which is also the presentation currency. The Subsidiaries of the Company all have the same functional currency being US Dollar ("USD").

Transactions denominated in foreign currencies are translated into GBP at the rate of exchange ruling at the date of the transaction.

Retranslation of subsidiaries:

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

On consolidation the financial statements of foreign subsidiaries whose functional currency is not GBP are translated into GBP as follows: statement of financial position items are translated into GBP at the period end exchange rate; statement of income items are translated into GBP at the exchange rates applicable at the transaction dates or at the average exchange rates at each respective quarter end, as long as this is not rendered inappropriate as a basis for translation by major fluctuations in the exchange rate during the period; unrealised gains and losses arising from the translation of the financial statements of foreign subsidiaries are recorded under "Translation adjustment on foreign operations" in other comprehensive income to be reclassified to income. The cumulative gains and losses arising from the translation of the financial statements of foreign subsidiaries are reclassified to profit and loss on disposal or liquidation of foreign subsidiaries.

(g) Cash and cash equivalents

Cash at bank and short term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than three months from the start of the deposit and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2. ACCOUNTING POLICIES (continued)

(h) Segmental reporting

The Directors have overall responsibility for the Group's activities, including investment activity and are therefore considered the chief operating decision maker.

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and selling aircraft (together the "Assets" and each an "Asset"). The Directors consider this appropriate due to the nature of the revenue earned for the business as a whole from its aircraft, being lease income from lessees predominantly as a result of passenger revenue earned by the airlines. However the Directors have chosen to disclose certain geographical information as per note 28.

(i) Going concern

The Directors have prepared these financial statements for the year ended 31 March 2021 on the going concern basis. However, the Directors have identified the matters referred to below which may indicate the existence of one or more material uncertainties that may cast doubt on the Group's ability to continue as a going concern and that the Group may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have considered the going concern for the next 12-18 months.

The Directors believe that international travel has not rebounded in the way predicted at the start of the COVID-19 crisis. Airlines have used up much of the liquidity provided to them by governments and shareholders, but the expected restoration in air travel has been blighted by poor COVID-19 testing facilities, lack of coordinated action by governments, increased infection rates and the expected ending of many of the most generous furlough schemes.

In the case of materialisation of the risk related to the lessee counterparty creditworthiness, the actual rent received under the leases may not be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and may not provide surplus income to pay for the Group's expenses.

As announced on 6 April 2020 the Board decided to temporarily suspend the declaration of dividends until the future prospects of the Group's two lessees becomes more assured.

Such a decision was made after the Board had carefully considered and assessed the above mentioned factors against the background of the Company's investment objectives and the maintenance of the long-term financial stability of the Company for the benefit of all shareholders as a class and the Group's creditors.

However, pursuant to the Compulsory Redemption of Shares announcement released by the Company on 23 September 2020 and the Dividend announcements on 13 October 2020 and 14 January 2021, the directors of the Company declared interim dividends of 1.15 pence and 1.50 pence per Redeemable Ordinary Share in respect of the financial year ending 31 March 2021.

As announced on 23 September 2020, the Board of directors of the Company resolved on that date to redeem one ordinary share for every three existing ordinary shares of shareholders on the register of members as at close of business on 25 September 2020 (the "Redemption Record Date"). Accordingly, 214,083,243 ordinary shares were redeemed and have now been cancelled.

The redemption proceeds due on the redemptions of these ordinary shares were paid on 9 October 2020.

On 18 February 2021 the Company announced that it had entered into an agreement with Nimrod to terminate Nimrod's appointment as sole corporate and shareholder advisor to the Company with effect from 31 January 2021 and settle outstanding matters between them (the Termination Agreement). Under the Termination Agreement, the Company made a payment of £9.45 million and issued 5,975,000 new shares to Nimrod as a complete settlement of contractual obligations to Nimrod. Nimrod has undertaken to the Company not to dispose of the said shares for a period of 12 months (subject to certain customary exceptions). Please refer to note 17 for more details.

The Board will continue to monitor actively the financial impact on the Company and its Group resultant from the evolving position with its aircraft lessees and lenders whilst bearing in mind its fiduciary obligations and the requirements of Guernsey law which determine the ability of the Company to make dividends and other distributions.

2. ACCOUNTING POLICIES (continued)

(i) Going concern (continued)

The Group's aircraft with carrying values of £1,270,311,830 (31 March 2020: £1,714,508,850) are pledged as security for the Group's borrowings (see note 16).

Thai Airways

As noted in the annual report for the year ended 31 March 2020, on 27 May 2020 the Central Bankruptcy Court of Thailand issued an order to accept the rehabilitation petition for consideration and set the date of 17 August for the first hearing on the rehabilitation petition. Effectively, from 27 May 2020 an automatic stay comes into effect which restricts Thai's right to pay and incur debts and a moratorium affecting creditors' rights comes into force. Thai Airways has not paid any lease payments to the Company's subsidiaries since 22 May 2020.

From such time, Planners and counsel were appointed to the carrier's restructuring case and a Rehabilitation Plan was proposed. After many extensions to Court hearings, the Central Bankruptcy Court of Thailand rendered its order to approve the Plan on 15 June 2021 and appointed the Plan Administrators, who will have rights, duties, and powers to manage and operate Thai Airways in accordance with the conditions and terms stipulated in the Plan. The Asset Manager is in negotiations to agree the binding lease amendment documentation with the airline, on a power by the hour basis (PBH) initially, before moving to a fixed rate lease for the remaining term of the lease including an extension of the lease from the original term. The Company is targeting Q3 2021 to document and effect the restructuring of debt with its lenders.

Thailand was facing threats of new waves of COVID, which would further impact the country's tourism industry as well as Thai Airways' operations. The Civil Aviation Authority of Thailand (CAAT) says in an 18 July statement that it will require local airlines to suspend commercial passenger flights to and from "dark red" zones,[8] classified as having the highest infection risk, starting 21 July, in line with travel restrictions imposed on these provinces. Exceptions will be made for regions with a tourism-oriented "sandbox" initiative, as well as emergency or technical landings, and other CAAT-authorised flights. Outside of the "dark red" provinces, other flights are capped at 50% passenger capacity to account for social distancing

These are positive developments for Thai Airways, as the carrier is gradually restarting its operations in line with the updates from local authorities. Thai Airways has resumed key international routes to Japan, South Korea, Australia and Europe. Flights to London, Frankfurt, Paris, Zurich and Copenhagen, as part of the Phuket Sandbox travel scheme, will continue to be operated directly from Bangkok or via Phuket. From Phuket, flights to London and Frankfurt will run weekly, while London, Frankfurt and Copenhagen will be served twice weekly. In Southeast Asia, Thai Airways has recommenced flights to Manila in the Philippines from Bangkok, operating three times a week. Flights to North Asian destinations has also restarted, including daily flights to Hong Kong, twice-weekly flights to Haneda and Nagoya in Japan, four-times weekly to Osaka and six-times weekly to Tokyo Narita. Flights to Seoul in South Korea and Sydney in Australia will be operated on a thrice-weekly and twice-weekly basis.

Going Concern Assessment

While the Group has made a loss in the current period, it is in a net current asset position and continues to generate strong positive operating cash flows. The Group's cash levels rose significantly due to the sale of two A380-800 aircraft on 25 February 2020 in the prior financial year. The sales included the full repayment of the financing arrangements on both aircraft, including applicable swap breakage and facility prepayment costs.

The Board decided to return to Shareholders £98.5 million on 25 September 2020 by way of a redemption of one-third of the ordinary shares in the capital of the Company (being the redemption of approximately 214,083,243 shares) at a redemption price of 46 pence per each redeemed share.

On 23 February 2021 the Company made a payment of £9.45 million and issued 5,975,000 new shares to Nimrod as a complete settlement of contractual obligations to Nimrod.

8 Thirteen provinces have been classified as "dark red" zones and these are Bangkok, Chachoengsao, Chonburi, Nakhon Pathom, Nonthaburi, Narathiwat, Pathum Thani, Pattani, Phra Nakhon Si Ayutthaya, Yala, Songkhla, Samut Prakan and Samut Sakhon.

2. ACCOUNTING POLICIES (continued)

(i) Going concern (continued)

Going Concern Assessment (continued)

During the current year, due to the non-payment of lease rentals by Thai Airways, a provision has been raised for the impairment of amounts due (see the Consolidated Statement of Comprehensive Income). Management has completed a high-level analysis which considers both historical and forward-looking qualitative and quantitative information, to assess the credit risk of the receivables from Thai Airways. The security deposits payable were utilised in full against the lease rentals due by Thai Airways at year end, with the remaining rental amounts due recognised as receivable (discounted for the time value of money) at year end in accordance with the Thai rehabilitation plan. The remaining amounts receivable were impaired in full in the Statement of Comprehensive Income as this is considered not recoverable.

The Company reviewed plausible downside scenarios (such as receiving no power-by-the hour rental income from Thai) and implemented sufficient measures, such as the temporary suspension of dividends, in order to best position itself to settle its future debt obligations in the short term to medium term. Additionally, the Company is also arranging with the lenders an optimal solution that will facilitate servicing of the loan in line with the rent received under the lease amendment documentation.

The Board was also of the opinion that the Planning Committee's initial timeline of having a plan agreed with all creditors and implemented and working within Q1 2021, was optimistic. The Board is therefore working on the basis that the timeline should be realistically shifted further out and that the Group will receive little or no income before Q3 2021 from the Thai leases.

Whilst progress has been made, the Directors are uncertain as to the final outcome of these matters.

However, on the basis of (i) the Group's current liquid assets and (ii) cash-flow projections, the Directors nevertheless believe that the going concern basis of accounting is appropriate but there are material uncertainties.

(j) Leasing and rental income

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The leases relating to the Assets have been classified as operating leases as the terms of the leases do not transfer substantially all the risks and rewards of ownership to the lessee. The Assets are shown as non-current assets in the Consolidated Statement of Financial Position. Further details of the leases are given in note 12.

Rental income and advance lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased Asset and amortised on a straight-line basis over the lease term. The four A350-900 aircraft have variable lease rentals, the variable portion of which is treated as contingent rent. Contingent rent is recognised in the period in which it is earned.

The Deferred income represents the difference between actual payments received in respect of the lease income (including some received in full upfront) and the amount to be accounted for in the accounting records on a straight line basis over the lease terms. This liability will reduce over time as the leases continue and approach the end of the lease terms.

2. ACCOUNTING POLICIES (continued)

(j) Leasing and rental income (continued)

Changes in lease payments that result from the terms included in the original lease contract or in applicable law or regulations are considered as part of the original lease terms and conditions of the lease. If there is no change in either the scope of or the consideration of the lease, then the Company assumes that there is no lease modification.

Where an increase in scope occurs and the payment for this increase in scope is commensurate, any modification will be considered a new lease, and any remaining prepayments and accruals are included in the accounting for the new lease. If the new lease continues to be classified as operating, the future cash flows are recognised on a straight line (or other systematic basis), adjusted for any prepayments or accruals with the balance written down to zero at the end of the lease. Where there is no lease modification, the existing accounting policy is followed.

(k) Maintenance reserve and security deposits liabilities

In many aircraft operating lease contracts, the lessee has the obligation to make periodic payments which are calculated with reference to utilisation of airframes, engines and other major life-limited components during the lease. In most lease contracts, upon presentation by the lessee of the invoices evidencing the completion of qualifying work on the aircraft, the Group reimburses the lessee for the work, up to a maximum of the advances received with respect to such work.

The Group records such amounts as maintenance provisions. Maintenance provisions not expected to be utilised within one year are classified as non-current liabilities. Amounts not refunded during the lease are recorded as lease revenue at lease termination. Upon redelivery of the aircraft leased to Emirates at the end of the lease, if the aircraft does not meet the return condition set out, monetary compensation will be receivable and accounted for as lease revenue. Where the aircraft has been maintained and meets the return conditions, this will not be due. Further details are given in note 23.

Security deposits represent amounts paid by the lessee as security in accordance with the lease agreements. The deposits are repayable to the lessees on the expiration of the lease agreements subject to satisfactory compliance of the lease agreements by the lessees. During the current period, these security deposits were utilised in full against the lease rentals owing by Thai Airways. Further details are given in note 22.

(l) Property, plant and equipment – Aircraft

In line with IAS 16 Property Plant and Equipment, each Asset is initially recorded at cost, being the fair value of the consideration paid. The cost of the Asset is made up of the purchase price of the Assets plus any costs directly attributable to bringing it into working condition for its intended use. Costs incurred by the lessee in maintaining, repairing or enhancing the aircraft are not recognised as they do not form part of the costs to the Group. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Asset.

(a) Depreciation

Depreciation is recognised so as to write off the cost of each Asset less the estimated residual value over the lease term of the Asset of twelve years, using the straight line method. Residual values have been arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees. The Directors consider that the use of forecast market values excluding inflation best approximates residual value as required by IAS 16 Property, Plant and Equipment.

The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually in March and is an estimate of the amount the entity would receive today if the Asset were already of the age and condition they will be in at the end of the lease. Due to a change in estimate of residual value for all aircraft in the current year, there has been a £18,598,802 increase in the annual depreciation charge for the current year. Further details of the change in estimate of residual values and the impact on depreciation for the current year as a result are given in note 9.

Depreciation starts when the Asset is available for use.

2. ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment – Aircraft (continued)

(b) Impairment

At each audited reporting date, the Group reviews the carrying amounts of its Assets to determine whether there is any indication that those Assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the Asset is estimated to determine the extent of the impairment loss (if any). Further details are given in note 3.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an Asset is estimated to be less than its carrying amount, the carrying amount of the Asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income. Where an impairment loss subsequently reverses, the carrying amount of the Asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the Asset in prior years. A reversal of an impairment loss is recognised immediately in Consolidated Statement of Comprehensive Income.

(m) Financial assets and financial liabilities

(a) Classification

The Group classified its financial assets and financial liabilities in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through the Consolidated statement of comprehensive income), and

– those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in the Consolidated statement of comprehensive income.

The interest rate swaps in the Group are measured at FVTPL as it is managed on a fair value basis in accordance with a documented investment strategy. The interest rate swaps do not meet the SPPI criterion (solely payments of principal and interest) and accordingly it will be mandatorily measured at FVTPL under IFRS 9. The Group does not classify any derivatives as hedges in a hedging relationship.

(b) Recognition/derecognition

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are derecognised if the Group's obligations, specified in the contract, expire or are discharged or cancelled.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire, are extinguished, or if the Group transfers the financial assets to a third party and transfers all the risks and rewards of ownership of the Asset, or if the Group does not retain control of the Asset and transfers substantially all the risk and rewards of ownership of the Asset.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Consolidated statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. ACCOUNTING POLICIES (continued)

(m) Financial assets and financial liabilities (continued)

(c) Measurement (continued)

Financial assets

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its financial assets into the following measurement category:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Consolidated Statement of Comprehensive Income and presented in other gains / (losses), together with foreign exchange gains and losses. Provision for impairment losses are presented as separate line item in the Consolidated Statement of Comprehensive Income.

Financial assets currently measured at amortised cost are cash and cash equivalents, receivables and short term investments. These instruments meet the solely principal and interest criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under IFRS 9.

Derivative instruments

Changes in the fair value of financial assets at FVPL are recognised in the Consolidated Statement of Comprehensive Income as applicable.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Consolidated Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Consolidated Statement of Comprehensive Income in the period in which they arise.

(d) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECL. Loss allowances for trade debtors and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

As per IFRS 9, a receivable has a low credit risk if:

- It has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Refer to note 13 for provision for impairment with respect to trade and other receivables.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

2. ACCOUNTING POLICIES (continued)

(n) Non-derivative financial liabilities

Financial liabilities consist of payables, security deposits and borrowings. The classification of financial liabilities at initial recognition will be at amortised cost to the extent it is not classified at FVTPL. All financial liabilities are initially measured at fair value, net of transaction costs. All financial liabilities are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability.

Amortised cost: Interest expenses from financial liabilities is included in finance costs using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Consolidated Statement of Comprehensive Income and presented in other gains / (losses), together with foreign exchange gains and losses.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of the financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, to the net carrying amount on initial recognition.

Associated costs are subsequently amortised on an effective interest rate basis over the life of the loan and are shown net on the face of the Consolidated Statement of Financial Position over the life of the lease.

The Group derecognises financial liabilities when, and only when, the Group has transferred substantially all risks and rewards of its obligations.

(o) Net Asset Value

In circumstances where the Directors are of the opinion that the NAV or NAV per Share, as calculated under prevailing accounting standards, is not appropriate or could give rise to a misleading calculation, the Directors, in consultation with the Administrator may determine, at their discretion, an alternative method for calculating a more useful value of the Group and shares in the capital of the Company, which they consider more accurately reflects the value of the Group.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group'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 in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

CRITICAL ACCOUNTING JUDGEMENTS

Depreciation

The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually in March and is an estimate of the amount the entity would receive today if the Asset were already of the age and condition they will be in at the end of the lease. Due to a change in estimate of residual value for all aircraft in the current year, there has been a £18,598,802 increase in the annual depreciation charge for the current year. Further details of the change in estimate of residual values and the impact on depreciation for the current year as a result are given in note 9.

Depreciation starts when the Asset is available for use.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

CRITICAL ACCOUNTING JUDGEMENTS (continued)

Operating lease commitments – Group as lessor

The Group had entered into operating leases on twelve Assets as at the year end (2020: twelve) (see note 12). The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these Assets and accounts for the contracts as operating leases.

The non- cancellable period of operating leases on the Assets have been determined by the Group to be for 12 years.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Residual value of Aircraft used in depreciation calculation

As described in note 2(l), the Group depreciates the Assets on a straight line basis over the term of the lease after taking into consideration the estimated residual value. IAS 16 Property, Plant and Equipment requires residual value to be determined as an estimate of the amount that the Group would currently obtain from disposal of the Asset, after deducting the estimated costs of disposal, if it were of the age and condition expected at the end of the lease.

The Directors are unable to make a direct market comparison in making this estimation, as currently there are no aircraft of a similar type of sufficient age and/or there is minimum to no public secondary market trading data available. After consulting with the Asset Manager, the Directors have concluded that a forecast market value at 31 March 2021 (and 31 March 2020) using Minimum Return Conditions ("MRC") values (determined annually from three independent expert aircraft valuers) for the A380 aircraft at the end of the lease (excluding inflationary effects) best approximates residual value. MRC refers to minimum return conditions per the lease contracts whereby the aircraft is returned in the specified minimum life condition and includes estimated monetary compensation from Emirates for the return of the A380s in that specified condition upon the end of the lease. No other conditions exist.

In estimating residual value at the 31 March 2021 audited annual year end (and 31 March 2020 year-end) for the A350's and Boeing 777-300ER aircraft, the Directors have made reference to forecast market values using base values (excluding inflationary effects) for the aircraft obtained from three independent expert aircraft valuers. Base value is the appraiser's opinion of the underlying economic value of an aircraft, in an open, unrestricted, stable market environment with a reasonable balance of supply and demand. Full consideration is assumed of its "highest and best use" given the fact that the aircraft are held for use in a leasing business. An asset's base value is determined using the historical trend of values and in the projection of value trends and presumes an arm's-length, cash transaction between willing, able, and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. In the appraisers' valuations, the base value of an aircraft excludes reconfiguration costs and assumes the physical condition is average for an asset of its type and age and that all maintenance requirements and schedules have been met.

The estimation of residual value remains subject to uncertainty. If a reasonable possible change in residual value in USD terms, had for instance, decreased by 20% with effect from the beginning of this period, the net loss for the period would have increased and closing shareholders' equity would have decreased by approximately £13.09 million (31 March 2020: £15.55 million).

An increase in residual value by 20% would have had an equal but opposite effect. This reflects the range of estimates of residual value that the Directors believe would be reasonable at this time.

Impairment

Factors that are considered important which could trigger an impairment review include, but are not limited to, significant decline in the market value beyond that which would be expected from the passage of time or normal use, significant changes in the technology and regulatory environments, evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected. The Directors considered the issue at length and are of the opinion that an impairment review be undertaken.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment (continued)

As described in note 2(l), an impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Directors review the carrying amounts of the Assets at each audited reporting date and monitor the Assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset (ie the income streams associated with the lease and the expected future market value of the aircraft at the end of the lease) are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset and the credit risk profile of the lessees.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such costs can be identified, an appropriate valuation model is used. Such a valuation reflects highest and best use given the fact that the aircraft are held for use in a leasing business.

The Board together with the Asset Manager decided that it was necessary to conduct an impairment test in the current year, as the below items resulted in pricing changes for the current portfolio of aircraft:

- As further Airbus A380 and A350 aircraft reach comparable 12 year ages and exit their first lease agreements, further market data is available to Amedeo and the asset valuers.
- Lack of publicly available secondary market data for the B777-300ER aircraft.
- Changing technologies, market innovation and changes to key production programs as well as the success and / or failure as well as the timing of new aircraft model launches.
- Information regarding Airbus cancellation of the A380 programme in the prior year, and further updates on the market for A380 aircraft, creating uncertainty as to the liquidity of the future market for sale or re-lease.
- The impact of COVID-19 on the business of airlines and indirectly aircraft values as well on the credit risk profile of the Group's lessees.
- Latest information on the rehabilitation petition for Thai Airways (see note 29 Subsequent events)
- The Group's market capitalisation as at 31 March 2021 is lower than the Group's Net Assets per the Statement of Financial Position as at 31 March 2021 year end.

The assessment was performed by comparing the net book value of each aircraft to the higher of its fair value less costs to sell and its value in use. For the A380 and 777-300ER aircraft value-in-use was used as the recoverable amounts. Rental cash flows to the end of the contracts have been used in the calculation of value-in-use as the cash flows are contractual. Any assumptions with regards issues in counterparty credit risk has been reflected in the discount rate used to calculate the net present value of future cash flows. For the A350 aircraft, assumptions from a draft Letter Of Intent has been incorporated into the assumptions in relation to rental cash flow, however this remains to be confirmed by definitive documentation. In the current year for the A350 aircraft, fair value less cost to sell was above the value in use, and was therefore used as the recoverable amounts. The current market value is determined by three independent professional appraisers. The appraisers' valuations are based on several assumptions regarding the technical and economic developments of the aircraft type as well as future developments in the aviation industry as a whole.

The Group adopted IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment (continued)

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group classifies its fair value measurements as level 3. Factors that substantiate classification at level 3 include a lack of conclusive comparable current market data for the A380 and A350 aircraft, the lack of publicly available secondary market data for the B777-300ER aircraft, the nature of the operations of the Group being aircraft leasing as opposed to an airline operating business, as well as the impact of COVID-19 on the business of airlines and aircraft values.

The Directors on the advice of the Asset Manager considered the following in their determination of the most appropriate discounting rate, ranging from 6.5% to 7.5%;

1. The discount rate should be a rate commensurate with what a normal market participant would consider to be the risk inherent in the assets.
2. The risk profile of the A380 aircraft vs the B777 and A350 aircraft.
3. The consideration of the credit risk profile for Emirates and Thai.

The fair value and the future sales value of the aircraft have been estimated with reference to the average of current Minimum Return Conditions ("MRC") values for the A380 aircraft and future base values for the B777 and A350 aircraft, from three independent appraisers.

Based on the impairment review performed, an impairment loss of £152,115,323 was recognised in the current year (31 March 2020: £43,714,477), with the impairment test resulting in an updated carrying value of the aircraft in total of £1,270,311,830 at year end (31 March 2020: £1,714,508,850), as reflected in note 9.

The Directors have also considered that market capitalisation at year end of £104,194,022 is below Net Asset value of £311,694,307 and have concluded that no further aircraft impairment charge is necessary due to the fact impairment was performed using the inputs from competent aircraft appraisers and market capitalisation also reflects psychology of market participants which is not relevant for aircraft impairment assessment at year end.

4. RENTAL INCOME

	1 Apr 2020 to 31 Mar 2021 GBP	1 Apr 2019 to 31 Mar 2020 GBP
US Dollar based rent income	161,184,363	202,244,408
Revenue earned but not yet received	1,717,063	5,744,702
Revenue received but not yet earned	(330,649)	(247,663)
	162,570,777	207,741,447
Amortisation of advanced rental income (US Dollar)	4,266,601	4,399,154
	166,837,378	212,140,601
British Pound based rent income	34,596,573	43,670,083
Revenue earned but not yet received	91,134	833,949
Revenue received but not yet earned	(150,525)	(84,296)
	34,537,182	44,419,736
Total rental income	201,374,560	256,560,337

Rental income is derived from the leasing of the Assets. US Dollar based rent represents rent received in USD and British Pound based rent represents rent received in "GBP". Rental income received in USD is earned by the subsidiaries and is consolidated by translating it into the presentation currency (GBP) at the average rate for the year.

An adjustment has been made to spread the actual total income receivable over the term of the lease on an annual basis. In addition, advance rentals received have also been spread over the full term of the leases. The four A350-900 aircraft have variable lease rentals, the variable portion of which is treated as contingent rent. Contingent rent is recognised in the period in which it is earned.

The contingent rent including PBH rent for the year ended 31 March 2021 is £414,614 per annum (31 March 2020: £6,503,869).

5. OPERATING EXPENSES

	1 April 2020 to 31 Mar 2021 GBP	1 April 2019 to 31 Mar 2020 GBP
Corporate and shareholder adviser fee	2,070,598	2,418,517
Asset management fee	4,431,409	3,397,029
Administration fees	460,961	481,765
Bank charges	12,982	10,297
Registrar's fee	18,656	19,367
Audit fee	76,473	62,949
Directors' remuneration	269,064	269,064
Directors' and Officers' insurance	85,320	39,585
Legal and professional expenses	1,011,871	155,468
Annual regulatory fees	23,492	28,418
Sundry costs	58,592	137,901
Nimrod agreement fee	11,272,375	–
Cash management fee	106,338	–
	19,898,131	7,020,360

6. DIRECTORS' REMUNERATION

The directors' fees are £61,500 per annum with the Chairman receiving an additional fee of £15,375 per annum and the Chair of the audit an additional £7,688 per annum.

7. DIVIDENDS IN RESPECT OF SHARES

	1 Apr 2020 to 31 Mar 2021		1 Apr 2019 to 31 Mar 2020	
	GBP	Pence per Share	GBP	Pence per Share
First dividend	4,923,918	1.1500	13,246,406	2.0625
Second dividend	6,422,501	1.500	13,246,406	2.0625
Third dividend	–	–	13,246,405	2.0625
Fourth dividend	–	–	13,246,405	2.0625
	11,346,419	2.6500	52,985,622	8.2500

Refer to note 17 for the return of capital of shareholders.

8. LOSS PER SHARE

Loss per Share ("EPS") is based on the loss for the year of £172,062,324 (2020: loss of £33,488,435) and 534,917,899 shares (2020: 642,250,000 shares) being the weighted average number of Shares in issue during the year.

There are no dilutive instruments and therefore basic and diluted Earnings per Share are identical.

9. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Aircraft 31 Mar 2021 GBP	Aircraft 31 Mar 2020 GBP
COST		
Aircraft purchases – opening balance	1,927,735,270	2,414,868,310
Acquisition costs – opening balance	8,364,798	10,277,000
Translation adjustment on foreign operations-opening balance	249,104,624	182,885,262
Cost at beginning of year	2,185,204,692	2,608,030,572
Disposals	–	(551,967,489)
Translation adjustment on foreign operations-current year*	(216,094,753)	129,141,609
Cost as at year end	1,969,109,939	2,185,204,692

9. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT (continued)

	31 Mar 2021 GBP	31 Mar 2020 GBP
ACCUMULATED DEPRECIATION, IMPAIRMENT AND AMORTISATION		
Opening balance	470,695,842	360,615,169
Depreciation for the current year based on previous year residual values	117,811,781	141,530,508
Amortisation of acquisition costs on aircraft	756,519	918,342
Adjustment due to change in estimate	18,598,802	16,156,765
Net depreciation charge on all aircraft for the year	137,167,102	158,605,615
Disposals	–	(113,627,384)
Translation adjustment on foreign operations*	(60,416,607)	21,922,424
Accumulated depreciation as at year end	547,446,337	427,515,824
Adjustment due to impairment	152,115,323	43,714,477
Translation adjustment on foreign operations*	(763,551)	(534,459)
Accumulated depreciation and impairment as at year end	698,798,109	470,695,842
Carrying amount - opening balance	1,714,508,850	2,247,415,403
Carrying amount as at year end	1,270,311,830	1,714,508,850

*Translation adjustment on foreign operations

The Group believes that the use of forecast market values excluding inflation best approximates residual value as required per IAS 16 Property, Plant and Equipment (refer to note 3). In 2019 the decision was made by the Board to re-designate the functional currency of the subsidiaries to USD and to classify them as foreign operations. Therefore the carrying values of the aircraft in the subsidiaries in USD have been re-translated at the closing Sterling / US Dollar exchange rate at 31 March 2021 (and 31 March 2020) for consolidation purposes through "Translation adjustment on foreign operations".

Financing of aircraft

In order to complete purchases of the aircraft, subsidiaries of the Company have entered into debt financing agreements with a senior fully amortising loan and junior balloon loan (see note 16). The Company used the equity proceeds (see note 17) in addition to the finance agreements to finance the acquisition of the aircraft. Subject to the below, rentals under each lease are sufficient to pay the senior loan payment (being capital and interest and junior loan payments due (being interest only), also in USD.

Exceptions to the above include senior loans with an outstanding balance (excluding interest and associated costs) of £289,893,510 (31 March 2020: £332,946,866) at year end, which have balloon capital payments on maturity. Any junior loan principal and senior loan capital due at maturity, is expected to be repaid at lease expiry out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant Asset.

The Group's aircraft with carrying values of £1,270,311,830 (31 March 2020: £1,714,508,850) are pledged as security for the Group's borrowings (see note 16).

Sale of aircraft

The Group can sell the Assets during the term of the leases (with the lease attached and in accordance with the terms of the transfer provisions contained therein). Under IAS 16 the direct costs attributed in negotiating and arranging the operating leases have been added to the carrying amount of the leased Asset and recognised as an expense over the lease term.

In the prior year on 25th February 2020, the Group announced its completion of the sale of two A380-800 aircraft. The sales included the full repayment of the financing arrangements on both aircraft, including applicable swap breakage and facility prepayment costs.

9. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT (continued)

Impairment

Refer to note 21 for details of the impairment test conducted by the Group.

Change in estimate

The Group conducted a review on the aircraft held at 31 March 2021, which resulted in changes in the residual value of the aircraft at the end of the lease. The adjustment due to change in estimate of of £18,598,802 (31 March 2020: £16,156,765) will have the same impact on estimated depreciation in future years as in the current year if there is no further revisions in residual values. The effect of these changes on depreciation are included in the reconciliation of accumulated depreciation and amortisation table above where the depreciation before and after the residual value adjustment is noted.

10. FINANCE INCOME

	1 April 2020 to 31 Mar 2021 GBP	1 April 2019 to 31 Mar 2020 GBP
Fair value gain on derivatives at fair value through profit and loss* (see note 18)	7,844,744	–
Bank interest received	388,810	538,269
	8,233,554	538,269

* This is the movement in the fair value of the derivatives for the period.

11. FINANCE COSTS

	1 April 2020 to 31 Mar 2021 GBP	1 April 2019 to 31 Mar 2020 GBP
Amortisation of debt arrangements costs	1,640,301*	5,538,661*
Interest payable on loan **	42,113,465*	65,013,562*
Security trustee and agency fees	200,044	275,973
Fair value loss on derivatives at fair value through profit and loss (see note 18)	–	26,496,358
	43,953,810	97,324,554

* Included in Finance costs is interest on the amortised cost liability for the year of £43,753,766 (31 March 2020: £70,552,223).

** This amount includes £132,590 interest income (31 March 2020: £219,463 interest income) from the interest rate swaps.

12. OPERATING LEASES

The amounts of minimum lease receipts at the reporting date under non-cancellable operating leases are detailed below:

	31 March 2021		31 March 2020	
	US Dollar based rent income Months GBP	British Pound based rent income Years GBP	US Dollar based rent income Months GBP	British Pound based rent income Years GBP
Year 1	151,088,737	34,668,972	172,440,208	34,668,972
Year 2	151,140,641	34,668,972	172,150,084	34,668,972
Year 3	151,140,641	34,668,972	172,150,084	34,668,972
Year 4	151,140,641	34,668,972	172,150,084	34,668,972
Year 5	151,140,641	34,668,972	172,150,084	34,668,972
Year 6 onwards	358,433,086	49,528,828	557,327,739	84,197,800
	1,114,084,387	222,873,688	1,418,368,283	257,542,660

The twelve (2020: twelve) assets all have an initial lease term of twelve years with lease end dates ranging from September 2026 to January 2030.

13. TRADE AND OTHER RECEIVABLES

	31 Mar 2021 GBP	31 Mar 2020 GBP
Prepayments	125,832	140,087
Vat receivable	6,800	–
	132,632	140,087
Trade receivables	40,718,920	7,338,452
Expected credit loss*	(28,021,519)	–
	12,697,401	7,338,452
	12,830,033	7,478,539

The above carrying value of receivables is deemed to be materially equivalent to fair value, given that they are short term in nature.

*As at 31 March 2021 the expected lifetime losses on the rent receivables has been reassessed by the Group. Due to non-payment of lease rentals by Thai Airways for the period since May 2020 as explained in note 2(i) Going Concern and note 19 (c) Financial risk management objectives and policies – credit risk, the security deposits payable were utilised in full against the lease rentals due by Thai Airways at year end, with the remaining rental amounts due recognised as receivable (discounted for the time value of money) at year end in accordance with the Thai rehabilitation plan. The remaining amounts receivable were impaired in full in the Statement of Comprehensive Income as this is considered not recoverable. Apart from the receivables from Thai Airways, the remaining trade receivables and receivables at amortised cost at year end are short-term (i.e. no longer than 12 months) and have been settled after year end. Except for the trade receivables with respect to Thai Airways, any identified impairment losses on such assets are not significant. Information about Group's exposure to credit risk and impairment loss for trade receivables is included in Note 19 (c).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2021

14. SHORT TERM INVESTMENTS

Bank	Fixed Rate %	Maturity date	31 Mar 2021 GBP	31 Mar 2020 GBP
Bank of Nova Scotia	0.84	6 Jul 2020	–	1,001,614
UBS AG	0.935	20 Oct 2020	–	1,705,105
Lloyds Bank	0.95	13 Nov 2020	–	1,705,060
Credit Suisse	0.98	18 Nov 2020	–	1,705,324
Santander UK plc	1.83	25 Jan 2021	–	811,090
Standard Chartered Bank	1.73	12 Feb 2021	–	809,583
HSBC Bank PLC	0.25	6 Aug 2021	1,700,248	–
UBS AG	0.09	6 Aug 2021	850,252	–
Credit Agricole CIB	0.18	27 Aug 2021	704,478	–
Standard Chartered Bank	0.105	26 Oct 2021	150,092	–
BNP Paribas London Branch	0.12	23 Nov 2021	1,004,560	–
Credit Suisse	0.14	30 Nov 2021	1,704,175	–
Toronto Dominion Bank	0.09	6 Dec 2021	1,706,415	–
BNP Paribas London Branch	0.09	7 Jan 2022	751,651	–
Societe Generale	0.01	14 Jan 2022	1,700,704	–
ING Bank	0.13	7 Feb 2022	901,320	–
Canadian Imperial Bank of Commerce	0.04	6 Jul 2021	2,177,939	–
Lloyds Bank plc	0.22	14 Jul 2021	362,955	–
Societe Generale	0.21	27 Jul 2021	1,088,733	–
Standard Chartered Bank	0.31	22 Nov 2021	1,453,457	–
Toronto Dominion Bank	0.20	13 Dec 2021	2,176,697	–
Cooperatieve Rabobank U.A	0.25	12 Nov 2021	2,178,965	–
Credit Agricole CIB	0.16	25 Aug 2021	2,176,479	–
			22,789,120	7,737,776

The above investments represent certificates of deposits maturing within 12 months and are held by HSBC Securities Services in London under a custody agreement between Ravenscroft Cash Management and HSBC Bank plc for Global Custody Services.

15. PAYABLES

	31 Mar 2021 GBP	31 Mar 2020 GBP
Accrued administration fees	49,264	44,117
Accrued audit fee	70,501	68,864
Accrued registrar fee	1,025	3,059
Other accrued expenses	236	262
Taxation payable	–	66,571
	121,026	182,873

The above carrying value of payables is equivalent to the fair value due to their short term maturity period and nature as repayable on demand.

16. BORROWINGS

Borrowings	31 Mar 2021 GBP	31 Mar 2020 GBP
Bank loans	1,044,682,529	1,247,317,838
Unamortised arrangement fees	(11,126,511)	(14,073,073)
	1,033,556,018	1,233,244,765
Consisting of:		
Senior loans ($1,152,560,258 at 31 March 2021, $1,259,670,653 at 31 March 2020)	836,218,717	1,014,227,579
Junior loans ($271,990,002 at 31 March 2021, $272,019,345 at 31 March 2020)	197,337,301	219,017,186
	1,033,556,018	1,233,244,765
Borrowings		
Non-current portion	936,474,385	1,129,651,234
Current portion (senior loans only)	97,081,633	103,593,531
	1,033,556,018	1,233,244,765

The tables below detail the future contractual undiscounted cash flows in respect of the senior and junior loans, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Consolidated Statement of Financial Position.

	31 Mar 2021 GBP	31 Mar 2020 GBP
Borrowings: Amount due for settlement within 12 months	133,486,512	151,651,846
	133,486,512	151,651,846
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	123,098,931	140,139,040
Repayments of junior debt covered by lease rental receipts (interest only)	10,387,581	11,512,806
	133,486,512	151,651,846
Borrowings: Amount due for settlement after 12 months and before 60 months	538,338,246	608,416,635
	538,338,246	608,416,635
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	496,894,822	562,396,143
Repayments of junior debt covered by lease rental receipts (interest only)	41,443,424	46,020,492
	538,338,246	608,416,635
Borrowings: Amount due for settlement after 60 months	549,348,769	701,713,951
	549,348,769	701,713,951
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest) and uncovered senior loans (for balloon payment at maturity)	336,111,962	453,577,466
Repayments of junior debt covered by lease rental receipts (interest only) and uncovered (capital repaid at maturity)	213,236,807	248,136,485
	549,348,769	701,713,951

16. BORROWINGS (continued)

As explained in note 2(i), due to the non-payment of lease rentals by Thai Airways during the current year, the Asset Manager has arranged with the lenders with respect to the Thai aircraft that debt service for the Group can be limited to interest only on a three monthly basis and are seeking to extend that arrangement. No breaches or defaults occurred in the current or prior period.

Loans with an outstanding balance of £743,558,620 (31 March 2020: £904,088,779) have fixed interest rates over the term of the loans. Of this total, loans with an outstanding balance of £362,258,686 (31 March 2020: £317,722,925), although having variable rate interest, also have associated interest rate derivative contracts issued by the lenders in effect fixing the loan interest over the terms of the loans. Loans with an outstanding amount of £289,997,398 (31 March 2020: £329,155,986) at year end are variable rate (LIBOR) with no associated hedge of the interest exposure, although the related lease rentals are also floating rate to match, and each senior loan has a USD 15,000,000 balloon capital payment on maturity. The Group is monitoring the developments and effect and is in the process of considering the impact of the US Dollar LIBOR reform on the debt and derivatives. As this will be published until June 2023, there is no impact on the current year. Senior loans have both interest and capital repayments whereas junior loans only have interest repayments with the capital to be repaid on maturity.

All loans are taken in USD. The Company uses a combination of fixed and variable debt loan instruments. Maturity dates are set at 12 years from delivery date. Interest rates are estimated at c. 5%. The aggregate face value of the Company's loans is £1,446,709,715 and the current aggregate carrying value is £1,033,556,018.

Transaction costs of arranging the loans have been deducted from the carrying amount of the loans and will be amortised using EIR over their respective lives.

In the prior year, the Group announced its completion of the sale of two A380-800 aircraft. The sales included the full repayment of the financing arrangements on both aircraft, including applicable swap breakage and facility prepayment costs.

17. SHARE CAPITAL

The Share Capital of the Company is represented by an unlimited number of redeemable ordinary shares of no par value.

Issued	31 March 2021 Ordinary Shares	31 March 2020 Ordinary Shares
Opening balance	642,250,000	642,250,000
Shares issued	5,975,000	–
Shares redeemed	(214,083,243)	–
Total number of shares as at year end	434,141,757	642,250,000

Issued	31 March 2021 Ordinary Shares GBP	31 March 2020 Ordinary Shares GBP
Ordinary Shares		
Opening balance	655,585,000	655,585,000
Shares issued	1,822,376	–
Shares redeemed	(98,478,292)	–
Share issue costs-cumulative	(7,946,303)	(7,946,303)
Total share capital	550,982,781	647,638,697

17. SHARE CAPITAL (continued)

As announced on 23 September 2020, the Board of directors of the Company resolved on that date to redeem one ordinary share for every three existing ordinary shares of shareholders on the register of members as at close of business on 25 September 2020 (the "Redemption Record Date"). Accordingly, 214,083,243 ordinary shares were redeemed and have now been cancelled.

The redemption proceeds due on the redemptions of these ordinary shares were paid on 9 October 2020.

On 18 February 2021 the Company announced that it had entered into an agreement with Nimrod to terminate Nimrod's appointment as sole corporate and shareholder advisor to the Company with effect from 31 January 2021 and settle outstanding matters between them (the Termination Agreement). On this day the Company recognised a redemption payable for the shares to be issued, at the fair value of the shares at that point in time. Under the Termination Agreement, the Company made a payment of £9.45 million and on 23 February 2021, issued 5,975,000 new shares to Nimrod as a complete settlement of contractual obligations to Nimrod. Nimrod has undertaken to the Company not to dispose of the said shares for a period of 12 months (subject to certain customary exceptions).

The Company's total issued Share capital at 31 March 2021 was 434,141,757 Shares (2020: 642,250,000 Shares), none of which were held in treasury.

Therefore the total number of voting rights in issue was 434,141,757.

Members holding Shares are entitled to receive, and participate in the following: any dividends out of income attributable to the Shares; other distributions of the Company available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein.

On winding up of the Company, shareholders are entitled to the surplus assets attributable to the Share class remaining after payment of all the creditors of the Company.

18. FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

(a) Cash and cash equivalents that arise directly from the Group's operations; and

(b) Debt secured on non-current assets.

(c) Interest rate swaps.

(d) Security deposits.

(e) Short term investments.

The Group's objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft.

The following table details the categories of financial assets and liabilities held by the Group at the reporting date:

Financial assets	31 Mar 2021 GBP	31 Mar 2020 GBP
Cash and cash equivalents	118,060,583	247,911,207
Short term investments	22,789,120	7,737,776
Trade receivables*	12,697,401	7,338,452
	153,547,104	262,987,435

*This amount represents rent due but not yet received and net of provision for impairment (see note 13) and is included within Receivables on the Statement of Financial Position.

Financial liabilities		
Payables and security deposits	121,026	14,333,162
Derivatives at fair value through profit and loss	4,939,122	12,783,866
Debt payable (excluding unamortised arrangement fees)	1,044,682,529	1,247,317,838
	1,049,742,677	1,274,434,866

18. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments

The Company has adopted IFRS 13, 'Fair value measurement' and this standard requires the Company to price its financial assets and liabilities using the price in the bid-ask spread that is most representative of fair value for both financial assets and financial liabilities. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The level of the fair value hierarchy of an instrument is determined considering the inputs that are significant to the entire measurement of such instrument and the level of the fair value hierarchy within those inputs are categorised.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Quoted price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

The interest rate swaps are considered to be level 2 in the Fair Value Hierarchy. The fair value of interest rate swaps are derived based on the valuation as provided by the respective bank with which the swap is held which are based on mark-to-market values. The following tables show the Company's financial assets and liabilities as at 31 March 2021 based on the hierarchy set out in IFRS:

31 March 2021	Quoted Prices in active markets for identical assets (Level 1) 2021 GBP	Significant other observable inputs (Level 2) 2021 GBP	Significant unobservable inputs (Level 3) 2021 GBP	Total 2021 GBP
Liabilities				
Derivatives at fair value through profit and loss				
Interest rate swaps	–	(4,939,122)	–	(4,939,122)

31 March 2020	Quoted Prices in active markets for identical assets (Level 1) 2020 GBP	Significant other observable inputs (Level 2) 2020 GBP	Significant unobservable inputs (Level 3) 2020 GBP	Total 2020 GBP
Liabilities				
Derivatives at fair value through profit and loss				
Interest rate swaps	–	(12,783,866)	–	(12,783,866)

18. FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments

The following table shows the Company's derivative position as at 31 March 2021 with a comparative table as at 31 March 2020:

	31 March 2021	31 March 2020
Derivatives at fair value through profit and loss (£)	4,939,122	12,783,866
Notional amount (USD)	387,922,376	407,251,340
Notional amount (GBP)	281,449,885	327,899,630

The maturity dates range from 13 April 2028 to 21 August 2028 (31 March 2020: 13 April 2028 to 24 May 2029).

The increase in the fair value of the Interest Rate Swaps for the year of £7,844,744 (31 March 2020: decrease of £26,496,358) is reflected in Finance Income and Finance Costs in note 10 and 11. The notional amount amortises in line with the underlying liability.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are capital management risk, foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below:

(a) Capital management

The Group manages its capital to ensure its ability to continue as a going concern while maximising return to Shareholders through the optimisation of debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

The Group's Board of Directors reviews the capital structure on a bi-annual basis. Equity includes all capital and reserves of the Company that are managed as capital.

On 6 April 2020 the Board announced that it was temporarily suspending the declaration of dividends. However, pursuant to the announcement released by the Company on 23 September 2020 and 14 January 2021, the directors of the Company declared interim dividends of 1.15 pence and 1.50 pence per Redeemable Ordinary Share in respect of the financial year ending 31 March 2021.

The Board decided to return to Shareholders £98.5 million on 25 September 2020 by way of a compulsory redemption of one-third of the ordinary shares in the capital of the Company (being the redemption of approximately 214,083,243 Shares) at a redemption price of 46 pence per each redeemed share. Accordingly, 214,083,243 ordinary shares were redeemed and have now been cancelled.

On 18 February 2021 the Company announced that it had entered into an agreement with Nimrod to terminate Nimrod's appointment as sole corporate and shareholder advisor to the Company with effect from 31 January 2021 and settle outstanding matters between them (the Termination Agreement). Under the Termination Agreement, the Company made a payment of £9.45 million and issued 5,975,000 new shares to Nimrod as a complete settlement of contractual obligations to Nimrod. Nimrod has undertaken to the Company not to dispose of the said shares for a period of 12 months (subject to certain customary exceptions).

(b) Foreign currency risk

The Group endeavoured to mitigate the risk of foreign currency movements by matching its USD rentals with USD debt to the extent necessary. The USD lease rentals should offset the USD payables on amortising debt on the loans, apart from the loans with an outstanding balance of £289,997,398 (31 March 2020: £329,155,986) at year end which have balloon capital payments on maturity (refer to note 16). The foreign exchange exposure in relation to the bank loans (capital and interest) is thus largely hedged (as an economic hedge), apart from the foreign exchange exposure unhedged in respect of the balloon capital portion of the loans with an outstanding balance of £289,997,398 (31 March 2020: £329,155,986) as at year end and the principal bullet repayment of the junior loans at maturity. However the potential future value or the potential sale proceeds of the aircraft upon maturity of these junior and senior loans, should reduce this foreign exchange risk.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

Rental income received in USD is used to pay loan interest and regular capital repayments of debt (but excluding any bullet or balloon repayment of principal), which are likewise denominated in US Dollars. USD lease rentals and loan repayments are furthermore fixed at the outset of the Company's life and are very similar in amount and timing save for the repayment of bullet and balloon repayments of principal due on the final maturity of a loan to be paid out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant aircraft.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	31 Mar 2021 GBP	31 Mar 2020 GBP
Cash and cash equivalents (USD) – Asset	6,513,171	26,081,445
Cash and cash equivalents (GBP) – Asset	9,064,679	153
Short term investments (USD) – Asset	1,329,668	1,620,673

The USD/GBP exchange rate was 1.3783 at 31 March 2021 (1.2420 at 31 March 2020).

The following table details the Group's sensitivity to a 25% (31 March 2020: 25%) appreciation in GBP against the US dollar. 25% (31 March 2020: 25%) represents the Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 25% (31 March 2020: 25%) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where GBP strengthens 25% (31 March 2020: 25%) against the USD. For a 25% weakening of the GBP against the USD, there would be a comparable but opposite impact on the profit and other equity;

	31 Mar 2021 GBP	31 Mar 2020 GBP
Consolidated statement of comprehensive income	1,568,568	5,540,424
Change in value of assets	1,568,568	5,540,424

On the eventual sale of the Assets, the Group may be subject to foreign currency risk if the sale was made in a currency other than GBP. Transactions in similar assets are typically priced in USD.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk on cash transactions are mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies.

The Group's financial assets exposed to credit risk are as follows:

	31 Mar 2021 GBP	31 Mar 2020 GBP
Cash and cash equivalents	118,060,583	247,911,207
Short term investments	22,789,120	7,737,776
Trade receivables	40,718,920	7,338,452
Expected credit loss	(28,021,519)	–
	153,547,104	262,987,435

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

Surplus cash in the Group is held with Barclays, HSBC, Lloyds, RBSI and Bank of Ireland, which have credit ratings given by Moody's of P-1, P-1, P-1, P-1 and P-2 (31 March 2020: A1, Aa2, Aa2, A3 and A2) respectively. Surplus cash in the Subsidiaries is held in accounts with RBSI and Westpac, which have credit ratings given by Moody's of P-1 and P-1 (31 March 2020: A3 and Aa2) respectively.

Short term investments relate to deposits held with Bank of Novia Scotia, UBS, Lloyds, Credit Suisse, Santander UK, Standard Chartered, HSBC, Cooperatieve Rabobank, BNP Paribas, Skandinaviska Enskilda, Barclays and Canadian Imperial which all have the same credit rating given by Moody's of P-1 (31 March 2020: P-1).

The credit quality and risk of lease transactions with counterparty airlines is evaluated upon conception of the transaction. In addition, ongoing updates as to the operational and financial stability of the airlines are provided by the Company's Asset Manager in its quarterly reports to the Company.

The COVID-19 pandemic has resulted in widespread restrictions on the ability of people to travel and such has had a material negative effect on the airline sector, and by extension the aircraft leasing sector. This may lead to the inability of airlines to pay rent as they fall due.

At the inception of each lease, the Company selected a lessee with a strong Statement of Financial Position and financial outlook. The financial strength of Emirates and Thai Airways is regularly reviewed by the Directors and the Asset Manager. Security deposits and maintenance reserve liabilities are held in relation to funds received at the year-end for the timely and faithful performance of the lessees' obligations under the lease agreements for the four A350-900 aircraft. However, the security deposits do not cover the full value of the Group's obligations pursuant to the loan agreements in the event of termination of the leases or default by Emirates or Thai Airways. During the current period, the security deposits were utilised in full against the lease rentals due by Thai Airways (refer to note 22),

In the case of materialisation of the risk related to the lessee counterparty creditworthiness and described in more detail in note 2(i) Going Concern, the fixed rents receivable under the leases may not be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and may not provide surplus income to pay for the Group's expenses.

The Group's most significant counterparties are Emirates and Thai Airways as lessees and providers of income. Both of the Group's lessees do not currently have a credit rating.

Refer to note 2(i) Going Concern for further details on the current status of the Group's lessees and 2(i) for further details on the maintenance reserves and security deposits.

The Group has chosen to apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 31 March 2021 the expected lifetime losses on the rent receivables has been reassessed by the Group. Due to non-payment of lease rentals by Thai Airways for the period since May 2020 as explained in note 2(i) Going Concern, the security deposits payable were utilised in full against the lease rentals due by Thai Airways at year end, with the remaining rental amounts due recognised as receivable (discounted for the time value of money) at year end in accordance with the Thai rehabilitation plan. The remaining amounts receivable were impaired in full in the Statement of Comprehensive Income as this is considered not recoverable. The credit risk for Emirates has been assessed as low and no impairment has been identified. Except for the trade receivables with respect to Thai Airways, any identified impairment losses on such assets are not significant.

The total amount of credit impaired receivables is £32,292,753 and is the balance of lease rentals due from Thai Airways.

The Group has considered the effects of the expected credit loss on cash and is satisfied that no expected credit loss is required as it is not considered material.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments such as capital repayments of senior debt, as well as junior debt at the end of the lease. The Group's main financial commitments are its ongoing operating expenses and repayments on loans.

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

Pursuant to the announcement released by the Company on 23 September 2020 and 14 January 2021, the directors of the Company declared interim dividends of 1.15 pence and 1.50 pence per Redeemable Ordinary Share in respect of the financial year ending 31 March 2021. Consideration will be given to any future use of accumulated rental income, if the Board considers that the Company will not be able to repay any balloon and bullet repayments of debt falling due through the sale, refinancing or other disposition of an Asset.

Refer to note 2(i) Going Concern for further details on the current status of arrangements that are being put in place with lenders.

As announced on 23 September 2020, the Board of Directors of the Company resolved on that date to redeem one ordinary share for every three existing ordinary shares of shareholders on the register of members as at close of business on 25 September 2020 (the "Redemption Record Date"). Accordingly, 214,083,243 ordinary shares were redeemed and have now been cancelled.

In addition to the bank loans, the Group may from time to time use borrowings. To this end the Group may arrange an overdraft facility for efficient cash management. The Directors intend to restrict borrowings other than the bank loans to an amount not exceeding 15 per cent. of the net asset value of the Group at the time of drawdown. Borrowing facilities will only be drawn down with the approval of the Directors on a case by case basis.

The table below details the residual contractual maturities of financial liabilities. The amounts below are contractual undiscounted cash flows, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Statement of Financial Position:

31 March 2021	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
Financial liabilities						
Payables	121,026	–	–	–	–	121,026
Security deposit liability	–	–	–	–	–	–
Derivatives at fair value through profit and loss	–	2,273,332	2,629,017	1,254,890	(1,682,415)	4,474,824
Borrowings	33,391,205	100,095,307	133,819,517	404,518,729	549,348,769	1,221,173,527
	33,512,231	102,368,639	136,448,534	405,773,619	547,666,354	1,225,769,377

31 March 2020	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
Financial liabilities						
Payables	182,873	–	–	–	–	182,873
Security deposit liability	–	–	–	–	14,150,289	14,150,289
Financial liabilities at fair value through profit and loss	–	–	–	–	12,783,866	12,783,866
Borrowings	37,889,209	113,762,637	151,885,014	456,531,621	701,713,951	1,461,782,432
	38,072,082	113,762,637	151,885,014	456,531,621	728,648,106	1,488,899,460

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. It is the risk that fluctuations in market interest rates will result in a variation in deposit interest earned on bank deposits held by the Group or on debt repayments.

The loans with an outstanding balance of £289,997,398 (31 March 2020: £329,155,986) as at year end entered into in the current year are variable rate (with no associated interest rate swap contract issued by the lender to fix the loan interest over the term of the loans) although the related rentals are also floating rate to match.

With the exception of the above-mentioned loans, the Group mitigates interest rate risk by fixing the interest rate on the bank loans (as well as in respect of loans with an outstanding balance of £362,258,686 (31 March 2020: £317,722,925) as at year end, which have an associated interest rate swap to fix the loan interest).

The following table details the Group's exposure to interest rate risks:

31 March 2021	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Short term investment	–	22,789,120	–	22,789,120
Cash and cash equivalents and receivables	118,060,583	–	8,426,167	126,486,750
Total Financial Assets	118,060,583	22,789,120	8,426,167	149,275,870
Financial Liabilities				
Accrued expenses and reserves	–	–	121,026	121,026
Security deposit liability	–	–	–	–
Borrowings	652,256,084	381,299,934	–	1,033,556,018
Total Financial Liabilities	652,256,084	381,299,934	121,026	1,033,677,044
Effect of derivatives held for risk management	281,449,885			
Total interest sensitivity gap	(252,745,616)	(358,510,814)		

31 March 2020	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Short term investment	–	7,737,776	–	7,737,776
Cash and cash equivalents and receivables	247,911,207	–	7,338,452	255,249,659
Total Financial Assets	247,911,207	7,737,776	7,338,452	262,987,435
Financial Liabilities				
Accrued expenses and reserves	–	–	182,873	182,873
Security deposit liability	–	–	14,150,289	14,150,289
Borrowings	646,878,911	586,365,354	–	1,233,244,765
Total Financial Liabilities	646,878,911	586,365,354	14,333,162	1,247,577,927
Effect of derivatives held for risk management	327,899,630			
Total interest sensitivity gap	(71,068,074)	(578,628,078)		

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

If a reasonable possible change in interest rates had been 100 basis points (2020: 100 basis points) higher throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 31 March 2021 would have been £2,527,456 (31 March 2020: £710,681) greater due to an increase in the amount of interest receivable on the bank balances.

If a reasonable possible change in interest rates had been 100 basis points (2020: 100 basis points) lower throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 31 March 2021 would have been £2,527,456 (31 March 2020: £710,681) lower due to a decrease in the amount of interest receivable on the bank balances.

20. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, the Company has no ultimate controlling party as the Company does not have any shareholder which holds greater than 10% of the issued share capital of the Company.

21. CASH AND CASH EQUIVALENTS

	31 March 2021 GBP	31 March 2020 GBP
Bank balances	118,060,583	247,911,207
	118,060,583	247,911,207

Included in the cash and cash equivalents are secured cash deposits of £54,934,474 (31 March 2020: £73,595,123) in respect of maintenance reserves, and in the prior year security deposits.

22. SECURITY DEPOSITS

	31 March 2021 GBP	31 March 2020 GBP
Security deposit liability	–	14,150,289
	–	14,150,289

The Security deposits are held in relation to funds received at the year-end for the timely and faithful performance of the lessees' (Thai) obligations under the lease agreements for the four A350-900 aircraft. In the current period, security deposits were utilised against the trade receivables for the Thai aircraft.

23. MAINTENANCE RESERVES

	31 March 2021 GBP	31 March 2020 GBP
Balance at 1 April	59,444,834	32,365,575
Increase for the year	1,520,757	24,892,062
Translation adjustment on foreign operations	(6,031,117)	2,187,197
Balance at 31 March	**54,934,474**	**59,444,834**

The maintenance reserve liabilities are held in relation to funds received at the year-end for the timely and faithful performance of the lessees' obligations under the lease agreements for the four A350-900 aircraft. Amounts accumulated in the maintenance reserve will be repaid only as re-imbursements for actual maintenance expenses incurred by the lessee. Refer to note 2(k) for accounting policies adopted on the maintenance reserves.

23. MAINTENANCE RESERVES (continued)

The table below details the expected utilisation of maintenance reserves.

	1–3 Months GBP	3–12 Months GBP	1–2 Years GBP	2–5 Years GBP	Over 5 Years GBP	Total GBP
31 March 2021	–	–	44,102,813	133,004	10,698,657	54,934,474
31 March 2020	–	–	47,711,960	144,523	11,588,351	59,444,834

24. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

31 March 2021	Borrowings GBP
Balance at 1 April 2020	1,233,244,765
Repayments of capital on senior loans	(84,500,698)
Repayments of capital on junior loans	–
Payments of interest on senior loans	(32,706,583)
Payments of interest on junior loans	(11,085,646)
Add back payments of interest on senior loans	32,706,583
Add back payments of interest on junior loans	11,085,646
Movement in interest accruals	(1,678,764)
Amortisation of debt arrangements costs	1,640,301
Translation adjustment on foreign operations	(115,149,586)
Balance at 31 March 2021	1,033,556,018

31 March 2020	Borrowings GBP
Balance at 1 April 2019	1,574,112,490
Repayments of capital on senior loans	(374,788,685)
Repayments of capital on junior loans	(34,666,245)
Payments of interest on senior loans	(52,650,603)
Payments of interest on junior loans	(12,958,096)
Add back payments of interest on senior loans	52,650,603
Add back payments of interest on junior loans	12,958,096
Movement in interest accruals	(659,759)
Amortisation of debt arrangements costs	5,538,661
Translation adjustment on foreign operations	63,708,303
Balance at 31 March 2020	1,233,244,765

25. TAX

	31 March 2021 USD	31 March 2020 USD
Profit/(Loss) before tax	(192,178)	661,446
Irish tax at 12.5%	–	82,681

	GBP	GBP
Tax expense (converted into GBP)	–	60,984

Irish tax is charged at 12.5% on each of the AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited subsidiaries. The Company and the Guernsey Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%. Since AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited are Irish tax resident trading companies, they will not be subject to Guernsey tax, but their net lease rental income earned (after tax deductible expenditure) will be taxable as trading income at 12.5% under Irish tax regulations.

26. ACCRUED AND DEFERRED INCOME

The accrued and deferred income represents the difference between actual payments received in respect of the lease income (including some received in full upfront) and the amount to be accounted for in the accounting records on a straight line basis over the lease terms. The Directors have assessed the recoverability and concluded no impairment required. The accrued and deferred income consists of the following:

	31 March 2021 GBP	31 March 2020 GBP
Accrued income	13,045,326	14,446,150
Deferred income	(31,791,945)	(40,136,323)

27. RELATED PARTY TRANSACTIONS AND SIGNIFICANT CONTRACTS

Significant contracts

Amedeo Limited ("Amedeo") is the Group's Asset Manager.

During the year, the Group incurred £4,420,130 (31 March 2020: £3,397,029) of fees with Amedeo, of which £Nil (31 March 2020: £Nil) was outstanding to this related party at 31 March 2021. This fee is included under "Asset management fee" in note 5.

Following the disposal of the "IPO Assets" (being collectively the first four assets purchased), the Company shall pay to Amedeo disposition fees calculated as detailed in the prospectus, which can be found on the Group's website. Fees range from 1.75% to 3% of the sale value. The fee for the remaining eight aircraft is 3%.

Amedeo Services (UK) Limited ("Amedeo Services") is the Group's Liaison and Administration Oversight Agent (the agent is appointed to assist with the purchase of the aircraft, the arrangement of suitable equity and debt finance and the negotiation and documentation of the lease and financing contracts).

During the year, the Group incurred £11,279 (31 March 2020: £11,010) of fees with Amedeo Services. As at 31 March 2021 £Nil (31 March 2020: £Nil) was outstanding. This fee is included under "Asset management fee" in note 5.

Nimrod Capital LLP ("Nimrod") was the Company's Corporate and Shareholder Adviser. During the year, the Group incurred £2,070,598 (31 March 2020: £2,418,517) of fees with Nimrod. These expenses related to corporate and shareholder advisory fees as shown in note 5.

On 18 February 2021, the Company announced that it had entered into an agreement with Nimrod to terminate Nimrod's appointment as sole corporate and shareholder advisor to the Company with effect from 31 January 2021 and settle outstanding matters between them (the Termination Agreement). Under the Termination Agreement, the Company made a payment of £9.45 million and issued 5,975,000 new shares to Nimrod as a complete settlement of contractual obligations to Nimrod. Nimrod has undertaken to the Company not to dispose of the said shares for a period of 12 months (subject to certain customary exceptions).

27. RELATED PARTY TRANSACTIONS AND SIGNIFICANT CONTRACTS (continued)

Significant contracts (continued)

On 15 March 2021 the Company announced the appointment of Liberum Capital Limited as Corporate Broker to the Company with immediate effect.

JTC Registrars Limited ("JTCRL") is the Company's registrar, transfer agent and paying agent. During the year the Group incurred £18,656 (31 March 2020: £19,367) of costs with JTCRL, of which £1,025 (31 March 2020: £3,059) was outstanding as at 31 March 2021.

Related parties

The Board are considered to be key management personnel. Refer to the Board of Directors on page 16. Refer to Note 6 where Directors' remuneration has been disclosed.

28. SEGMENT INFORMATION

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and selling aircraft. The geographical analysis of the Group is based on the location of the lessee.

Geographical analysis

31 March 2021	Middle East GBP	Asia Pacific GBP	Total GBP
Rental income	150,799,216	50,757,344	201,374,560
Net book value – aircraft	924,201,304	346,110,526	1,270,311,870

31 March 2020	Middle East GBP	Asia Pacific GBP	Total GBP
Rental income	198,732,556	57,827,781	256,560,337
Net book value – aircraft	1,179,178,238	535,330,612	1,714,508,850

Revenue from the Group's country of domicile, Guernsey, was £Nil (2020: £Nil).

29. SUBSEQUENT EVENTS

The meeting to vote on the Rehabilitation Plan (and amendments to it) occurred as scheduled on 19 May 2021 at 9am Bangkok time by way of a virtual meeting. In accordance with the Thailand Bankruptcy Act, the Rehabilitation Plan proposed by the Planning Committee along with certain proposed amendments to the Rehabilitation Plan tabled by the Planning Committee and certain creditors, was approved by the creditors committee.

On 15 June 2021, the Court rendered its order to approve the Plan and appointed the Plan Administrators, who will have rights, duties, and powers to manage and operate Thai Airways in accordance with the conditions and terms stipulated in the Plan. The Asset Manager is in negotiations to agree the binding lease amendment documentation with the airline, on a power by the hour basis initially, before moving to a fixed rate lease for the remaining term of the lease including an extension of the lease from the original term. The process of rehabilitation of Thai Airways continues and our assumption is that resolution will be achieved during Q3 2021.

There is no further information after year end that impacts the impairment raised for the amounts due from Thai Airways.

The Asset Manager awaits further news of the Planning Committee's intentions.

On 21 June 2021, John Le Prevost resigned as a director of the Company.

There were no other material subsequent events since the year end and up to the date of approval of the consolidated financial statements.

Key Advisers and Contact Information

Directors
Robin Hallam (Chairman)
David Gelber (Senior Independent Director)
Laurence Barron
John Le Prevost (resigned effective 21 June 2021)

Contact details
Robin.Hallam@aa4plus.com
David.Gelber@aa4plus.com
Laurence.Barron@aa4plus.com

Registered Office of the Company
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT
Telephone: +44 (0)1481 702400

Asset Manager
Amedeo Limited
The Oval
Shelbourne Road
Ballsbridge
Dublin 4
Ireland

Liaison and Administration Oversight Agent
Amedeo Services (UK) Limited
29-30 Cornhill
London
England EC3V 3NF

Administrator and Secretary
JTC Fund Solutions (Guernsey) Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT
Telephone: +44 (0)1481 702400

Corporate Broker
Liberum Capital Limited
Ropemaker Place
25 Ropemaker Street
London, EC2Y 9LY
Telephone: +44 (0)20 3100 2000

Registrar, Paying Agent and Transfer Agent
JTC Registrars Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT
Telephone: +44 (0)1481 702 400

UK Transfer Agent
JTC Registrars (UK) Limited
The Scalpel
18th Floor
52 Lime Street
London
England EC3M 7AF

Auditor
KPMG
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Advocates to the Company (as to Guernsey law)
Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Key Advisers and Contact Information (continued)

Solicitors to the Company (as to English law)
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
England
EC2A 2EG

Solicitors to the Company (as to asset acquisition, financing and leasing documentation)
Clifford Chance LLP
10 Upper Bank Street
London
England
E14 5JJ

Norton Rose Fulbright LLP
3 More London Riverside
London
England
SE1 2AQ

GLOSSARY

DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provide a list of the defined terms used in this report.

Administrator	JTC Fund Solutions (Guernsey) Limited
AIC	The Association of Investment Companies
AIC Code	The AIC Code of Corporate Governance
Articles	The Company's articles of incorporation
ASKs	Available seat kilometres
Asset Manager	Amedeo Limited
Asset(s)	Aircraft owned by the Group
ATAG	The Air Transport Group
Board	Board of directors of the Company
Company	Amedeo Air Four Plus Limited
Corporate Adviser	Liberum Capital Limited
DGTRs	The FCA's Disclosure Guidance and Transparency Rules
ESG	Environmental, social and governance
Etihad	Etihad Airways PJSC
FCA	Financial Conduct Authority
GFSC	Guernsey Financial Services Commission
Group	The Company and its wholly owned subsidiaries
IAS	International Accounting Standard
IATA	International Air Transport Association
IEV	Independent Expert Valuers
IFRS	International Financial Reporting Standards
ISTAT	International Society of Transport Aircraft Trading
Law	The Companies (Guernsey) Law, 2008, as amended
Registrar	JTC Registrars Limited
RPKs	Revenue passenger kilometres
Secretary	JTC Fund Solutions (Guernsey) Limited
SFS	Specialist Fund Segment of the London Stock Exchange's Main Market
Shares	Redeemable ordinary shares
SID	Senior Independent Director
Thai Airways	Thai Airways International Public Company Limited
UK Code	The UK Corporate Governance Code, 2018