AMEDEO AIR FOUR PLUS LIMITED

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

2022

Contents

Strategic Report
Summary Information

Listing	Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	AA4
Share Price	30.40 pence (as at 31 March 2022) 34.00 pence (as at 22 July 2022)
Market Capitalisation	GBP106 million (as at 31 March 2022) GBP118 million (as at 22 July 2022)
Target Dividend	The original target of 2.0625 pence per Share per quarter (8.25 pence per annum) was suspended on 6 April 2020. A new target of 1.25 pence per share per quarter (5.0 pence per annum) was announced by the Board on 4 January 2022
Dividend Payment Dates	January, April, July, October
Reporting Currency	Sterling
Launch Date / Share Price	13 May 2015 / 100 pence
Incorporation and Domicile	Guernsey
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
Asset Manager	Amedeo Limited
Corporate and Shareholder Advisor	Liberum Capital Limited
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	KPMG
SEDOL, ISIN, LEI	BKY41C6, GG00BMZQ5R81 (Effective from 8 December 2021) and GG00BKY41C61 (Prior to compulsory redemption on 8 December 2021), 21380056PDNOTWERG107
Year End	31 March 2022
Stocks & Shares ISA	Eligible
Website	www.aa4plus.com

Chairman's Statement

Financial Year	2021-22	2020-21	2019-20
Total Rental Income (GBP)	190,033,541	201,374,560	256,560,337
Net Asset Value Per Share (Pence)	90.34	71.80	98.43
Distributions Made (GBP)[1]	4,341,418	11,346,419	52,985,622
Outstanding Shares	347,313,483	434,141,757	642,250,000
Outstanding Debt (GBP)	994,628,598	1,033,556,018	1,233,244,765
Change in Portfolio Residual Value[2]	-16%	-20%	-16%

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. The 2021/22 financial year accounts for residual value at the end of the Thai lease extension.

Thai Airways

Last financial year was about finalising the Thai Airways restructuring and determining the level of future dividends.

The Thai Airways restructuring, with the Bankruptcy Planners and our lenders, was completed in December 2021. This has reset the leases with the airline as follows:

(i) Power by the Hour (PBH) rent payments until December 31, 2022. It should be noted that on average, during the prior 3 months, our Thai Airways aircraft have been flying more than 200 flight hours per month – which equates to over 60% of pre-pandemic hours – and therefore the PBH rental payments have been sufficient to cover the quarterly interest and expense. On certain Aircraft, the recent PBH income is generating revenue in excess of interest and expense with overages being applied to repay loan principal.

(ii) Lease rentals are fixed from 1st January 2023 to original lease expiry. However the level of rental is approximately 45% below the previously agreed rent. In addition the Rehabilitation Plan provides that pre-petition unpaid rent in the amount of $6.7m is payable by the airline in instalments starting in 2024. Such amounts are required to be paid to lenders to reduce debt.

(iii) A committed 6 year extension of the lease, with future rental level to be agreed by reference to the then market rent through an appraisal process.

(iv) New debt amortisation profile agreed with the Lenders, with a) an interest rate cap set for MSNs 123, 130, and 142 until the original expiry term when these three aircraft will be refinanced to match up with new extension term market lease rentals, and b) a fixed interest rate swap in place for MSN 177 to the extension term expiry date in 2036.

(v) We were able to retain engine maintenance reserves with in cash in the amount of approximately $71.5 million, which provide asset protection in the event of adverse credit events in the future. Such reserves remain pledged to the lenders and are therefore restricted.

(vi) On the downside, the greatly reduced amortisation of debt caused by the rent reduction means that, whilst debt service, expenses and fees are fully covered, there is no income to shareholders.

(vii) Thai Airways has now announced plans to exit bankruptcy restructuring in 2024, in the meantime reports suggest they will strengthen their balance sheet with new capital and debt for equity swaps. We expect the equity value we retained in these aircraft at current market appraisals to be substantial.

Emirates

Moving on to Emirates, they continue to perform their obligations in full and on time as can be seen from the cash flow figures in the grid above. However, values of both the A380 and the B777s have declined faster than other, in production widebody aircraft, but, even taking into account value impairments of these aircraft, and rental impairment of the Thai aircraft, we are profitable once more. But, we are in the curious position that one part of the portfolio has equity value (that is, current and future values are appraised to be in excess of debt) but produces no income, whilst the remaining part has little or no equity value (current and future values are below debt) but produces a valuable, albeit diminishing, income stream.

Chairman's Statement (continued)

The recent announcement by the Doric fund that it had sold msn 16 to Emirates for $30m has generated interest and we have been considering its implications for the Company. We believe that for Emirates the net cost, after allowing for end of lease return compensation and redelivery costs, which they were always obliged to fund, is much lower. Emirates has been taking steps to bridge part of its 777 fleet by extending leases expiring this year up to about 2027 when they may be replaced by the new 777X. Our first aircraft comes off lease in September 2026 and we cannot predict now what Emirates' fleet plans will be at that time, so we will watch and see whether this is a one off event or if it heralds a change in residual values for these aircraft.

Overview

Distributions

The board was very pleased to be able to reintroduce a regular dividend of 1.25p per quarter starting in January 2022 and expects to be able to maintain this figure in the foreseeable future.

In the FY 2022, we were delighted to have been able to return to shareholders a total of £34,340,587 which comprised £29,999,169 / 34.55p per share redemption in December 2021 and £4,341,418 / 1.25p per share dividend in January 2022.

We were able to negotiate reductions in expenses with some, but not all, of our suppliers.

In May the directors held a strategy day. It is undoubtedly the case that the original path in 2015 has been severely disrupted by events and therefore it is a challenge to the board to adapt strategy to new circumstances.

Liberum Capital provided us with useful and detailed analysis of share performance and pricing over the fund's history and we held valuable discussions with them about differing shareholder expectations. We had outside third parties participate in workshops on the wider aircraft investment and financing markets and how different players such as mainstream lessors, private equity firms and investors were approaching the market post Covid, and what this might mean for the company and shareholders.

The aviation market, where released from lockdowns and other restrictions, has recovered quickly and there is strong appetite for assets even in an environment of rising interest rates, the war in Ukraine and increases in fuel prices. Although slower to recover than domestic (largely US and EU) tourist markets, the demand for widebody aircraft has been springing back, with almost 70 A380s in Emirates' fleet currently in service, and the likes of Lufthansa, ANA, Qantas, and BA are starting to bring back some of their A380s into revenue service. TSA and IATA International passenger numbers are inching closer to 2019 volumes and capacity has been hindered partially by staff shortages in various markets. With the easing of testing requirements across the Globe we are seeing a positive rebound in international travel.

Nevertheless, compared with our situation 12 months ago, the company is in a far better and stronger financial position.

Robin Hallam
Chairman

Date: 28 July 2022

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 attribute to the Company.

AA4P PORTFOLIO UPDATE

As set out in the Company's announcement on 16 December 2021, the Company is pleased to announce that it has completed the lease amendment documentation with Thai Airways in respect of its 4x A350-900 aircraft. Under the restructured leases, Thai Airways will pay rent on a power by the hour basis until December 2022. From January 2023, the leases will switch to new fixed monthly rent. There is now an additional six-year lease extension agreed. The Company's A350s have seen an uptick in utilisation during the first half of the calendar year 2022, in line with expectations, and the Company is looking forward to seeing its aircraft further serve international destinations for Thai Airways, who are looking to expand operations ahead of the summer.

Emirates continues to keep up its positive performance and is now focusing on increasing flight frequencies to pre-pandemic levels. Destinations such as India, Australia, and Saudi Arabia will see additional routes introduced to cater to growing demand, and even more A380s will potentially return to service to support these endeavours. So far in 2022, the airline has operated almost 70x A380s for passenger operations. With the lifting of COVID-19 related travel restrictions, Emirates faced a busy end to Q1 2022, as an estimated 700,000 passengers travelled between its airport hub for spring break holidays and for the closing of Expo 2022. Emirates has also announced plans to refurbish the cabins of sixty-seven A380s, fifteen more than previously planned, to go along with fifty-three B777-300ERs, which indicate that the aircraft type are expected to remain active in the fleet. As of May 2022, Emirates no longer operate leased aircraft in and out of Russia, which includes the Company's aircraft, due to restrictions imposed upon their insurance policy, however, they continue to operate their own Aircraft into this jurisdiction.

AMEDEO'S ASSET INSPECTION REPORT TO AA4P

The utilisation figures below represent the totals for each aircraft from first flight to 31 March 2022

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles	March Flight Hours
Emirates	A380-861	157	A6-EEY	04/09/2014	04/09/2026	24,461	3,914	257
	A380-861	164	A6-EOB	03/11/2014	03/11/2026	24,052	3,872	298
	A380-861	187	A6-EOM	03/08/2015	03/08/2027	26,250	2,568	218
	A380-861	201	A6-EOQ	27/11/2015	27/11/2027	17,707	2,799	0
	A380-861	206	A6-EOV	19/02/2016	19/02/2028	21,544	3,520	130
	A380-861	208	A6-EOX	13/04/2016	13/04/2028	16,110	2,543	0
	B777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	21,712	5,392	399
	B777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	21,074	4,888	355
Thai Airways	A350-900	123	HS-THF	13/07/2017	13/07/2035	14,074	2,503	205
	A350-900	130	HS-THG	31/08/2017	31/08/2035	13,399	2,270	245
	A350-900	142	HS-THH	22/09/2017	22/09/2035	12,958	2,179	180
	A350-900	177	HS-THJ	26/01/2018	26/01/2036	11,070	1,850	216

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.

Asset Manager's Report (continued)

Overview

- Only MSN 201 & 208 remain grounded, as all other aircraft are in commercial service. MSN 201 and MSN 208 are in the 2 Class configuration (c. 615 passengers) while all the rest are in 3 class (c. 519 passengers) configuration. Emirates continues to reactive A380s in line with their strategic plans but have indicated that the 3 class configuration will return first before the 2 class configuration aircraft.
- A notable event has occurred in respect of the publicly announced trade upon lease termination in December 2022 for an A380 MSN 16 by DNA1. Emirates and DNA1 agreed that upon termination, Emirates would acquire the aircraft for £25.30 million. Previously Emirates chose not to exercise an option to return in half-life condition and pay USD 12 million. MSN 16 is a very early production aircraft, with resulting weight and performance limitations, and it was 18 months old at initial delivery prior to the twelve year lease, having participated in the A380 test flying campaigns. The transacted price was in line with our expectations, bearing in mind the specifics of the aircraft and underlying lease terms. While direct comparisons and extrapolations are not appropriate, as specific return conditions between DNA1 and AA4P aircraft are different, this trade gives further credence to the future value analysis we regularly prepare for the board.
- Emirates fleet last operated as per the dates listed below as of 31 March 2022:
  - MSN 157: 29 March 2022
  - MSN 164: 31 March 2022
  - MSN 187: 31 March 2022
  - MSN 201: 18 August 2020 (Positioning Flight from DXB – DWC)
  - MSN 206: 31 March 2022
  - MSN 208: 26 August 2020 (Positioning Flight from DXB – DWC)
  - MSN 42334: 31 March 2022
  - MSN 42336: 31 March 2022
- Thai Airways fleet last operated as per the dates listed below as of 31 March 2022:
  - MSN 123: 31 March 2022
  - MSN 130: 31 March 2022
  - MSN 142: 29 March 2022
  - MSN 177: 31 March 2022

Industry Update

The International Air Transport Association (IATA) announced passenger data for March 2022 demonstrating that the recovery of air travel continues. Impacts from the conflict in Ukraine on air travel demand were quite limited overall while the Omicron virus-related effects continued to be confined largely to Asian domestic markets.

Total traffic in March 2022 (measured in revenue passenger kilometres or RPKs) was up 76.0% compared to March 2021. Although that was lower than the 115.9% rise in February year-over-year demand, volumes in March were the closest to 2019 pre-pandemic levels, at 41% below. March 2022 domestic traffic was up 11.7% compared to the year-ago period, far below the 60.7% year-over-year improvement recorded in February. This largely was a result of the Omicron-related lockdowns in China. March domestic RPKs were down 23.2% versus March 2019. International RPKs rose 285.3% versus March 2021, exceeding the 259.2% gain experienced in February versus the year-earlier period. Most regions boosted their performance compared to the prior month, led by carriers in Europe. March 2022 international RPKs were down 51.9% compared to the same month in 2019. "With barriers to travel coming down in most places, we are seeing the long-expected surge in pent-up demand finally being realised. Unfortunately, we are also seeing long delays at many airports with insufficient resources to handle the growing numbers. This must be addressed urgently to avoid frustrating consumer enthusiasm for air travel," said Willie Walsh, IATA's Director General.

Asset Manager's Report (continued)

EMIRATES GROUP

Full Year Financial Highlights[1]:

Despite recording a c. $1.1bn loss for the 2021-2022 financial year, Emirates operations were much improved following the challenges that were faced in the previous year due to the COVID-19 pandemic. The carrier had recorded a loss of c. $1.6bn loss during the H1 2021-22 but managed to improve to a profit of c. $0.5bn by the end of H2 2021-22, which is an encouraging sign for next year's performance. With significantly enhanced capacity deployment across most markets, Emirates' total revenue for the financial year increased 91% to AED 59.2 billion (US$ 16.1 billion). Currency fluctuations this year impacted the airline's profitability negatively by AED 348 million (US$ 95 million). Total operating costs increased by 30% from the last financial year. Cost of ownership (depreciation and amortisation) and fuel cost were the two biggest cost components for the airline in 2021-22, followed by employee cost. Fuel accounted for 23% of operating costs compared to 14% in 2020-21. The airline's fuel bill more than doubled to AED 13.9 billion (US$ 3.8 billion) compared to the previous year, driven by a higher uplift of 66% in line with capacity expansion and a higher average fuel price which was up by 75%. During the 2021-22 financial year, Emirates received a further capital injection of $1.0 bn from the Government of Dubai, with the airline holding c. $5.7bn in cash assets (up by 38%) as of 31 March 2022.

Operations:

In late January 2022, Emirates announced a resumption of passenger operations between Dubai and five African countries including South Africa, Kenya, Ethiopia, Tanzania, and Zimbabwe by the end of the month. This includes double daily services from Johannesburg and daily services from Cape Town and Durban to Dubai respectively. Following the resumption of services to and from Casablanca in February 2022, Emirates has fully restored its pre-pandemic African network with 21 destinations across the continent.

From 1 April 2022, Emirates will re-introduce pre-pandemic flight frequencies to its destinations in India. The airline will be operating 170 weekly flights to nine cities in the country. Emirates has also brought back its Airbus A380 on a daily basis between Dubai and Mumbai in March 2022. From 1 May 2022, Emirates will add a second daily A380 flight from Dubai to Melbourne in Australia, doubling the daily seat capacity to more than 1,000. Demand for international travel is expected to increase following the re-opening of Australia's borders. As of May, Emirates will also operate A380 services twice daily to Sydney and a daily A380 service to Brisbane. In addition, the lessee will offer daily flights to Perth on a Boeing 777-300ER. Emirates has also confirmed that it will be commencing daily services to Tel Aviv (Israel) from 23 June 2022 with its three-class Boeing 777-300ER. From 1 July 2022, Emirates will be operating twice daily flights on its A380 aircraft to Mauritius. Emirates currently operates daily flights to Mauritius on its Boeing 777-300ER aircraft. In line with rising demand, the airline will be scaling up operations from daily to nine weekly flights between 09 April 2022 and the end of June 2022 and then moving up to double daily flights from July 2022. In March 2022 Emirates and Garuda Indonesia launched their codeshare partnership which gives customers of Emirates and Indonesia's national carrier seamless connectivity on 16 routes between Indonesia, the Middle East and Europe. Emirates now has codeshare cooperation agreements in place with 23 airline partners. Emirates will refurbish more of its existing fleet than previously planned, its chief commercial officer said on Tuesday, as the airline faces delays to deliveries of new Boeing jets and seeks assurances over concerns with the Airbus A350s it ordered. The Gulf carrier is spending over a $1 billion to refurbish the fleet which includes installing a new premium economy cabin. Emirates would now refurbish 67 A380s, up from 52 initially announced, while the 53 refurbished 777s is unchanged. Emirates had always planned to refurbish some of its older jets, but now the airline plans to operate older aircraft for longer as a "stop gap" to delivery delays.

Thai Airways International

2021 Financial Highlights[2]:

On June 15, 2021, the Central Bankruptcy Court issued an Order approving the rehabilitation plan of Thai Airways. Upon that date, the airline initiated the process of implementing the rehabilitation plan. For the financial year ended 31 December 2021, Thai Airways reported a net profit of THB 55.1 billion (US$ 1.7 billion), which was the airlines first reported profit in five years. The airline previously recorded a loss of THB 141.2 billion (US$ 4.4 billion) for 2020. The airline recorded revenues of THB 90.0 billion (US$ 2.8 billion) which was an 85% increase compared to 2020. Expenses recorded were THB 28.2 billion (US$ 0.9 billion), a reduction of 83% compared to THB 170.5 billion (US$ 5.3 billion) in 2020. This is largely attributed to i) less fuel expenses due to travel restrictions, ii) reduced workforce as per restructuring terms, and iii) a reversal of previous

[1] US$ Figures are converted at US$ 1 = AED 3.67

[2] THB = US$ 0.031

impairment by THB 20.0 billion (US$ 0.6 billion). By 31 December 2021, the airline had total assets of THB 161.2 billion (US$ 5.0 billion), which includes cash and cash equivalents of THB 5.5 billion (US$ 0.2 billion) down 36% compared to THB 8.7 billion (US$ 0.3 billion) recorded in 2020. The Total liabilities were THB 232.5 billion (US$ 7.2 billion), which is a significant reduction compared to THB 338.0 billion (US$ 10.5 billion) recorded in 2020.

Operations:

The airline still has some way to go in terms of improving its operations. Revenue from passenger and baggage services was THB 5.5 billion (US$ 0.2 billion), which was 84% less than figures recorded in 2020. However, revenue from freight and mail services was THB 10.9 billion (US$ 0.3 billion), which was an improvement of 59% from 2020 performance. Considering the challenges faced with passenger operations, such as travel restrictions and lack of Chinese tourism, the airline is targeting freight and mail services as it gradually expands its passenger operations. Furthermore, it has been reported that the airline will look to double its cargo flights to China and India from May as demand for Thai fruit exports rises. It is reported that the airline managed an increase of passengers in average per day from 311 in October to 1,067 and 2,559 in November and December 2021, respectively. However due to Omicron concerns, which forced Thailand to cancel its Test and Go scheme in December, the number of passengers in January and February 2022 reportedly dropped by 20% from December 2021. Nonetheless as travel restrictions are easing worldwide, vaccination rates improving, and summer holidays soon approaching, the Government has resumed the Test and Go scheme and Thai Airways will expand its operations accordingly. The reopening of borders has also encouraged the airline to increase flight frequencies to London, Frankfurt, Copenhagen, Zurich, Singapore, and Kuala Lumpur. The plans expand into the second quarter of 2022, whereby Thai Airways has resumed flights to more destinations such as Melbourne and other Indian destinations. Despite challenges the airline has faced in its operations, it should be noted that all four of the Company's A350s are currently in revenue service and utilized frequently as of the end of Q1 2022. Considering the age profile and efficiency of the aircraft type, these aircraft have potential to actively serve Thai in its operations for many years to come.

Environmental, Social And Governance Policy

Introduction

The Company recognises that shareholders and other stakeholders now have a growing interest in the ESG considerations resulting from its business. Here we set out our current policy and approach to ensuring that the Company's level of engagement on ESG matters commensurate with the size, nature and complexity of the business.

This Company's current policy is in its infancy as it strives to address today's ESG considerations noting that it was incorporated in 2015 with a business model designed to run for twelve years without interruption. Subsequent acquisitions of aircraft and renegotiation of leases has pushed that end date out to 2036.

The Company has adopted a policy to consider ESG 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.

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 in their most recent annual report and the statements made by Thai on their website.

The Company

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

The Company is governed by 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 to its 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 to the Corporate Broker;
- Company secretarial, administration and accounting services to the Secretary and Administrator; and
- share registration services 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 take such considerations into account when searching for new directors. 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.

The Board has adopted a comply or explain approach to the AIC Code.

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 for a fixed term 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 lease term; whilst ensuring each aircraft is maintained to the highest standard and remains 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 their 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%.

The ATAG reports that previous to the pandemic, aircraft flights produced 915 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 that by 2050, global civil aviation operations will achieve net-zero carbon emissions. 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. A further compulsory redemption of 86,828,274 shares occurred on 8 December 2021 on a one for five shares held basis as at 7 December 2021 for a redemption price of 34.55 pence per share redeemed.

As at 22 July 2022, the last practicable date prior to the publication of this report, the Company's total issued share capital was 347,313,483 Shares trading at 34.00 pence per Share giving the Company a market capitalisation of £118.09 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 investment 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 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 a rehabilitation plan, the Board considers it unlikely that in the near term there will be any further expansion of the Company.

Investment Portfolio

As at the financial reporting date of 31 March 2022 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 was prudent in doing so.

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 the agreement with the Company's lenders were complete. On 1 December 2021 the Board announced its decision to recommence the payment of quarterly dividends from January 2022.

Details of dividends declared by the Board during the year under review are set out on page 59.

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 Statutory 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 cancelled.

A further £30m was returned to shareholders through a compulsory redemption of 86,828,274 shares, announced on 8 December 2021 and made on a one in five shares held basis (shareholdings calculated as at close of business on 7 December 2021) for a redemption price of 34.55 pence per share redeemed.

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 lessees, lenders, shareholders and service providers.

The Company has continued to manage its relationship with the lessees in the knowledge that its recent difficulties have not arisen due to default by lessees, cooperating 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 undertakes 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 22, 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.

Business Model (continued)

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.

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. Link Market Services (Guernsey) Limited is the Company's Registrar, Transfer Agent and Payment Agent. Liberum Capital Limited is 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.

Business Model (continued)

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 twenty-one aircraft under management. The volume of assets under management is c. $5 billion, which include commercial airliners including A380, A350, A330 and Boeing 777. 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 half-yearly (subject to a limited review by auditors) and audited annual financial reports, subject to the direction and oversight of the Board.

Registrar

Link Market Services (Guernsey) Limited has been appointed as registrar, transfer agent and paying agent by the Company. The Registrar performs the 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 14 and 15.

Board of Directors

As at 31 March 2022, the Company had five 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)

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, a entity recently formed from a merger of Singapore Life with the local operations of Aviva PLC). 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.

Steve Le Page (Chairman of the Audit Committee) (Independent non-executive)

Steve has served as a non-executive director on a number of boards since his retirement from his role as Senior Partner (equivalent to Executive Chairman) of PwC in the Channel Islands in 2013. Throughout his thirty year career with that firm he worked with many different types of financial organisation as both auditor and advisor, particularly with both listed and unlisted investment companies. He is currently the Audit Committee Chair of four other London listed funds. Mr Le Page is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Tax Advisor. He is a past president of the Guernsey Society of Chartered and Certified Accountants and a past Chairman of the Guernsey International Business Association. Steve was appointed as director and chairman of the Audit Committee on 27 July 2021.

Board of Directors (continued)

Mary Gavigan (Independent non-executive)

Mary is a Fellow of the Institute of Chartered Accountants in England & Wales. She has specialised in the Financial Services sector for over 25 years acting as consultant and advisor with a focus on restructuring and business transformation. She has also held interim Chief Finance Officer roles during her career. Mary spent most of her career at KPMG. She is a Non-Executive Director of STM Life Assurance PCC PLC and its sister company London & Colonial Assurance PCC PLC where she is Chair of the Audit Committee as well as a member of the Risk Management Committee. Mary is also a Non-Executive Director of the National Deposit Friendly Society Ltd where she is Chair of its Audit Committee and of its Remuneration Committee. Mary is also a Non-Executive Director of TransRe London Limited and the Chair designate of the Audit & Risk committee. Mary's charity work includes being a Trustee of Epilepsy Research UK. Mary holds a BBS and MA from Trinity College Dublin. Mary was appointed as director and a member of the Audit Committee on 27 July 2021.

John Le Prevost

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

Corporate Information

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 at least annually.

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 spread globally and resulted in widespread restrictions on individuals socialising and travelling which had a significant effect on the airline industry, in particular, international business travel on which widebody aircraft operation is dependent. These restrictions are now much reduced, but passenger traffic is not yet back to pre-pandemic levels, leaving a reduced but still real risk to the Company's income. Developments generally and in particular with our lessees are monitored carefully.
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.
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.

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 cover insufficient to repair or replace the Assets if they are damaged or destroyed. If any 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). Please see the Asset Manager's Report on page 6 for a consideration of recently introduced sanctions. 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, the general downturn in the airline industry has had 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.

Corporate Information (continued)

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.

The Board will consider valuations provided annually by Independent External Valuers (IEVs) 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 fixed lease rentals upon completion of the PBH period are closely matched to the floating rate loan repayments, which are also hedged.

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 other 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 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. Consequently, and as expected, the Group has not been 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 by the Board as it 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 Group's needs 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;
- cash transactions 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.

Corporate Information (continued)

Going Concern

The Group's principal activities are set out on page 24. The financial position of the Group is set out on page 42. 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 prepared these financial statements for the year ended 31 March 2022 on the going concern basis.

In the prior year, the Lessee Thai Airways stopped paying the amounts due under the leases and also entered into a bankruptcy protection process under Thai Law. These factors indicated material uncertainties around the Group's ability to operate as a going concern, as the ultimate outcome of the process and its impact on the Group could not be determined. On 15 June 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan of Thai Airways and upon this date the airline initiated its process of rehabilitation. Furthermore, the relevant leases and associated debt have been restructured (as explained elsewhere in this document), considerably reducing the uncertainty around the Group's going concern status.

In their consideration of the appropriateness of the going concern basis, the Directors have taken account of the fact that throughout the period of the COVID 19 pandemic the Group has received the lease payments due from Emirates Airlines, the Groups principal lessee, in full and on time. Power by the hour receipts due under the restructured leases from Thai Airlines have also been steadily increasing since the period started on 1 April 2021 and have been received on time. The Russian invasion of Ukraine and the subsequent sanctions and economic fallout have, as expected, had little impact on the Group. Cash flow modelling carried out has indicated that future lease receipts, based on current aircraft utilisation on aircraft lease to Thai, can enable the Group to meet its obligations as they fall due for at least the next twelve months from the date of signing these financial statements.

On the basis of (i) the Group's current liquid assets, (ii) cash-flow projections, and (iii) the current improving landscape for travel, the Directors believe that the going concern basis of accounting is appropriate.

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. In this context, and for their viability assessment, the directors consider future cash flows for at least the next three years. A three year period has been selected as it allows for reasonable estimation of future costs, including interest.

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 Amedeo. This assumption is considered to be reasonable as Emirates have met their obligations to the Group in full and on time, and receipts from Thai under the power by the hour arrangements agreed with effect from 15 December 2021 have been steadily increasing and received on time. The improving outlook for long haul air travel should only improve the ability of the Group's lessees to meet their obligations. 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 future cash receipts will be sufficient to cover all forecast operating costs of the Group for the three year period up to at least March 2025 and that the Group will therefore be able to meet its obligations as they fall due during that period.

Corporate Information (continued)

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 2022.

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 18 to 23, Audit Committee Report and the notes to the consolidated financial statements contained on pages 45 to 76 and are incorporated herein by reference.

All payments due from Thai were made in accordance with the terms of the respective amended leases.

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 pages 16 to 17. John Le Prevost resigned from the Board with effect from 21 June 2021. Mary Gavigan and Steve Le Page were appointed to the Board of Directors effective 27 July 2021. 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 conflicts of interest at each Board meeting by reviewing a schedule of each directors other directorships and other interests held. Each director and service provider 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 41 to 76.

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

Announcement Date	Payment Date	Dividend per Share (pence)
4 January 2022	31 January 2022	1.25

On 1 December 2021 the Board announced its intention to reinstate a regular dividend and the first such dividend was made in January of 2022. The second was made in April 2022 and a third dividend has been declared for payment in August 2022.

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 26 to this consolidated annual financial report.

Directors' Report (continued)

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
Royal London Asset Management	8.85	30,738,547
Mirabella Financial Services LLP	8.44	29,300,622
Newton Investment Management Limited	7.70	26,741,369
Weiss Asset Management LP	6.41	22,252,655
Metage Funds Limited	5.91	20,538,430
FS Wealth Management Ltd	5.17	17,960,827
Ameriprise Financial, Inc.	5.11	17,745,171

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 23 was approved by the Board on 28 July 2022 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.

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, 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.

Robin Hallam
Director

Directors' Remuneration Report

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 2022 and 2021 financial years were as follows:

	2022 fees			2021 fees
Director	Regular directors fees	Additional directors fees in relation to 2022	Additional directors fees in relation to 2021	Regular directors fees
Robin Hallam (Chairman)	£76,875	£25,000	£33,000	£76,875
John Le Prevost (Chairman of the Audit Committee)*	£15,586	N/A	£20,000	£69,187
David Gelber	£61,690	£22,000	£28,000	£61,500
Laurence Barron	£61,500	£22,000	£28,000	£61,500
Mary Gavigan**	£41,780	N/A	N/A	N/A
Steve Le Page (Chairman of the Audit Committee)***	£47,002	N/A	N/A	N/A

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

**Mary Gavigan appointed as director of the Company with effect from 27 July 2021.

***Steve Le Page appointed as director of the Company with effect from 27 July 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 7.

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, including persons closely associated with them, are shown below:

	Number of Shares held as at 31 March 2022	Number of Shares held as at the date of this report
Robin Hallam	60,000	90,000
David Gelber	244,309	244,309
Laurence Barron	—	—
Mary Gavigan*	—	62,709
Steve Le Page**	100,000	100,000

*Mary Gavigan appointed as director of the Company with effect from 27 July 2021.

**Steve Le Page appointed as director of the Company with effect from 27 July 2021.

Corporate Governance Statement

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. Since the Board is comprised entirely of independent non-executive directors, it has chosen not to form any committees other than an Audit Committee and a Dividend Committee, and the responsibilities of all other committees envisaged by the AIC Code are fulfilled directly by the Board.

Board Composition

The Board comprises five directors, their biographies appear on pages 16 to 17 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 David Gelber will retire and, being eligible, offer himself for re-election. Having considered the performance and contributions made by Mr Gelber, and having regard to his biography on page 16 which demonstrate the key skills, experience and knowledge he brings to the Board, the Board believes that he continues to perform effectively and with commitment to his role and, as such, the Board recommends his re-election.

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.

Corporate Governance Statement (continued)

Board Evaluation

In March 2022 the Board completed a self-evaluation and concluded that its performance was still adequate and professional and that no corporate governance concerns existed. This conclusion was in line with that of the most recent external performance evaluation in December 2020. The Board will consider appointing external facilitators again in future years.

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.

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 thirteen Board meetings and two Audit Committee meetings in order to carry out their duties. Director's attendance at these meetings was as follows:

Director	Board	Audit Committee	Dividend Committee
Robin Hallam*	13 of 13	N/A*	N/A
David Gelber	13 of 13	2 of 2	N/A
John Le Prevost**	6 of 6	2 of 2	N/A
Laurence Barron	13 of 13	2 of 2	N/A
Mary Gavigan***	6 of 6	1 of 1	N/A
Steve Le Page****	6 of 6	1 of 1	1 of 1

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

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

***Mary Gavigan appointed as director of the Company with effect from 27 July 2021.

****Steve Le Page appointed as director of the Company with effect from 27 July 2021.

No fixed time commitment for Board duties has been set in the director's 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 Laurence Barron, David Gelber, Mary Gavigan and Steve Le Page. Following John's resignation as director on 21 June 2021, David Gelber assumed chairmanship of the Audit Committee until Steve's appointments as a director and as chairman of the Audit Committee (both effective 27 July 2021). 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.

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 has been appointed this year and 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 2022 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 2021 and the half-yearly financial report for the period ended 30 September 2021. The report from the Chairman of the Audit Committee is on pages 32 to 35.

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.

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.

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.

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 77 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

Steve Le Page – Chairman of the Audit Committee
Laurence Barron – Non-executive Director
Mary Gavigan – Non-executive Director
David Gelber – Non-executive Director

Key Duties

The Audit Committee's key duties are set out in the Committee's terms of reference which are available on the Company's website; https://www.aa4plus.com.

Audit Committee Meetings

During the reporting period, the Audit Committee met three times. 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.

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 the disclosures in the financial statements. In carrying out this review the members of the Committee takes into account their knowledge of the reporting requirements applicable, the activities of the Company and as a consequence their expectations of the form and content of the financial reports.

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 global pandemic has had 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 initially resulted in widespread restrictions on individuals socialising and travelling, some of which are still having a significant effect on the airline industry. The Audit Committee has noted that to date the Board and the Company's key service providers have been able to continue to serve the Group, Emirates Airlines, the main lessee of the Group, have met all lease obligations on time to date. Thai Airways, the Group's other lessee, have agreed to restructure the Group's leases with them, and are so far performing their obligations under the new leases in a timely manner. The impact of COVID-19 has been considered carefully, but is now considered to be of lower potential impact than in the previous year.

Audit Committee Report (continued)

Significant issues for the year	How the Audit Committee addressed these significant issues
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*.	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. Updated investment valuations on this basis 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 residual value excluding inflation used in the accounts is based on the average of these appraisals using values for the A380 aircraft with minimum return conditions plus monetary compensation (per the lease contracts) as well as base values for the A350 and 777-300ER aircraft at the end of the lease. 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.
Going Concern and Viability Should Emirates or Thai (collectively the '**Lessees**') default on the rental payments, it is unlikely the Group 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, from the Asset Manager which comment on the situation of both lessees. Also, as mentioned above, both lessees are performing their obligations under the existing lease contracts in a timely and complete manner. Consequently, the Directors do not consider it necessary to establish any provision for credit losses in these financial statements, as all debtors are expected to settle in full. To the extent not recovered during the restructuring of the leases with Thai Airways, credit losses provided for in the prior year have been realised this year. As set out in the going concern note 2 and in the viability statement on page 22, the Committee and the Board are comfortable that the Group is both a going concern and viable.

Overview

Audit Committee Report (continued)

Significant issues for the year	How the Audit Committee addressed these significant issues
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.	During the prior year, the impact of the COVID 19 pandemic on residual values of the Group's assets and on the airline industry generally led to very significant provisions for impairment being made in the annual financial statements. Whilst, as referred to above, the current situation of the industry and of the Groups is much improved, it was felt to be appropriate to perform another impairment test this year. This process utilised the same methodology as last year and has resulted in small provisions for impairment being made against the Group's A350 assets.

Internal Controls

The Audit Committee has made due enquiry about the internal controls of the Group's service providers, particularly those relevant to financial reporting. The Audit Committee is satisfied with the controls currently implemented but will continue to review them regularly. The Audit Committee has also asked to be 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 a detailed audit plan, identifying the external auditor's assessment of the key financial reporting risks. For the year the primary risks identified were in respect of valuation of the aircraft assets, depreciation and management override of controls.

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 start and at the conclusion of the audit.

In addition, the Audit Committee sought feedback from service providers 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, and the Audit Committee Chair speaks regularly to the lead partner, to provide additional opportunity for open dialogue and for feedback from the auditor. If felt necessary, Audit Committee members would meet with the external auditor without the Administrator or Asset Manager being present. Matters discussed include the residual valuation of aircraft, appropriateness of the impairment provisions, the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with service providers, 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 evaluates their independence on an on-going basis.

Audit Committee Report (continued)

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 2023. Accordingly a resolution proposing the re-appointment of KPMG as the Group's external auditor will be put to shareholders at the Company's 2022 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.

Conclusion

The above report outlines the work of the Committee in respect of these financial statements and generally. The conclusion of the Committee is that these financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy. Furthermore, the Committee believes they show a true and fair view of the performance of the company for the year ended 31 March 2022 and of its financial position at that date.

Steve Le Page
Chairman of the Audit Committee

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

1 Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Amedeo Air Four Plus ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements

- give a true and fair view of the financial position of the Group as at 31 March 2022, and of its financial performance and its cash flows for the year then ended;
- have been prepared in accordance with International Financial Reporting Standards (IFRS as issued by the International Accounting Standards Board (IASB); 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 (ISAs). Our responsibilities under those standards are further described in the ***Auditors' Responsibilities for the Audit of the Financial Statements*** section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey together with the Financial Reporting Council (FRC)'s Ethical Standard as applied to listed entities 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Valuation of PPE – Aircraft & related components £1,210 million (2021: £1,270 million)

Refer to page 51 (accounting policy), pages 54 to 57 (significant estimates) and page 60 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
At 31 March 2022, the carrying value of the Group's aircraft portfolio, including related components amounted to £1,215m million before aircraft impairment calculations. The Group applies the requirements of IAS-36 Impairment of Assets ('IAS-36') in order to determine whether it is necessary to recognise an impairment loss on any aircraft within their fleet. There is a significant risk relating to the valuation of aircraft given the judgemental nature of the assumptions, and the inputs to the impairment model that require consideration by the Board of Directors.	In relation to the audit of the impairment assessment of aircraft, the engagement team undertook the following core procedures, amongst others: We obtained an understanding of and documented the key control around the impairment assessment of aircraft and related components, testing the effectiveness of the design and implementation of the control, including consideration of approval by the Board of Directors. We assessed the calculations used to determine the recoverable amount. We note that the recoverable amount for x4 A350 aircraft resulted in impairment triggers when comparing the current market values (deemed higher than value in use) to net book values. We discussed and challenged the key valuation inputs used in the calculation with managements appraisers, BK, IBA and MBA and also confirmed their independence and objectivity. We challenged the appropriateness of material value in use assumptions, namely the discount rate, residual values and future lease rentals in the current lease cashflows until expiry. We assessed the appropriateness of the discount rate, using the Group's weighted average cost of capital. We note the directors assessment upheld the use of the prior year rate @7.5/6.5%. Our benchmarking exercise against relevant lessors in the sector did not result in the Group having an outlier discount rate and was within an acceptable range. We used the independent appraiser reports to assess the residual values and future lease rentals in the Thai discounted cashflow workings. We agree with the values incorporated in the assessment. We have discussed with the Servicer the monetary compensation of $25m for the 6 A380's at the end of the lease and end of lease payment of $15m for the B777-300ER from Emirates. We have noted that these payments are specified by the terms and conditions of the agreements with the lessees and that the Asset Manager remains comfortable with the credit risk. We note no changes in these terms during the financial year. We evaluated whether the methodology, assumptions and data are indicative of possible management bias. No instances of management bias were noted. We evaluated sensitivities associated with the key assumptions, (namely discount rate, non-receipt of contingent rent on Thai and residual values), in order to determine whether the test outcome would result in materially different results. We evaluated the (i) competence, capabilities and objectivity of AA4P's external experts employed by the Group to provide aircraft fair values less costs to disposal and value in use (significant assumptions for value in use namely future lease rates) and (ii) the appropriateness of their work as audit evidence. We obtained the appraised reports from the independent valuers to validate the market values, future base values and future lease rates for the recoverable amount test and compared to internal data sources to determine they were reasonable.

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

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

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

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- 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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the summary information, chairman's statement, asset manager report , environment social and governance policy, business model company overview, biographies of Board of Directors, corporate information, Director's report, Director's remuneration report, corporate governance statement, report of the audit committee, key advisors and contact information and glossary.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

2 Respective responsibilities and restrictions on use

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix to this report, which is to be read as an integral part of our report.

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

Our report is made solely to the Company's shareholders, 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 Shareholders 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's Shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Niall Naughton
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place,
IFSC,
Dublin 1,

28 July 2022

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

Appendix to the Independent Auditor's Report

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2022

	Notes	1 Apr 2021 to 31 Mar 2022 GBP	1 Apr 2020 to 31 Mar 2021 GBP
INCOME			
US Dollar based rent income	4	155,413,982	166,837,378
British Pound based rent income	4	34,619,559	34,537,182
		190,033,541	201,374,560
EXPENSES			
Operating expenses	6	(5,059,351)	(19,898,131)
Depreciation and amortisation of aircraft	10	(113,384,109)	(137,167,102)
Impairment of aircraft	10	(4,834,603)	(152,115,323)
Expected credit loss	13	(30,062,327)	(28,854,971)
		(153,340,390)	(338,035,527)
Net profit/(loss) for the year before finance income, finance costs and foreign exchange gains		36,693,151	(136,660,967)
FINANCE INCOME			
Gain on loan modifications	16	2,605,383	—
Finance income	11	24,515,446	8,233,554
		27,120,829	8,233,554
FINANCE COSTS			
Loss on extinguishment of loan	16	(1,452,426)	—
Finance costs	12	(38,162,538)	(43,953,810)
		(39,614,964)	(43,953,810)
Foreign exchange gains		477,174	318,899
Gain/(Loss) before tax		24,676,190	(172,062,324)
Income tax credit	24	71,069	—
Income/(loss) for the year after tax		24,747,259	(172,062,324)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss			
Translation adjustment on foreign operations	2f	11,663,077	(40,380,606)
Total comprehensive gain/(loss) for the year		36,410,336	(212,442,930)
		Pence	Pence
Gain/(Loss) per share for the year – basic and diluted	9	6.08	(32.17)

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

The notes on pages 45 to 76 form an integral part of these consolidated financial statements.

Financial Statements

Consolidated Statement of Financial Position

as at 31 March 2022

	Notes	31 Mar 2022 GBP	31 Mar 2021 GBP
NON-CURRENT ASSETS			
Aircraft	10	1,209,709,751	1,270,311,830
Trade and other receivables	13	14,715,782	12,697,401
Derivatives at fair value through profit and loss	18	23,249,102	—
Deferred tax	24	74,193	—
		1,247,748,828	1,283,009,231
CURRENT ASSETS			
Accrued income	25	21,111,849	13,045,326
Short term investments	14	20,770,215	22,789,120
Trade and other receivables	13	1,579,769	132,632
Cash and cash equivalents	21	101,644,952	118,060,583
		145,106,785	154,027,661
TOTAL ASSETS		1,392,855,613	1,437,036,892
CURRENT LIABILITIES			
Payables	15	143,708	121,026
Deferred income	25	5,450,353	8,195,657
Maintenance provisions	22	139,534	—
Borrowings	16	81,721,825	97,081,633
		87,455,420	105,398,316
NON-CURRENT LIABILITIES			
Derivatives at fair value through profit and loss	18	—	4,939,122
Maintenance provisions	22	58,215,979	54,934,474
Borrowings	16	912,906,773	936,474,385
Deferred income	25	20,513,385	23,596,288
		991,636,137	1,019,944,269
TOTAL LIABILITIES		1,079,091,557	1,125,342,585
TOTAL NET ASSETS		313,764,056	311,694,307
EQUITY			
Share capital	17	520,983,612	550,982,781
Foreign currency translation reserve		30,620,605	18,957,528
Retained deficit		(237,840,161)	(258,246,002)
		313,764,056	311,694,307

	Pence	Pence
Net Asset Value Per Share based on 347,313,483 (2021: 434,141,757) shares in issue	90.34	71.80

The financial statements were approved by the Board of Directors and authorised for issue on 28 July 2022 and are signed on its behalf by:

Robin Hallam, Director

The notes on pages 45 to 76 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

ended 31 March 2022

	Notes	1 Apr 2021 to 31 Mar 2022 GBP	1 Apr 2020 to 31 Mar 2021 GBP
OPERATING ACTIVITIES			
Gain/(loss) for the year after tax		24,747,259	(172,062,324)
Decrease in accrued income		(3,054,716)	(1,808,197)
Decrease in deferred income		(3,521,837)	(3,785,427)
Interest income		(181,689)	(388,810)
Depreciation of aircraft	10	113,384,109	137,167,102
Expected credit loss		30,062,327	28,854,971
Impairment of aircraft	10	4,834,603	152,115,323
Taxation expense	24	(71,069)	—
Loan interest payable	11	36,663,596	42,313,509
Fair value adjustments on financial assets		(24,333,757)	(7,844,744)
Loan modifications		(1,639,457)	—
Decrease in payables		(51,511)	(12,323,190)
Maintenance reserves received		719,470	1,520,757
Increase in receivables		(31,137,532)	(33,118,750)
Foreign exchange movement		(477,174)	(318,899)
Amortisation of debt arrangement costs	12	1,498,942	1,640,301
Taxation paid		—	(66,571)
NET CASH FROM OPERATING ACTIVITIES		147,441,564	131,895,051
INVESTING ACTIVITIES			
Investment in short term deposits	14	(20,770,215)	(22,789,120)
Withdrawal from short term deposits	14	22,789,120	7,737,776
Interest received		181,689	388,810
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		2,200,594	(14,662,534)
FINANCING ACTIVITIES			
Dividends paid	8	(4,341,418)	(11,346,419)
Share redemption paid	17	(29,999,169)	(98,478,292)
Premium paid on derivatives acquired		(3,647,627)	—
Repayments of capital on senior loans	23	(85,570,355)	(84,500,698)
Payments of interest on senior loans	23	(25,768,010)	(32,706,583)
Payments of interest on junior loans	23	(10,089,604)	(11,085,646)
Security trustee and agency fees	12	(193,908)	(200,044)
NET CASH USED IN FINANCING ACTIVITIES		(159,610,091)	(238,317,682)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		118,060,583	247,911,207
Decrease in cash and cash equivalents		(9,967,933)	(121,085,165)
Effects of foreign exchange rates		(6,447,698)	(8,765,459)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	101,644,952	118,060,583

The notes on pages 45 to 76 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Notes	Share capital GBP	Retained (deficit)/ earnings GBP	Foreign currency translation reserve GBP	Total GBP
Balance as at 1 April 2021		550,982,781	(258,246,002)	18,957,528	311,694,307
Profit for the year		—	24,747,259	—	24,747,259
Other comprehensive gain for the year		—	—	11,663,077	11,663,077
Total comprehensive profit for the year		—	24,747,259	11,663,077	36,410,336
Transactions with owners of the Company:					
Share redemption	17	(29,999,169)	—	—	(29,999,169)
Dividends paid	8	—	(4,341,418)	—	(4,341,418)
Total transactions with owners of the Company:		(29,999,169)	(4,341,418)	—	(34,340,587)
Balance as at 31 March 2022		520,983,612	(237,840,161)	30,620,605	313,764,056

	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	8	—	(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		550,982,781	(258,246,002)	18,957,528	311,694,307

The notes on pages 45 to 76 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2022

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, four Airbus A350-900 and has sold two Airbus A380 aircraft. Eight of the remaining aircraft are leased to Emirates and four aircraft are leased to Thai Airways. All aircraft are leased for a period of 12 years from each respective delivery date, except the four aircraft leased to Thai Airways, where the lease agreements were extended by 72 months. 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 are furthermore fixed, some making use of interest rate swaps, 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, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") 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.

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. 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:

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Annual Improvements to IFRS Standards 2018-2020

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

IFRS 1 'First-time Adoption of International Financial Reporting Standards'- Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 'Financial Instruments'- Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 'Leases'- Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 'Agriculture'- Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The amendment to IFRS 16 only impacts an illustrative example, so no effective date is stated. These standards do not have a material impact on the financial statements or performance of the Group.

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

IAS 16 – Property, Plant and Equipment

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 effective date is for annual periods beginning on or after 1 January 2022. Early application is permitted. The standard is not expected to have a material impact on the financial statements or performance of the Group.

IFRS 3 – Business Combinations

IFRS 3 'Business Combinations'- Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 (Framework), with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 (2018 Conceptual Framework) without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018), which was issued at the same time as the 2018 Conceptual Framework. The standard does not have a material impact on the financial statements or performance of the Group.

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New and Revised Standards in issue but not yet effective

IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'-changes in Onerous Contracts. Cost of Fulfilling a Contract specifying that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date is for annual periods beginning on or after 1 January 2022. The standard does not have a material impact on the financial statements or performance of the Group.

Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17) is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. There are no changes to the transition requirements in IFRS 9. An entity that elects to apply the amendment applies it when it first applies IFRS 17.

Classification of Liabilities as Current or Non-current, which amended IAS 1 Presentation of Financial Statements. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2. In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by: replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The effective date is for annual periods beginning on or after 1 January 2023. The Group is in the process of assessing the amendments to the standard but it is not expected to have a material impact on the financial statements or performance of the Group.

Definition of Accounting Estimates – Amendments to IAS 8. In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB. 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 as the amendment is in line with current treatment by the Group.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction- Amendments to IAS 12. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

2. ACCOUNTING POLICIES (continued)

(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.

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 24 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.

2. ACCOUNTING POLICIES (continued)

(f) Foreign currency translation (continued)

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.

(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 27.

(i) Going concern

The Directors have prepared these financial statements for the year ended 31 March 2022 on the going concern basis.

In the prior year, the Lessee Thai Airways had stopped paying the amounts due under the leases and had also entered into a bankruptcy protection process under Thai Law. These factors indicated material uncertainties around the Group's ability to operate as a going concern, as the ultimate outcome of the process and its impact on the Group could not be determined. Thai Airways remains in bankruptcy protection, but the relevant leases and associated debt have been restructured (as explained elsewhere in this document), considerably reducing the uncertainty around the Group's going concern status.

In their consideration of the appropriateness of the going concern basis, the Directors have taken account of the fact that throughout the period of the COVID 19 pandemic the Group has received the lease payments due from Emirates Airlines, the Groups principal lessee, in full and on time. Power by the hour receipts due under the restructured leases from Thai Airlines have also been steadily increasing since they first became due in February 2021 and have been received on time. The Russian invasion of Ukraine and the subsequent sanctions and economic fallout have, as expected, had little impact on the Group. Cash flow modelling carried out has indicated that future lease receipts are very likely to prove adequate to enable the Group to meet its obligations as they fall due for at least the next twelve months.

On the basis of (i) the Group's current liquid assets, (ii) cash-flow projections, and (iii) the current improving landscape for travel, the Directors believe that the going concern basis of accounting is appropriate.

2. ACCOUNTING POLICIES (continued)

(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 5.

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. PBH rent will be paid up until 31 December 2022 after which a fixed amount per aircraft is payable up until the original expiry date of the lease agreements. The lease agreements were also extended by 72 months. During the extended lease term an amount to be agreed in writing between the Lessee and the Lessor, will be paid.

The Deferred and accrued 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 liability in relations to deferred income will reduce over time as the leases continue and approach the end of the lease terms. For the four A350-900 aircraft, the deferred income was calculated using a lease rate for the extended period determined by taking the average base lease rate from three appraisers.

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 provision 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. The lessor shall reimburse to the lessee any unused portions of the maintenance provision amounts. 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 22.

2. ACCOUNTING POLICIES (continued)

(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

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.

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 and eighteen years for the Thai aircraft, 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 and in useful life for the Thai aircraft, in the current year, there has been a £697,557 net increase in the annual depreciation charge for the current year. The net change in depreciation consist of a decrease of depreciation of £1,246,006 for the change in residual values and useful lives of the Thai aircraft and an increase in depreciation of £1,943,563 for the remaining aircraft. 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 10.

Depreciation starts when the Asset is available for use.

(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.

2. ACCOUNTING POLICIES (continued)

(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 Fair Value through Profit or Loss ("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.

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 a 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.

2. ACCOUNTING POLICIES (continued)

(m) Financial assets and financial liabilities (continued)

(c) Measurement (continued)

Derivative instruments

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

Financial assets and financial liabilities at FVTPL 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.

(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.

2. ACCOUNTING POLICIES (continued)

(n) Non-derivative financial liabilities (continued)

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.

In accordance with IFRS 9, when a debt instrument is restructured or refinanced and the terms have been substantially modified, the transaction is accounted for as an extinguishment of the old debt instrument, and the recognition of a new instrument at fair value. The difference between the fair value of the debt and the old debt at amortised cost is recognised as a gain or loss in the Statement of Comprehensive Income. Costs or fees incurred as part of the modification are recognised as part of the gain or loss on extinguishment.

If the exchange or modification is not accounted for as an extinguishment (i.e. because the modification is non-substantial), then the amortised cost of the liability is recalculated by discounting the revised estimated future cash flows at the instrument's original effective interest rate. The adjustment to the new amortised costs is recognised as a catch up gain or loss in the Statement of Comprehensive Income. Costs or fees incurred as part of the modification are added to the liability and amortised over the term of the modified liability.

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 and in useful life for the Thai aircraft, in the current year, there has been a £697,557 net increase in the annual depreciation charge for the current year. The net change in depreciation consist of a decrease of depreciation of £1,246,006 for the change in residual values and useful lives of the Thai aircraft and an increase in depreciation of £1,943,563 for the Emirates aircraft. 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 10.

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 (2021: twelve) (see note 5). 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.

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.

After consulting with the Asset Manager, the Directors have concluded that forecast values (determined annually from three independent expert aircraft valuers) based on Minimum Return Conditions ("MRC") for the A380 aircraft at the end of the lease (excluding inflationary effects) best approximates residual value. Minimum return conditions refer to the lease contracts whereby the aircraft is returned in a specified minimum life condition, which also includes estimated monetary compensation from Emirates. This approach in our view remains relevant having considered a recent event, which was the agreed and announced sale of MSN 16 by DNA1 to Emirates at lease end in December 2022, thereby creating a relevant secondary market trade.

In estimating residual value at the 31 March 2022 audited annual year end (and 31 March 2021 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 profit for the period would have increased and closing shareholders' equity would have decreased and closing shareholders' equity would have decreased by approximately £10.76 million (31 March 2021: £13.09 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)

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 pre-tax 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:

- 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 Group's market capitalisation as at 31 March 2022 is lower than the Group's Net Assets per the Statement of Financial Position as at 31 March 2022 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 of the amended lease agreements have been incorporated into the assumptions in relation to rental cash flow. 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 amount. 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 applies 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.

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.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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% (2021: 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 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 £4,834,603 was recognised in the current year (31 March 2021: £152,115,323), with the impairment test resulting in an updated carrying value of the aircraft in total of £1,209,709,751 at year end (31 March 2021: £1,270,311,830), as reflected in note 10.

The Directors have also considered that market capitalisation at year end of £105,583,299 (2021: £104,194,022) is below Net Asset value of £313,764,056 (2021: £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.

Modification of borrowings

During the period, amended loan agreements have been signed for the loans held with the lenders of the Thai aircraft. Based on the terms and conditions of the agreements, the effective date of the loan amendments is July 2021.

In addition to the quantitative tests as per IFRS 9, the Group also considers the new agreed loan terms in its assessment of loan modifications.

The Group considers three of the modifications of the loans with respect to the Thai aircraft as being non-substantial. The amortised cost of the liability is recalculated by discounting the revised estimated future cash flows at the instrument's original effective interest rate. The adjustment to the new amortised cost is recognised as a gain or loss in the Statement of Comprehensive Income.

One loan modification has been considered a substantial modification and has been accounted for as an extinguishment of the old debt instrument, and the recognition of a new instrument at fair value. The difference between the fair value of the debt and the old debt at amortised cost is recognised as a gain or loss in the Statement of Comprehensive Income.

The costs in relation to entering into the interest rate cap agreements have been recognised separately as part of the cost of the derivatives.

The loans with respect to the Thai aircraft are reflected at amortised cost.

Rental income for extended period of A350-900 aircraft

For the four A350-900 aircraft, the deferred income was calculated using a lease rate for the extended period determined by taking the average base lease rate from three appraisers.

4. RENTAL INCOME

	1 Apr 2021 to 31 Mar 2022 GBP	1 Apr 2020 to 31 Mar 2021 GBP
US Dollar based rent income	148,775,786	161,184,363
Revenue earned but not yet received	2,951,201	1,717,063
Revenue received but not yet earned	(393,744)	(330,649)
	151,333,243	162,570,777
Amortisation of advanced rental income (US Dollar)	4,080,739	4,266,601
	155,413,982	166,837,378
British Pound based rent income	34,681,201	34,596,573
Revenue earned but not yet received	103,515	91,134
Revenue received but not yet earned	(165,157)	(150,525)
	34,619,559	34,537,182
Total rental income	190,033,541	201,374,560

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 exchange rates at each respective quarter end. 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 contingent rent for the year ended 31 March 2022 is £4,295,294 per annum (31 March 2021: £414,614).

5. OPERATING LEASES

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

	31 March 2022		31 March 2021	
	US Dollar based rent income GBP	British Pound based rent income GBP	US Dollar based rent income GBP	British Pound based rent income GBP
Year 1	120,529,109	34,668,972	151,088,737	34,668,972
Year 2	135,686,695	34,668,972	151,140,641	34,668,972
Year 3	135,686,695	34,668,972	151,140,641	34,668,972
Year 4	135,686,695	34,668,972	151,140,641	34,668,972
Year 5	135,686,695	29,837,026	151,140,641	34,668,972
Year 6 onwards	214,112,357	19,691,802	358,433,086	49,528,828
	877,388,246	188,204,716	1,114,084,387	222,873,688

The twelve (2021: twelve) assets all have an initial lease term of twelve years with lease end dates ranging from September 2026 to January 2036. During the period, amended lease agreements have been signed. The Thai aircraft now have a lease term of eighteen years.

6. OPERATING EXPENSES

	1 April 2021 to 31 Mar 2022 GBP	1 April 2020 to 31 Mar 2021 GBP
Corporate and shareholder adviser fee	83,671	2,070,598
Asset management fee	2,885,336	4,431,409
Administration fees	434,783	460,961
Bank charges	8,007	12,982
Registrar's fee	26,657	18,656
Audit fee	123,329	76,473
Directors' remuneration	482,434	269,064
Directors' and Officers' insurance	248,381	85,320
Legal and professional expenses	613,283	1,011,871
Annual regulatory fees	18,638	23,492
Sundry costs	79,657	58,592
Nimrod agreement fee*	—	11,272,375
Cash management fee	55,175	106,338
	5,059,351	19,898,131

*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).

7. 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 Committee an additional £7,688 per annum. During the period, additional fees of £178,000 in aggregate were paid to relevant directors in respect of the substantial work undertaken by them during the past two years.

8. DIVIDENDS IN RESPECT OF SHARES

	1 Apr 2021 to 31 Mar 2022		1 Apr 2020 to 31 Mar 2021	
	GBP	Pence per Share	GBP	Pence per Share
First dividend	4,341,418	1.2500	4,923,918	1.1500
Second dividend	—	—	6,422,501	1.500
	4,341,418	1.2500	11,346,419	2.6500

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

9. EARNING/LOSS PER SHARE

Earnings/(Loss) per Share ("EPS") is based on the profit for the year of £24,747,259 (2021: loss of £172,062,324) and 407,022,789 shares (2021: 534,917,899 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.

10. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Aircraft 31 Mar 2022 GBP	Aircraft 31 Mar 2021 GBP
COST		
Aircraft purchases – opening balance	1,927,735,270	1,927,735,270
Acquisition costs – opening balance	8,364,798	8,364,798
Translation adjustment on foreign operations-opening balance	33,009,871	249,104,624
Cost at beginning of year	1,969,109,939	2,185,204,692
Disposals	—	—
Translation adjustment on foreign operations-current year	96,671,940	(216,094,753)
Cost as at year end	2,065,781,879	1,969,109,939

	31 Mar 2022 GBP	31 Mar 2021 GBP
ACCUMULATED DEPRECIATION, IMPAIRMENT AND AMORTISATION		
Opening balance	739,290,369	450,007,943
Translation adjustment on foreign operations-opening balance	(40,492,260)	20,687,900
Accumulated depreciation and impairment at beginning of year	698,798,109	470,695,843
Depreciation for the current year based on previous year residual values	111,930,032	117,811,781
Amortisation of acquisition costs on aircraft	756,519	756,519
Adjustment due to change in useful life *	(1,246,006)	—
Adjustment due to change of residual value	1,943,563	18,598,802
Net depreciation charge on all aircraft for the year	13,384,108	137,167,102
Translation adjustment on foreign operations	38,980,770	(60,416,607)
Accumulated depreciation as at year end	851,162,987	547,446,337
Adjustment due to impairment	4,834,603	152,115,323
Translation adjustment on foreign operations	74,538	(763,551)
Accumulated depreciation and impairment as at year end	856,072,128	698,798,109
Carrying amount – opening balance	1,270,311,830	1,714,508,850
Carrying amount as at year end	1,209,709,751	1,270,311,830

* The adjustment due to a change in estimate consists of a change of residual value for all aircraft and in useful life for the Thai aircraft for the current year. The net change in depreciation consist of a decrease of depreciation of £1,246,006 for the change in residual values and useful lives of the Thai aircraft and an increase in depreciation of £1,943,563 for the remaining aircraft.

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). Both the rental and loan payments are in USD.

Exceptions to the above include senior loans with an outstanding balance (excluding interest and associated costs) of £211,745,631 (31 March 2021: £289,893,510) 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 £1,209,709,751 (31 March 2021: £1,270,311,830) are pledged as security for the Group's borrowings (see note 16).

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

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.

Impairment

Based on the impairment review performed, an impairment loss of £4,834,603 was recognised in the current year (31 March 2021: £152,115,323), with the impairment test resulting in an updated carrying value of the aircraft in total of £1,209,709,751 at year end (31 March 2021: £1,270,311,830).

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:

- 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 Group's market capitalisation as at 31 March 2022 is lower than the Group's Net Assets per the Statement of Financial Position as at 31 March 2022 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 of the amended lease agreements have been incorporated into the assumptions in relation to rental cash flow. 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 amount. 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 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 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.

Refer to note 3 for further detail.

A 5% increase to the original discount rate used for the cash flow test would still result in a £4.83 million impairment charge on the aircraft, driven by the differential between Net Book Value ("NBV") and the appraised Current Market Value (CMV").

A 5% decrease to the original discount rates used for the cash flow test would result in a £0.93 million impairment charge on the aircraft, driven by the differential between NBV and the appraised CMV.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2022

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

Change in estimate

The Group conducted a review on the aircraft held at 31 March 2022, 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 £697,557 (31 March 2021: £18,598,802) 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.

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 profit for the period would have increased and closing shareholders' equity would have decreased by approximately £10.76 million (31 arch 2021: £13.09 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.

11. FINANCE INCOME

	1 April 2021 to 31 Mar 2022 GBP	1 April 2020 to 31 Mar 2021 GBP
Fair value gain on derivatives at fair value through profit and loss*	24,333,757	7,844,744
Bank interest received	181,689	388,810
	24,515,446	8,233,554

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

12. FINANCE COSTS

	1 April 2021 to 31 Mar 2022 GBP	1 April 2020 to 31 Mar 2021 GBP
Amortisation of debt arrangements costs	1,498,942*	1,640,301*
Interest payable on loan**	36,469,688*	42,113,465*
Security trustee and agency fees	193,908	200,044
	38,162,538	43,953,810

*Included in Finance costs is interest on the amortised cost liability for the year of £37,968,630 (31 March 2021: £43,753,766).

** This amount includes £24,191 interest income (31 March 2021: £132,590 interest income) from the interest rate swaps.

13. TRADE AND OTHER RECEIVABLES

	31 Mar 2022 GBP	31 Mar 2021 GBP
Non-current		
Trade receivables	15,836,005	12,697,401
Expected credit loss	(1,120,223)	—
	14,715,782	12,697,401
Current		
Prepayments	155,383	125,832
VAT receivable	6,609	6,800
Trade receivables	1,417,777	28,021,519
Expected credit loss	—	(28,021,519)
	1,579,769	132,632

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 2022 the expected lifetime losses on the rent receivables has been reassessed by the Group. Following the formal completion of new lease arrangements with Thai Airways on 15 December 2021, the Group has written off amounts receivable under the previous lease arrangements due to the non-payment of lease rentals by Thai Airways in amount of £28.9mil. Management 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 the 31 March 2021 year end, with the remaining rental amounts due recognised as receivable (discounted for the time value of money) at the period end in accordance with the Thai rehabilitation plan. These are included in the non-current trade receivables at £3,973,496 and is expected to be repaid by the lessee between 2024 and 2027. The effect of the discount is recognized as an expected credit loss of £1.1mil.

The amounts receivable from Thai Airways for prior periods were impaired in full in the Statement of Comprehensive Income as they were considered not recoverable.

In all periods, the remaining trade receivables and receivables at amortised cost at period end are considered receivable, with any identified impairment losses on such assets not considered significant. Information about the 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 2022

14. SHORT TERM INVESTMENTS

Bank	Fixed Rate %	Maturity date	31 Mar 2022 GBP	31 Mar 2021 GBP
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
HSBC Bank PLC	0.25	6 Aug 2021	—	1,700,248
UBS AG	0.09	6 Aug 2021	—	850,252
Credit Agricole CIB	0.16	25 Aug 2021	—	2,176,479
Credit Agricole CIB	0.18	27 Aug 2021	—	704,478
Standard Chartered Bank	0.105	26 Oct 2021	—	150,092
Cooperatieve Rabobank U.A	0.25	12 Nov 2021	—	2,178,965
Standard Chartered Bank	0.31	22 Nov 2021	—	1,453,457
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
Toronto Dominion Bank	0.20	13 Dec 2021	—	2,176,697
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
Nordea Bank AB	0.17	1 Jul 2022	1,797,738	—
Canadian Imperial Bank of Commerce	0.22	7 Jul 2022	2,205,417	—
Toronto Dominion Bank	0.15	11 Jul 2022	1,796,790	—
Standard Chartered Bank	0.17	13 Jul 2022	1,797,018	—
Toronto Dominion Bank	0.22	14 Jul 2022	456,192	—
Standard Chartered Bank	0.21	27 July 2022	1,139,898	—
Nordea Bank AB	1.02	28 Jul 2022	4,375,259	—
UBS AG	0.17	5 Aug 2022	1,695,155	—
Bank of Montreal	0.18	18 Aug 2022	996,791	—
Canadian Imperial Bank of Commerce	0.19	31 Aug 2022	896,786	—
Skandinaviska Enskilda Banken	0.2	2 Sep 2022	1,692,833	—
Canadian Imperial Bank of Commerce	1.27	16 Sep 2022	228,252	—
Standard Chartered Bank	0.24	23 Sep 2022	1,692,086	—
			20,770,215	22,789,120

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. Impairment losses on these investments are not considered significant as they are held with reputable international banking institutions.

15. PAYABLES

	31 Mar 2022 GBP	31 Mar 2021 GBP
Accrued administration fees	50,242	49,264
Accrued audit fee	90,996	70,501
Accrued registrar fee	1,906	1,025
Other accrued expenses	564	236
	143,708	121,026

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 2022 GBP	31 Mar 2021 GBP
Bank loans	1,003,624,894	1,044,682,529
Unamortised arrangement fees	(8,996,296)	(11,126,511)
	994,628,598	1,033,556,018

Consisting of:		
Senior loans ($1,034,806,533 at 31 March 2022, $1,152,560,258 at 31 March 2021)	787,643,883	836,218,717
Junior loans ($271,936,519 at 31 March 2022, $271,990,002 at 31 March 2021)	206,984,715	197,337,301
	994,628,598	1,033,556,018
Borrowings		
Non-current portion	912,906,773	936,474,385
Current portion (senior loans only)	81,721,825	97,081,633
	994,628,598	1,033,556,018

Due to the period of non-payment of lease rentals by Thai Airways, the Asset Manager 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. In the period July – August 2021 the loan agreements were amended for the Group's change in repayment schedules to the original loan agreements, as well as entry into interest rate cap agreements for three of the Thai aircraft and an interest rate swap with respect to one of the Thai aircraft (see note 18).

During the variable rent period (Power By the Hour) interest only payments will be made for 2 years and will then transition back to fixed repayments. Also refer to note 3 for Modification of borrowings. No breaches or defaults occurred in the current or prior period.

Loans with an outstanding balance of £782,882,967 (31 March 2021: £743,558,620) have fixed interest rates over the term of the loans. Of this total, loans with an outstanding balance of £330,462,610 (31 March 2021: £362,258,686), 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 £211,745,631 (31 March 2021: £289,997,398) at year end are variable rate (LIBOR) with an interest rate cap entered into during the current period and each senior loan has a balloon capital payment on maturity.

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred. The Group expects to be able to utilize the practical expedient in future reporting periods, and the impact of LIBOR reform is therefore not expected to be material. The Group is monitoring the position, and will make a final determination after the US Dollar LIBOR replacement is published in June 2023.

16. BORROWINGS (continued)

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 or otherwise to match the corresponding lease end date. The weighted average rate for the Company's Senior loan is 3.3% and 5.2% for the Company's Junior Loan.

The aggregate face value of the Company's loans is £1,517,734,815 and the current aggregate carrying value is £994,628,598.

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.

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 2022 Ordinary Shares	31 March 2021 Ordinary Shares
Opening balance	434,141,757	642,250,000
Shares issued	—	5,975,000
Shares redeemed	(86,828,274)	(214,083,243)
Total number of shares as at year end	347,313,483	434,141,757

Issued	31 March 2022 Ordinary Shares GBP	31 March 2021 Ordinary Shares GBP
Ordinary Shares		
Opening balance	550,982,781	647,638,697
Shares issued	—	1,822,376
Shares redeemed	(29,999,169)	(98,478,292)
Total share capital	520,983,612	550,982,781

As announced on 1 December 2021, the Board of directors of the Company resolved on that date to redeem one ordinary share for every five existing ordinary shares of shareholders on the register of members as at close of business on 7 December 2021 (the "Redemption Record Date"). Accordingly, 86,828,274 ordinary shares were redeemed and have now been cancelled.

The redemption proceeds due on the redemptions of these ordinary shares were paid on 15 December 2021.

The Company's total issued Share capital at 31 March 2022 was 347,313,483 Shares (2021: 434,141,757 Shares), none of which were held in treasury.

Therefore the total number of voting rights in issue was 347,313,483 (2021: 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 and interest rate caps.

(d) Short term investments.

(e) Accrued income.

(f) Trade receivables.

(g) Payables.

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 2022 GBP	31 Mar 2021 GBP
Cash and cash equivalents	101,644,952	118,060,583
Short term investments	20,770,215	22,789,120
Derivatives at fair value through profit and loss	23,249,102	—
Accrued income	21,111,849	13,045,326
Trade receivables*	16,133,558	12,697,401
	182,909,676	166,592,430

*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	143,708	121,026
Derivatives at fair value through profit and loss	—	4,939,122
Debt payable (excluding unamortised arrangement fees)	1,003,624,894	1,044,682,529
	1,003,768,602	1,049,742,677

Fair value of financial instruments

The Company applies 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.

18. FINANCIAL INSTRUMENTS (continued)

The interest rate swaps and interest rate caps 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 2022 based on the hierarchy set out in IFRS:

31 March 2022	Quoted Prices in active markets for identical assets (Level 1) 2022 GBP	Significant other observable inputs (Level 2) 2022 GBP	Significant unobservable inputs (Level 3) 2022 GBP	Total 2022 GBP
Assets				
Derivatives at fair value through profit and loss				
Interest rate swaps	—	12,394,141	—	12,394,141
Interest rate caps	—	10,854,961	—	10,854,961
	—	23,249,102	—	23,249,102

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)

Derivative financial instruments

The following table shows the Company's derivative position as at 31 March 2022 with a comparative table as at 31 March 2021:

	31 March 2022	31 March 2021
Derivatives at fair value through profit and loss – USD Interest Rate Swaps	12,394,141	(4,939,122)
Notional amount (GBP)	326,945,241	281,449,885
Derivatives at fair value through profit and loss – USD Interest Rate Caps	10,854,961	—
Notional amount (GBP) – from 1 January 2023	242,208,200	—

The maturity dates range from 13 April 2028 to 26 January 2036 (31 March 2021: 13 April 2028 to 21 August 2028). During the period the Group entered into an additional Interest Rate Swap with the lenders with respect to one of the Thai aircraft.

As referred to in note 16 Borrowings, in respect of the other Thai aircraft the Group entered into interest rate cap agreements on 30 July 2021. The premium paid by the Group was £3,647,627 in total during the current period, with the effective date of the interest rate caps being 1 January 2023. The maturity dates range from 13 July 2029 to 22 September 2029.

The increase in the fair value of the Interest Rate Swaps for the year of £24,333,757 (31 March 2021: increase of £7,844,744) is reflected in Finance Income and Finance Costs in note 11 and 12. 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 4 January 2022, the directors of the Company declared an interim dividend of 1.25 pence per Redeemable Ordinary Share in respect of the financial year ending 31 March 2022.

The Board decided to return to Shareholders £30 million on 1 December 2021 by way of a compulsory redemption of one-fifth of the ordinary shares in the capital of the Company (being the redemption of approximately 86,828,274 Shares) at a redemption price of 34.55 pence per each redeemed share. Accordingly, 86,828,274 ordinary shares were redeemed and have now been cancelled.

(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 £211,745,631 (31 March 2021: £289,997,398) 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 £211,745,631 (31 March 2021: £289,997,398) 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.

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.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

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

	31 Mar 2022 GBP	31 Mar 2021 GBP
Cash and cash equivalents (USD) – Asset	1,182,919	6,513,171
Cash and cash equivalents (GBP) – Asset	535,082	9,064,679
Short term investments (USD) – Asset	1,900,302	1,329,668

The USD/GBP exchange rate was 1.3138 at 31 March 2022 (1.3783 at 31 March 2021).

The following table details the Group's sensitivity to a 10% (31 March 2021: 10%) appreciation in GBP against the US dollar. 10% (31 March 2021: 10%) 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 10% (31 March 2021: 10%) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where GBP strengthens 10% (31 March 2021: 10%) against the USD. For a 10% weakening of the GBP against the USD, there would be a comparable but opposite impact on the profit and other equity;

	31 Mar 2022 GBP	31 Mar 2021 GBP
Consolidated Statement of Comprehensive Income	328,937	1,537,047
Change in value of assets	328,937	1,537,047

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 USD. 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 2022 GBP	31 Mar 2021 GBP
Cash and cash equivalents	101,644,952	118,060,583
Short term investments	20,770,215	22,789,120
Financial assets at fair value through profit and loss	23,249,102	—
Accrued income	21,111,849	13,045,326
Trade receivables	17,253,782	40,718,920
Expected credit loss	(1,120,223)	(28,021,519)
	182,909,677	166,592,430

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 A-1, P-1, P-1, P-1 and P-1 (31 March 2021: P-1, P-1, P-1, P-1 and P-2) 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 2021: P-1 and P-1) respectively.

Short term investments relate to deposits held with Nordea Bank, Toronto Dominion Bank, UBS, Bank of Montreal, 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 2021: P-1).

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

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. The Group has received the lease payments due from Emirates Airlines, the Groups principal lessee, in full and on time. Power by the hour lease receipts from Thai Airlines have also been steadily increasing since they first became due in February 2021 and have been received on time.

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.

In the case of materialisation of the risk related to the lessee counterparty creditworthiness and, 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.

For the entities that have leases with Thai Airways, the Company has entered into amended lease agreements during the year. PBH rent will be paid up until 31 December 2022 after which a fixed amount per aircraft is payable up until the original expiry date of the lease agreements. The lease agreements were also extended by 72 months. During the extended lease term an amount to be agreed in writing between the Lessee and the Lessor, will be paid. The Company has arranged 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 solution will allow for the Company to address its expenses and its loan obligations with the income generated.

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.

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 2022 the expected lifetime losses on the rent receivables has been reassessed by the Group. Apart from the receivables from Thai Airways, the remaining trade receivables and receivables at amortised cost at period end have been settled after period end, with any identified impairment losses on such assets not considered significant. The credit risk for Emirates has been assessed as low and no impairment has been identified.

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.

(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.

Consideration will be given to any future use of accumulated rental income, if the Board considers that the Company or any subsidiary will not be able to repay any balloon or bullet repayments of debt falling due through the sale, refinancing or other disposition of an Asset.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk (continued)

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 2022	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	143,708	—	—	—	—	143,708
Borrowings	28,747,635	87,256,133	129,876,720	348,142,353	538,801,752	1,132,824,593
	28,891,343	87,256,133	129,876,720	348,142,353	538,801,752	1,132,968,301

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
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

(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 £211,745,631 (31 March 2021: £289,997,398) 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 £330,462,610 (31 March 2021: £362,258,686) as at year end, which have an associated interest rate swap to fix the loan interest).

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

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

31 March 2022	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Short term investment	—	20,770,215	—	20,770,215
Cash and cash equivalents and receivables	101,644,952	—	16,133,558	117,778,510
Total Financial Assets	101,644,952	20,770,215	16,133,558	138,548,725
Financial Liabilities				
Accrued expenses and reserves	—	—	143,708	143,708
Security deposit liability	—	—	—	—
Borrowings	542,208,241	452,420,357	—	994,628,598
Total Financial Liabilities	542,208,241	452,420,357	143,708	994,772,306
Effect of derivatives held for risk management	569,027,249			
Total interest sensitivity gap	128,463,960	(431,650,142)		

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)		

If a reasonable possible change in interest rates had been 100 basis points (2021: 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 2022 would have been £1,284,640 (31 March 2021: £2,527,456) 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 (2021: 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 2022 would have been £1,284,640 (31 March 2021: £2,527,456) 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 that holds greater than 10% of the issued share capital of the Company.

21. CASH AND CASH EQUIVALENTS

	31 March 2022 GBP	31 March 2021 GBP
Bank balances	43,289,439	63,126,109
Notice accounts	58,355,513	54,934,474
	101,644,952	118,060,583

The notice accounts are secured cash deposits in respect of the maintenance provisions.

22. MAINTENANCE PROVISIONS

	31 March 2022 GBP	31 March 2021 GBP
Balance at 1 April	54,934,474	59,444,834
Billings	719,471	1,520,757
Translation adjustment on foreign operations	2,701,568	(6,031,117)
Balance at 31 March	58,355,513	54,934,474

The maintenance provision liabilities are held in relation to funds received as 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 provisions 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 provisions.

The table below details the expected utilisation of maintenance provisions.

	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
31 March 2022	—	139,534	36,582,188	10,409,891	11,223,900	58,355,513
31 March 2021	—	—	44,102,813	133,004	10,698,657	54,934,474

23. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

31 March 2022	Borrowings GBP
Balance at 1 April 2021	1,033,556,018
Repayments of capital on senior loans	(85,570,355)
Repayments of capital on junior loans	—
Payments of interest on senior loans	(25,768,010)
Payments of interest on junior loans	(10,089,604)
Add back: payments of interest on senior loans	25,768,010
Add back: payments of interest on junior loans	10,089,604
Movement in interest accruals	612,074
Amortisation of debt arrangements costs	2,587,140
Loan modifications	(2,727,655)
Translation adjustment on foreign operations	46,171,376
Balance at 31 March 2022	994,628,598

23. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

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

24. TAX

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.

No deferred tax asset has been raised on the tax losses of AA4P Leasing Ireland 2 Limited in the current period.

25. 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 considered the recoverability, including the accrued income relating to the aircraft leased to Thai airways, and concluded that these are expected to be recovered in full and concluded no impairment is required. The accrued and deferred income consists of the following:

	31 March 2022 GBP	31 March 2021 GBP
Accrued income	21,111,849	13,045,326
Deferred income	(25,963,738)	(31,791,945)

26. RELATED PARTY TRANSACTIONS AND SIGNIFICANT CONTRACTS

Significant contracts

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

During the year, the Group incurred £2,873,772 (31 March 2021: £4,420,130) of fees with Amedeo, of which £ Nil (31 March 2021: £Nil) was outstanding to this related party at 31 March 2021. This fee is included under "Asset management fee" in note 6.

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 £11,564 (31 March 2021: £11,279) of fees with Amedeo Services. As at 31 March 2021 £Nil (31 March 2021: £Nil) was outstanding. This fee is included under "Asset management fee" in note 6.

JTC Registrars Limited ("JTCRL") is the Company's registrar, transfer agent and paying agent. During the year the Group incurred £26,657 (31 March 2021: £18,656) of costs with JTCRL, of which £1,905 (31 March 2021: £1,025) was outstanding as at 31 March 2022.

Related parties

The Board are considered to be key management personnel. Refer to the Board of Directors on pages 16 to 17. Refer to Note 7 where Directors' remuneration has been disclosed.

27. 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 2022	Middle East GBP	Asia Pacific GBP	Total GBP
Rental income	145,816,909	44,216,632	190,033,541
Net book value – aircraft	864,980,722	344,729,029	1,209,709,751

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

Revenue from the Group's country of domicile, Guernsey, was £Nil (2021: £Nil).

28. SUBSEQUENT EVENTS

On 11 April 2022 the board announced an interim dividend of 1.125 pence per ordinary share. The dividend was paid on 27 April 2022 to shareholder on register as at the close of business on 22 April 2022.

As of May 2022, Emirates will no longer operate lease aircraft in Russia, due to restrictions imposed upon their insurance policy, but they may continue to operate aircraft they own. Thai Airways is not operating to Russia.

On 5 July 2022 the board announced an interim dividend of 1.25 pence per ordinary share. The dividend will be paid on or around 5 August 2022 to shareholder on register as at the close of business on 15 July 2022.

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

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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