AMEDEO AIR FOUR PLUS LIMITED

Consolidated Annual Financial Report
For the year ended 31 March

2023

Contents

STRATEGIC REPORT
Summary Information

Listing	Specialist Fund Segment of the London Stock Exchange's Main Market.		
Ticker	AA4		
Share Price	43.20 pence (as at 31 March 2023) 45.25 pence (as at 21 July 2023)		
Market Capitalisation	GBP 131 million (as at 31 March 2023) GBP 137 million (as at 21 July 2023)		
Dividends	Announcement Date	Dividend Declared	
	11 April 2022	1.25 pence per ordinary share	
	5 July 2022	1.25 pence per ordinary share	
	6 October 2022	1.5 pence per ordinary share	
	5 January 2023	1.5 pence per ordinary share	
Post-Year-End Dividends	4 April 2023	1.75 pence per ordinary share	
	3 July 2023	1.75 pence per ordinary share	
Dividend Payment Dates	January, April, July, October		
Compulsory Redemption	Completion Date	Shares redeemed	Shares in issue
	28 September 2020	214,083,243	428,166,757
	8 December 2021	86,828,274	347,313,483
	1 March 2023	43,414,122	303,899,361
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 Broker	Liberum Capital Limited		
Administrator	JTC Fund Solutions (Guernsey) Limited		
Auditor	KPMG Channel Islands Limited		
SEDOL ISIN LEI	BNDVLS5 GG00BNDVLS54 (Effective from 1 March 2023) and GG00BMZQ5R81 (Prior to compulsory redemption on 1 March 2023) 21380056PDNOTWERG107		
Stocks & Shares ISA	Eligible		
Website	www.aa4plus.gg		

Chairman's Statement

I am pleased to present to Shareholders our Consolidated Annual Financial Report for the year ended 31 March 2023.

THE PAST YEAR

You will see from the Financial Summary below that, on virtually all metrics, the Group has improved its performance following the ending of the pandemic and the return to more normal travel and flying activity in most areas of the globe.

Year Ended	31 March 2023	31 March 2022	31 March 2021
Total rent income	GBP 208,099,130	GBP 190,033,541	GBP 201,374,560
Total Net Assets	GBP 341,326,227	GBP 313,764,056	GBP 311,694,307
Dividends paid	GBP 19,102,241	GBP 4,341,418	GBP 11,346,419
Share Redemptions	GBP 28,002,108	GBP 29,999,169	GBP 96,655,916
Shares in issue	303,899,361	347,313,483	434,141,757
Outstanding debt	GBP 955,407,582	GBP 994,628,598	GBP 1,033,556,018
Changes to residual values	-1%	-16%	-20%
Share price at year end	GBP 43.20	GBP 30.40	GBP 24.00

DIVIDENDS AND DISTRIBUTIONS

The Board is aware of the importance of cash returns for Shareholders. As Emirates recently announced its best financial performance ever and Thai Airways continues its slow rehabilitation and recapitalisation, we announced a new dividend target of 7 pence per share and we expect that this level of dividend can be maintained, at least until the aircraft leases begin to expire. In addition in the year to 31 March 2023, we paid £28,002,108 to Shareholders through a partial compulsory redemption.

BOARD

Shareholders will be aware that we have made changes to the composition of the Board. Most recently, Tom Sharp joined in order to add further weight to our analysis of ongoing and future strategies and their financial implications for our investors. His financial and analytical skills are proving to be invaluable and complement the existing and varied skills of the other board members.

VALUATIONS

Of our three aircraft types, two are no longer in production and represent the older, heavier and less fuel efficient aircraft designed more than 20 years ago. Shareholders will have noted the accounting impairments that have had to be made in the prior 2 years, but further impairments are not required this year, due to the recovery in air travel and estimated aircraft values.

It should also be noted that accounting book value after impairment is not the same as actual market value. Assessing the value on the open market of A380 aircraft remains difficult. Meanwhile B777-300ER values have been heavily written down for several years, notwithstanding the great success of that aircraft type. Conversely, the A350-900 is a modern, light weight fuel-efficient twin and is proving popular as a replacement for the older widebody. The production of new aircraft has been slow following the widely reported supply chain issues in its almost total stoppage in 2020/21. This lack of new supply should preserve some value even in aircraft which, in other times, would be heading into retirement.

Emirates has never missed a rent payment and its income underwrites all of the costs and expenses of the Group and 100% of dividends, Thai makes a small contribution to the former, but zero to the latter.

Just what value can be realised for Shareholders as the leases approach their end is a continuing focus of the Board and its advisers.

In summary, the past year has been positive and we thank our service providers and advisers for their contributions, and you, our Shareholders, for your patience and support.

Robin Hallam
Chairman

Date: 28 July 2023

Asset Manager's Report

AA4P PORTFOLIO UPDATE[1]

As reported in the Management Discussion and Analysis displayed on the Thai Airways' website, Thai Airways announced a US$347.9m profit for the quarter ended 31 March 2023. This performance comes after a positive end to the airline's 2022 full financial year where it reported a US$77.9m net profit. The airline is expanding its operations and fleet in line with growing passenger demand. The Company's aircraft continue to be in service for the carrier's operations.

Following the Company's previously published factsheet, there have been no significant developments in the rehabilitation of Thai Airways. The airline received approval in October 2022 to revise its capital restructuring under the rehabilitation plan and is currently performing in line with its targets.

As reported in the announcement for 2022/23 results displayed on the Emirates' website, Emirates recorded a US$2.9bn profit for the 2022/23 financial year, which ended on 31 March 2023. The airline substantially improved its financial results after last year's US$1.1bn loss, reflecting the best performance in the airline's history. Emirates continues to maintain its positive performance, as the airline adds more routes and flights to its network. In anticipation of a busy summer 2023 season Emirates has reintroduced or is reintroducing the A380 to the following destinations: Glasgow (from 26 March), Casablanca (from 15 April), Beijing (from 1 May), Shanghai (from 4 June), Nice (from 1 June), Birmingham (from 1 July), Kuala Lumpur (from 1 August), and Taipei (from 1 August). By the end of the summer season the carrier expects to operate A380 aircraft to almost 50 destinations, restoring close to 90% of its pre-pandemic A380 network. As of 31 March 2023, four of the Company's A380s are in service and it is expected that remaining two (MSN 208 and MSN 201) will return by Q4'23, and Q2'24, respectively.

INDUSTRY UPDATE

In its latest update, the International Air Transport Association (IATA) announced that the recovery in air travel demand continues in 2023.

Air passenger market overview – March 2023

	Passenger Traffic (RPKs) (% change yoy)	Capacity (ASKs) (% change yoy)	Passenger Load Factor Level (% -pt)	Passenger Load Factor Level
International	▲68.9%	▲48.0%	▲10.1%	81.3%
Domestic	▲34.1%	▲32.8%	▲0.8%	79.8%
Total	▲52.4%	▲41.2%	▲5.9%	80.7%

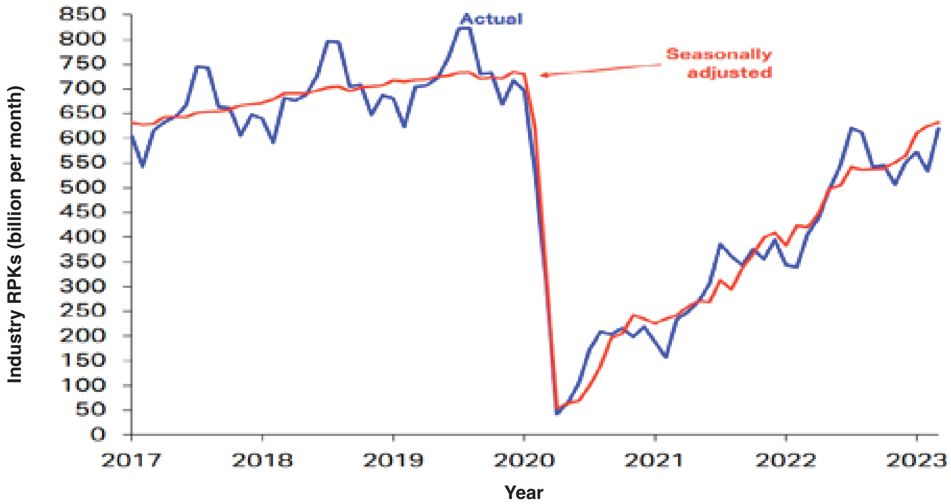
Source: Air Passenger Market Analysis – March 2023

IATA's Director General, Willie Walsh, commented *"The calendar year first quarter ended on a strong note for air travel demand…… Even more importantly, ticket sales for both domestic and international travel give every indication that strong growth will continue into the peak Northern Hemisphere summer travel season."*

[1] US$ figures are converted at: US$ 1 = AED 3.67; 1 THB = US$ 0.02929 as of 31 March 2023; 1 THB = US$ 0.028887 as of 30 December 2022 for figures shown as of 2022.

Asset Manager's Report (continued)

Global air passengers, revenue-passenger kilometres (RPKs), billions



Sources: IATA Economics, IATA Monthly Statistics, Air Passenger Market Analysis – March 2023

EMIRATES

Financial Highlights[2]

Income Statement	FY 22/23	YoY Change
Revenue	US$ 29.3bn	▲81%
EBITDA	US$9.1bn	▲88%
Profit/(Loss)	US$ 2.9bn	N/A[3]
Cash Assets	US$ 10.2bn	▲79%
Passengers carried	43.6m	▲2.2x
Available seat km	284.02bn	▲78%

Source: Emirates Group Annual Report 2022-2023 displayed on Emirates website

His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said *"In 2022-23, we've not only brought back most of our operations but also grew our footprint and capabilities by investing in people, product, and new technologies – demonstrating our agility and ability."*

"We go into 2023/24 with a strong positive outlook and expect the Group to remain profitable. We will work hard to hit our targets while keeping a close watch on inflation, high fuel prices, and political and economic uncertainty."

Operational Highlights

To serve strong customer demand, Emirates launched new services to Tel Aviv, Emirates relaunched flights to six destinations and increased operations to 62 cities across its network. By 31 March 2023, the Emirates network comprised 150 destinations across six continents, including 9 cities served by its freighter fleet only.

Emirates also deployed its flagship A380 aircraft to even more cities during the year, bringing its A380 network close to 50 destinations.

Emirates continues to invest in delivering ever better customer experiences. In order to grant its customers access to even more destinations, Emirates signed agreements with new codeshare partners in 2022-23 most notably with United Airlines and Air Canada. This expand the airline's connectivity in the Americas to over 200 new destination, in addition to improving the benefits of its frequent flyer programme.

During the year, it launched its full Premium Economy experience to hugely positive customer feedback and brought into service the first 6 of its newly retrofitted A380s with completely refreshed cabin interiors.

2 US$ figures are converted at: US$ 1 = AED 3.67.

3 Previously reported a loss, hence the YoY change is not applicable.

THAI AIRWAYS INTERNATIONAL

Financial Highlights[4]

Income Statement	Q1'23	YoY Change
Revenue	US$ 1.1bn	▲3.8x
Expenses	US$ 772.6m	▲2x
Profit/(Loss)	US$ 347.9m	N/A[5]
Cash Assets	US$ 1.2bn	▲7x
Passengers carried	2.2 million	▲9.5x
Available seat km	12.1bn	▲2.3x

Source: Thai Airways Management Discussion and Analysis Q1/2023 displayed on Thai Airways website

Rehabilitation Plan

On 26 May 2020, to ensure the future of the airline, Thai Airways submitted the Rehabilitation Plan, in the form of a petition to file for rehabilitation to the Central Bankruptcy Court of Thailand to implement measures to cut costs and to stabilize revenues. On 20 October 2022, the Court approved the amendment to the Rehabilitation Plan, which involved a capital restructuring. The plan administrator and executives are confident that the business reorganisation under the Rehabilitation Plan will be implemented smoothly to the benefit of creditors.

Operational Highlights

After an impressive end to the 2022 financial year, Thai Airways continued its positive performance in the first quarter of 2023. The airline operated in line with its Rehabilitation Plan, progressed its operations and improved its fleet efficiency.

According to Cirium Fleet Analyzer as of 15 June 2023, Thai Airways has a total fleet of 71 aircraft (50 are leased and the remainder are owned). This fleet comprises a variety of aircraft types such as A380s, A350s, A330s, A320s, B787s, B777s and B737s. About 63% of the fleet is in service. Thai Airways disclosed that it intends to sell six B777-300 aircraft that were no longer part of future fleet plans.

Thai Airways recently returned a B777-200ER aircraft to service. The aircraft mainly operates on the Singapore, Kuala Lumpur, Jakarta, Kolkata, New Delhi, Chennai, Dhaka and Islamabad routes in order to accommodate the growing passenger demand driven by the aviation sector's recovery. The four AA4P A350 aircraft on lease to Thai returned to revenue service between October 2021 and January 2022. From January 2022 to March 2023 the Company's A350s have been operating a monthly average utilization of 285 hours and 66 cycles. They are mainly operating routes in Australasia regions.

In the revised Rehabilitation Plan, the carrier also plans to acquire a total of nine additional aircraft to support the expansion of its operations. Thai Airways has signed operating lease agreements for two A350-900 aircraft, which are expected to be in operation in the second quarter of 2023 flying to Stockholm, Jakarta, and Melbourne. Thai Airways are emerging strongly from the bankruptcy process and reported a profit for the year ended 31 December 2022 of US$ 77.9m. The airline is focused on growing its fleet, with the primary focus on the A350 aircraft, which will come as welcome news to AA4P. The four A350's are proving to be beneficial to AA4P, as the Company is now receiving regular monthly rental and engine maintenance reserve payments from Thai Airways. It appears that the aircraft's futures are safe within Thai Airways and that they will continue to operate these aircraft far into the future.

4 1 THB = US$ 0.02929 as of 31 March 2023; 1 THB = US$ 0.028887 as of 30 December 2022 for figures shown as of 2022.

5 Previously reported a loss, hence the YoY change is not applicable.

Environmental Social and Governance ("ESG") Policy

Introduction

The Company recognises that Shareholders and other stakeholders 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 is commensurate with the size, nature and complexity of its business.

This Company's current policy seeks 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 have pushed that end date out to 2036 for certain assets.

The Company has adopted a policy to consider ESG where possible and applicable although recognising that it is severely constrained by the nature of the Company's activities and the contracts that 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 Airways on its website.

The Company

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

The Company is governed by its Board on behalf of its Shareholders. Five of the six Directors are independent and all are 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 the Asset Manager;
- arranging meetings with major Shareholders 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, or 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, where good governance principles can be achieved, via a video link.

Sometimes directors are required to travel in the fulfilment of their duties and, where good governance allows, travel is kept to a minimum. 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 lessees.

The Company's own operations consequently have a limited physical footprint and therefore its direct environmental impact is low.

The Board of Directors

The Board recognises the importance of gender diversity and ethnic inclusion. The Board takes 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 and any exceptions are reported in the Directors' Report section of these accounts.

Environmental Social and Governance ("ESG") Policy (continued)

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

- there are no relevant disclosures to be made regarding 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 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 that the Group has no influence whatsoever in the use of the relevant aircraft by each lessee; 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 report of September 2020 stated that prior to the COVID-19 pandemic, aircraft flights produced 915 million tons of carbon dioxide, or 2% of the 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.

The Group's choice of aircraft was 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 any 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. Until 1 April 2022 the Company had redeemed a total of 300,911,517 Shares, returning a total of £128,477,460 to investors. On 1 March 2023 the Company undertook the compulsory redemption of 43,414,122 Shares on the basis of one for eight Shares held as at 28 February 2023 at a redemption price of 64.50 pence per Share redeemed.

As at 21 July 2023, the last practicable date prior to the publication of this report, the Company's total issued share capital was 303,899,361 Shares trading at 45.25 pence per Share giving the Company a market capitalisation of £137 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, the aircraft leased to Etihad Airways were disposed of and the remaining aircraft are leased either to Emirates or Thai Airways.

Given the COVID-19 crisis and the devastating effect it has had upon the long-haul air travel industry, and one of the Group's lessees, Thai Airways is subject to 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 31 March 2023, the Company had 12 wholly-owned aircraft owning subsidiaries and two Irish leasing subsidiaries, see note 10 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.

Until December 2019 the Group received income in accordance with its originally contracted leases from all of its lessees and quarterly income distributions were made to Shareholders in line with the Company's then target 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 resumption of regular rental payments by Thai Airways and the agreements 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 and it has done so each quarter since then.

Details of dividends declared by the Board during the year under review are set out on page 23.

Return of Capital

The Board may, as it deems appropriate at its absolute discretion, either return to Shareholders all or part of the net capital proceeds (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.

Business Model (continued)

Completion Date	Announcement	Shares Redeemed	Redemption Price (per share)
28 September 2020	£98.5 million returned	214,083,243	46 pence
8 December 2021	£30 million returned	86,828,274	34.55 pence
1 March 2023	£28 million returned	43,414,122	64.50 pence

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 the 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.

The Board, acting in accordance with section 172 of the UK's Companies Act 2006, recognises its duty to promote the success of the Company for the benefit of its members as a whole, with due regard to the interests of all stakeholders. The Board considers Shareholders as their primary stakeholders, whose interests are primarily aligned with the investment objectives of the Company.

In response to this understanding and in commitment to these principles, the Board decided to return £28 million in surplus cash to shareholders through a partial compulsory redemption of Shares in March 2023. Following a compressive review of the Company's performance, the Board also decided to increase the dividend payment per share from 1.25 pence to 1.5 pence in July 2022 and further increase to 1.75 pence in April 2023.

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 past difficulties have arisen due to government action and not wilful default by lessees. The cooperation between the Company and lessees is a key to overcoming such difficulties.

The Board's engagement with Shareholders is described in the section "Dialogue with Shareholders" on page 30. 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 professional 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

Business Model (continued)

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 the Company's viability statement on page 21, the Board has assessed the Group's viability for a period of three years, however it also considers the prospects of the Group for at least the duration of each lease, whenever it considers the Group's sustainability. All strategic decisions are therefore taken with the long-term success of the Group in mind and the Board would take external advice whenever it considered that such would be beneficial to its decision making process, primarily from its retained service providers (including legal counsel), but also from other external consultants.

The Board recognises that ESG considerations can have a significant impact on investment activity in terms of raising funds, identifying investment opportunities and long-term value creation for Shareholders. Please see more information regarding ESG in the report on pages 8 to 9.

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. Full details of the Asset Manager's responsibilities are outlined in the Company's Prospectus.

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. Details of the responsibilities undertaken by Amedeo Services (UK) Limited are given in previous annual reports and in the Prospectus.

Amedeo is a globally recognised aircraft asset manager and principal investor in leasing transactions to customer airlines around the world. The aircraft portfolio currently managed by the Amedeo group includes twenty-one aircraft under management. The value of assets under management is c. $5 billion, which includes 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 was 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.

Business Model (continued)

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 for further details.

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, 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 interests of the Company and its Shareholders as a whole.

A full list of the Group's service providers is set out on pages 12 and 13.

Board of Directors

As at 31 March 2023, the Company had six directors, five of whom are independent and all of whom are non-executive.

Robin Hallam (Chairman) (Independent non-executive)
Until 31 December 2015, Robin Hallam was a partner and co-head of Asset Finance at the 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 ISTAT and was ranked Band 1 for Asset Finance in Chambers UK 2015. Robin was appointed to the Board as Chairman on 29 April 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 PLC, an inter-dealer broker, as COO and oversaw two mergers and a number of acquisitions. Since retiring from ICAP he has held several non-executive directorships of both public and private companies. He is currently a non-executive director of Walker Crips PLC, a stock broker and wealth manager; and DDCAP Ltd, the leading arranger of Sharia Compliant financial transactions. He is a founding partner of Castellain Capital LLP, a successful fund management firm. David holds a BSc in Statistics and Law from the University of Jerusalem and an MSc in Computer Science from the University of London. David was appointed as director and a member of the Audit Committee on 29 April 2015.

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. Laurence was appointed as director and a member of the Audit Committee on 2 June 2016.

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 three 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.

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. Mary is also a Non-Executive Director of a life insurer, a reinsurer and of an investment platform business. She chairs the Audit and Risk Committee at two of these firms. Mary's charity work includes being a member 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.

Board of Directors (continued)

Tom Sharp (non-executive)

Tom is an executive director of Metage Capital Limited, a 6.85 per cent Shareholder in the Company and an experienced non-executive director of both public and private companies. He has worked at Metage since 2002 and his career has included working with firms listed on AIM and the main boards of the Hong Kong and Luxembourg Stock Exchanges. Tom has twenty years of experience in investing in listed closed-end funds, an ability to build consensus with a range of stakeholders and in structuring and negotiating commercial transactions. He holds an M.A. Hons from Cambridge University and is a CFA Charterholder. Tom was appointed as a director of the Company on 19 January 2023.

As the Metage shareholding is considered "significant", Tom is not independent under the criteria set out by the AIC Code.

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.

Description	Impact	Mitigation	Current Assessment
Operational Risk			
There is a risk that the Group will not achieve its objectives. 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 with the result 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 risk is mitigated by the Company using well established, reputable and experienced service providers. These service providers are given clear guidance as to the Board's expectations of them and as to what exactly has been delegated to them. The Board assess service providers' continued performance on an annual basis.	**Stable:** The Board has satisfied itself through interaction with, and monitoring of the performance of, service providers that adequate controls are working effectively with no change during the current year.
Key Personnel Risk			
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 will 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 Board of the Company cannot control this risk, but seeks to ensure that more than one individual is involved where practical and discusses succession issues with Amedeo Limited. The service provision agreements in place seek to ensure that the level of service remains continuous.	**Stable:** The Board has satisfied itself by monitoring the performance of Amedeo Limited that appropriate personnel and succession plans are in place.

Corporate Information (continued)

Description	Impact	Mitigation	Current Assessment
Investment Risk			
The Group have entered 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 such leases, the cost of repair and maintenance will fall upon the Group. 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.	Amedeo Limited monitor the maintenance of the Assets by lessees and report regularly to the Board. Maintenance reserves on the Company's A350 assets are held to ensure funding is available for required maintenance. No new investments are currently envisaged.	**Stable:** No maintenance issues have been identified in the year and the Board has concluded that controls are working effectively with no new investments currently envisaged.
Insurance Risks			
The lease for each Asset requires that the lessee insures the Asset, however, inflation, changes in ordinances, environmental considerations 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.	The lease for each Asset requires that the lessee insures the Asset. The level and effectiveness of insurance is monitored by the Asset Manager, with any concerns reported to the Board.	**Stable:** No insurance issues have been identified in the year and the Board has concluded that controls are working effectively with no change during the current year.
Return of Assets at End of 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. A risk remains for redelivery of an Asset in a condition other than contracted condition.	This would impact 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.	**Decreasing:** The lessee airlines are reputable and performing well financially, reducing the likelihood of them wishing to return the aircraft in non-contractual condition.

Corporate Information (continued)

Description	Impact	Mitigation	Current Assessment
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 increases 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 issues (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).	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 in 2020 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 Group'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. The Asset manager regularly reports its views on these aspects to the Board	**Decreasing:** The lessee airlines are reputable and performing well financially, and air traffic volume appears to be returning to pre-Pandemic level.

Corporate Information (continued)

Description	Impact	Mitigation	Current Assessment
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 "highest and best use" value has been used for accounting purposes given that the aircraft are held for use in a leasing business. 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 fluctuate over short periods of time and may be based on estimates. There can be no guarantee that the Assets, valuations for which are subject to significant volatility and uncertainty, and depend on various factors beyond the control of the Group, Amedeo Limited and the IEV, could ultimately be realised at the Group's valuation.	The Asset Manager and subsequently the Board will consider valuations provided annually by IEVs and shall, if there are indicators that would suggest a diminution in book value of one or more of the Assets, as may be determined in consultation with the Administrator and the Asset Manager, make appropriate adjustments (for accounting purposes) to the net asset value and net asset value per Share of the Group. The Group has a robust process to ensure that valuations accurately reflect the requirements of IFRS. IEVs will be engaged on an annual basis to report on fair value for accounting purposes only.	**Stable:** Controls are working effectively with no change during the current year.
Borrowings and Financing Risk			
There is a risk that the Group is exposed to fluctuations in market interest rates and foreign exchange rates.	Significant change to financing costs could affect the Group's ability to meet its financial obligations and impact its financial performance.	This risk has been 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 the lease rentals. In the case of the four Thai Airways aircraft, the renegotiated fixed lease rentals which began on 1 January 2023 are closely matched to the floating rate loan repayments, which are also hedged to minimise interest rate exposure. The Asset Manager provides the Board with a quarterly report on the performance of the lessees and of the Assets. The expense budget is also reviewed at least quarterly to ensure that adequate reserves are maintained to meet operational expenses.	**Decreasing:** The establishment of a fixed rental period for Thai aircraft has removed much of the risk of mismatch between rentals and debt service which existed during the PBH period.

Description	Impact	Mitigation	Current Assessment
Lessee Risk			
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. There is a risk that airlines may not properly maintain aircraft which may lead to an impairment of the aircraft's value.	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 Group closely monitors each airline's usage of aircraft and their compliance with agreed maintenance schedules. The credit quality and risk of lease default is also managed through routine credit reviews of the lessees and monitoring of lease compliance by the Asset Manager.	**Stable:** Controls are working effectively with no change during the current year.
Legal and Compliance Risks			
The Group is required to comply with the Law, the obligations of a listing on the SFS, the DGTRs and other relevant regulations. A risk exists for failure to comply with applicable laws and regulations or to respond in a timely manner to changes to the Law, the obligations of a listing on the SFS, the DGTRs or other relevant regulations.	Non-compliance could lead to criminal or civil proceedings, financial penalties, reputational damage, and operational disruption.	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 also 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.	**Stable:** Controls are working effectively with no change during the current year.

Emerging Risks

The Board maintains 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. In the Board's view there are no emerging risks relevant to the Company.

Internal Control and Financial Reporting

The Board is responsible for establishing and maintaining the Group's system of risk management and internal controls, which are delegated to the applicable service providers as appropriate and are 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, including periodic Board meetings, 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 receives at its regular meetings, for its consideration on at least a quarterly basis, updates from its service providers covering the period in review;
- the Board clearly defines the duties and responsibilities of its 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 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; and
- the Board also specifies which matters are reserved for a decision by the Board and which matters may be delegated to its service providers.

Going Concern

The Group's principal activities are set out on page 23. The financial position of the Group is set out on page 40. 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 Consolidated Financial Statements for the year ended 31 March 2023 on the going concern basis.

In their consideration of the appropriateness of the going concern basis, the Directors have taken account of the fact that the Group has always received the lease payments due from Emirates Airlines, the Group's principal lessee, in full and on time. Cash flow modelling carried out has indicated that future lease receipts will enable the Group to meet its obligations as they fall due for at least the next fifteen months from the date of signing these Consolidated Financial Statements.

The lessee Thai Airways stopped paying the amounts due under the leases and also entered into a bankruptcy protection process under Thai Law during 2020, but during 2021 re-commenced paying power by the hour (PBH) rentals, and fixed rentals from 1 January 2023, in accordance with restructured and extended leases. The Company also successfully restructured the associated debt. Accordingly, it is the current opinion of the Board that these lease operations will be self-financing for the foreseeable future.

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 they are reported elsewhere in the consolidated annual financial report.

The Directors regularly consider the viability of the Group and are required by the Law to do so on every occasion that any distribution is to be declared, currently every quarter. 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, and of aircraft values for comparison to outstanding debt at the end of the viability period.

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. Based on the assessment of Principal Risks and Uncertainties at pages 16 to 20 the risks relevant to the Group are considered to be stable and/or decreasing. Mitigation measures and controls currently in place are deemed to be operating effectively to the extent that these matters are not considered to pose any doubt in relation to the Group's viability.

Corporate Information (continued)

The Directors have considered a detailed cash flow forecast for the running costs of the Group, which is updated regularly, on the assumption that lessees continue to fulfil their current lease obligations. This assumption is considered to be reasonable in the light of the recent performance of the lessees and the improving outlook for long haul air travel. The Directors have also considered current cash-flow projections under various adverse scenarios. 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 2026 and that the Group will therefore be able to meet its obligations as they fall due during that period.

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 2023.

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 Consolidated 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 4 to 20, Audit Committee Report and the notes to the Consolidated Financial Statements contained on pages 43 to 72 and are incorporated herein by reference.

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

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 (during the year and up to the date of this report) are shown on pages 14 to 15. Tom Sharp was appointed to the Board of Directors effective 19 January 2023. Further details of the Directors' responsibilities are given on page 25.

Management of Conflicts of Interest

The Company has established guidelines to ensure management of conflicts of interest. The Board has also communicated its 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 39 to 72.

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

Announcement Date	Payment Date	Dividend per Share (pence)
11 April 2022	29 April 2022	1.25
5 July 2022	5 August 2022	1.25
6 October 2022	31 October 2022	1.5
5 January 2023	31 January 2023	1.5

The Company declared and paid the following dividends subsequent to the financial year:

Announcement Date	Payment Date	Dividend per Share (pence)
4 April 2023	28 April 2023	1.75
3 July 2023	Anticipated 31 July 2023	1.75

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	26,887,306
Mirabella Financial Services LLP	8.60	26,141,168
Metage Capital Management Limited	6.85	20,814,876
Weiss Asset Management LP	6.51	19,787,239
Newton Investment Management Limited	6.13	18,624,604
Elliot Investment Management L.P.	6.05	18,375,000
FS Wealth Management Ltd	5.01	15,237,071

*Number of shares as notified directly to the Board or as communicated by Shareholders via TR1 notifications adjusted for any compulsory redemptions in the interim period from the date of notification to the date of this report.

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In order to align the Company's auditing arrangements with the location of its business, the Board decided to change the KPMG entity which undertakes its audit. As a consequence on 23 May 2023 KPMG Ireland, which was reappointed as auditor at the 2022 AGM, tendered its resignation from that role, with KPMG Channel Islands Limited having indicated its willingness to assume the role of auditor. Accordingly, at a Board meeting held on 19 June 2023 the resignation of the KPMG Ireland was accepted and KPMG Channel Islands Limited was appointed to fill the vacancy arising. A resolution proposing the reappointment of KPMG Channel Islands Limited 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 22 was approved by the Board on 28 July 2023 and is signed on their behalf by:

Robin Hallam
Chairman

Statement of Directors' Responsibilities

The Directors are responsible for preparing the consolidated annual financial report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the IASB and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper 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 its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors who hold office at the date of approval of this Director's Report confirm that so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and that each Director has taken all the steps they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Responsibility statement of the Directors in respect of the Consolidated Annual Financial Report

We confirm that to the best of our knowledge:

- the Consolidated Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- the consolidated annual financial report includes a fair review of the development and performance of the business and the position of the Shareholder, together with a description of the principal risks and uncertainties that they face; and
- we consider 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 position and performance, business model and strategy.

Signed on behalf of the Board on 28 July 2023

Robin Hallam
Chairman

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

The Board carries out a review of non-executive director fees annually. It benchmarks fees against available public market data and following review of that information considered that it was appropriate to recommend a cost of living adjustment in relation to non-executive director fees. For the year ended 31 March 2023 that adjustment amounted to 5.6%.

Fees paid to the non-executive directors in the 2023 and 2022 financial years were as follows:

	2023 fees		2022 fees	
Director	Regular directors fees	Additional directors fees in relation to 2023	Regular directors fees	Additional directors fees in relation to 2022
Robin Hallam (Chairman)	£81,000	N/A	£76,875	£25,000
David Gelber	£65,000	N/A	£61,690	£22,000
Laurence Barron	£65,000	N/A	£61,500	£22,000
Mary Gavigan	£65,000	N/A	£41,780	N/A
Steve Le Page (Chairman of the Audit Committee)	£73,000	N/A	£47,002	N/A
Tom Sharp*	£2,083	N/A	N/A	N/A

*Tom Sharp was appointed as director of the Company with effect from 19 January 2023.

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 2023	Number of Shares held as at the date of this report
Robin Hallam	82,250	82,250
David Gelber	171,017	171,017
Laurence Barron	—	—
Mary Gavigan	108,736	108,736
Steve Le Page	87,500	87,500
Tom Sharp*	—	—

*Tom Sharp appointed as director of the Company with effect from 19 January 2023. Tom is an executive director of Metage Capital Limited, the discretionary fund manager to Metage Funds Limited, a 6.85% Shareholder in the Company.

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 principles and provisions 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 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 six directors, their biographies appear on pages 14 to 15 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, five are considered to be independent, with the Chairman being independent from appointment. As part of their examination of the independence of the Board, the Board has concluded that the five directors who served throughout the year 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 serves as an intermediary for Shareholders. Mr Gelber also leads on the evaluation of the performance of the Chairman.

None of the Directors hold employment in any other public companies 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 Steve Le Page will retire and, being eligible, offer himself for re-election. Having considered the performance and contributions made by Mr Le Page, and having regard to his biography on page 14 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.

Board Evaluation

In February 2023 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 published 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 ten Board meetings and three 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	10 of 10	N/A*	N/A
David Gelber	9 of 10	3 of 3	N/A
Laurence Barron	10 of 10	3 of 3	N/A
Mary Gavigan	10 of 10	3 of 3	N/A
Steve Le Page	10 of 10	3 of 3	4 of 4
Tom Sharp	1 of 1**	N/A***	N/A

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

**Tom Sharp was appointed as director of the Company with effect from 19 January 2023.

***Tom Sharp is not a member of the Audit Committee.

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.

Corporate Governance Statement (continued)

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 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. 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 the 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. KPMG Ireland, which was reappointed as auditor at the 2022 AGM, tendered its resignation from that role on 23 May 2023, but has confirmed that there are no circumstances connected to its resignation which should be brought to the attention of the Board or Shareholders. KPMG Channel Islands Limited indicated its willingness to assume the role of auditor. Accordingly, the Audit Committee recommended that the Board accept the resignation of KPMG Ireland and the appointment of KPMG Channel Islands Limited to fill the vacancy arising. The Board duly accepted these recommendations at a meeting held on 19 June 2023, and a resolution proposing the appointment of KPMG Channel Islands Limited will be submitted at the forthcoming annual general meeting to be held pursuant to section 199 of the Law. 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 appointment of KPMG Chanel Islands Limited as the Company's external auditor be proposed to Shareholders at the 2023 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 of KPMG as auditor) 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 consolidated annual financial report for the year ended 31 March 2022 and the consolidated half-yearly financial report for the period ended 30 September 2022. The report from the Chairman of the Audit Committee is on pages 31 to 33.

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 10; 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. 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 raised with it. The Company provides regular updates to Shareholders through factsheets, webinars and annual and half-yearly financial reports.

The Directors contact details are given on page 73 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.gg.

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 Consolidated Financial Statements. In carrying out this review the members of the Committee take 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: 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

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*.

How the Audit Committee addressed these significant issues

The Group believes that the use of forecast base values excluding inflation best approximates residual value as required per IAS 16 Property, Plant and Equipment. On this basis, updated investment valuations were commissioned and received from third party professional appraisers for all of the Assets at the year-end and analysed by Amedeo and the Directors. The Audit Committee believes that those valuations are appropriate for the purposes of calculating depreciation.

The residual value excluding inflation used in the calculation of depreciation 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 from the appraisers' reports. An average of the three independent appraisers is therefore used to determine the appropriate residual value.

Significant issues for the year

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.

How the Audit Committee addressed these significant issues

During 2020/21 and 2021/22, the impact of the COVID 19 pandemic and associated travel restrictions on residual values of the Group's assets and on the airline industry generally led to significant provisions for impairment being made in the Consolidated Financial Statements.

Whilst, as referred to above, the current situation of the industry and of the lessees is much improved, it was felt, in line with IAS36, to be appropriate to perform another impairment test this year. This process utilised the same methodology as last year and the Board has concluded that no further provisions for impairment are required this year.

Going Concern and Viability

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.

However, Thai Airways remains in bankruptcy protection and consequently the market has not yet restored its previous credit rating. The Directors have established a precautionary credit loss provision against certain receivables from that lessee. To the extent not recovered during the restructuring of the leases with Thai Airways, credit losses provided for in previous years were realised in the prior year.

As set out in the going concern note 2(i) and in the viability statement on page 21, the Audit Committee and the Board are comfortable that the Group is both a going concern and viable.

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 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 was 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 its 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 any impairment provisions, the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with the service providers, the independence of their audit and how they have exercised professional scepticism.

Audit Committee Report (continued)

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.

KPMG Ireland, which was reappointed as auditor at the 2022 AGM tendered its resignation from that role on 23 May 2023. KPMG Channel Islands Limited indicated its willingness to assume the role of auditor. The Audit Committee has recommended to the Board that the resignation of KPMG Ireland be accepted and that KPMG Channel Islands Limited be appointed to fill the vacancy arising. A resolution regarding the appointment of KPMG Channel Islands Limited will be submitted at the forthcoming annual general meeting to be held pursuant to section 199 of the Law.

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

Conclusion

The above report outlines the work of the Audit Committee in respect of these Consolidated Financial Statements and generally. The conclusion of the Audit Committee is that these Consolidated 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 Audit Committee believes they show a true and fair view of the performance of the Company for the year ended 31 March 2023 and of its financial position at that date.

Steve Le Page
Chairman of the Audit Committee

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

OUR OPINION IS UNMODIFIED

We have audited the Consolidated Financial Statements of Amedeo Air Four Plus Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 March 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying Consolidated Financial Statements:

- give a true and fair view of the financial position of the Group as at 31 March 2023, and of the Group's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards; and
- comply with the Companies (Guernsey) Law, 2008.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

KEY AUDIT MATTERS: OUR ASSESSMENT OF THE RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Consolidated Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2022):

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

	The risk	Our response
Carrying value of property, plant and equipment – aircraft (the "Assets") £1,161,509,286; (2022: £1,209,709,751) Refer to the Audit Committee Report on page 31, note 2 (l) accounting policy and note 10 disclosures	***Basis:*** IAS 36 '*Impairment of Assets*' requires that assets are assessed for impairment on at least an annual basis including management's estimate of the recoverable amount. The standard requires that for all assets in scope at the end of the reporting period, an entity assess whether there is any indication that an asset may be impaired and, where such indications exist, the recoverable amount of the asset is estimated. The Board, together with the Asset Manager, determined that it was necessary to perform an impairment assessment (the "Impairment Assessment") in the current year. The Impairment Assessment was performed in a manner consistent with that laid out in notes 2(l) and 10 to the Consolidated Financial Statements. ***Risk:*** The determination of the carrying value of the Group's Assets is a significant area of our audit, given that it represents a significant portion of the total assets of the Group. The valuation risk of the Group's Assets incorporates a risk of error due to the significance of subjective estimates and complexity involved in the determination of their carrying value. We determined that the carrying value of the Group's Assets has a high degree of estimation uncertainty, giving rise to a potential range of reasonable outcomes greater than our materiality for the Consolidated Financial Statements as a whole. The Consolidated Financial Statements disclose in note 10 the sensitivities estimated by the Company.	*Our audit procedures included but were not limited to:* ***Internal Controls:*** We assessed the design and implementation of key controls over the Assets' valuation. ***Challenging management's method, assumptions and inputs:*** We assessed the consistency of the method applied in the Impairment Assessment with the approach outlined in the Group's accounting policy and the requirements of IFRS. We assessed the reasonableness of the discount rate applied in the Impairment Assessment against the historical performance of the Group's Assets, the lease agreements in place, and observable market data. We assessed the reasonableness of the current market values, residual values and future lease rentals included in the Impairment Assessment by: obtaining and reviewing the reports of the three independent professional appraisers engaged by the Asset Manager (the "Appraisers"); assessing their competence, capability, and objectivity; and by performing inquiries with them and the Asset Manager to understand key judgements. We compared the current market values, residual values and future lease rentals included in the Impairment Assessment to the reports prepared by the Appraisers. We compared the cash flows included in the Impairment Assessment to lease agreements between the Group and its lessees. Based on the findings of the procedures outlined above, we recalculated the carrying value of the Group's Assets and compared this to the carrying value used in the Group's Impairment Assessment. ***Assessing disclosures:*** We also considered the Group's disclosures (see notes 2(l) and 10) in relation to the use of judgements and estimates regarding the determination of the carrying value of the Assets and the Group's measurement policies adopted in note 2 (l) and disclosures in note 10 for compliance with IFRS.

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

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Consolidated Financial Statements as a whole was set at £6,950,000, determined with reference to a benchmark of group total assets of £1,390,135,965, of which it represents approximately 0.5% (2022: 0.5%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the Consolidated Financial Statements as a whole. Performance materiality for the Group was set at 65% (2022: 65%) of materiality for the Consolidated Financial Statements as a whole, which equates to £4,517,500. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £347,500, In addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

The group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total group revenue, total group profit before tax, and total group assets and liabilities.

GOING CONCERN

The directors have prepared the Consolidated Financial Statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Consolidated Financial Statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Group and the Company's financial resources or ability to continue operations over this period were the availability of capital and the lessees' ability to make contractual lease payments in order for the Group to meet operating costs and other financial commitments.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2 (i) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the Consolidated Financial Statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in the notes to the Consolidated Financial Statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Consolidated Financial Statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. Our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with laws and regulations.

The Group is subject to laws and regulations that directly affect the Consolidated Financial Statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Consolidated Financial Statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the consolidated annual financial report but does not include the Consolidated Financial Statements and our auditor's report thereon. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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.

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 Consolidated 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

RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 25, the directors are responsible for: the preparation of the Consolidated Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

THE PURPOSE OF THIS REPORT AND RESTRICTIONS ON ITS USE BY PERSONS OTHER THAN THE COMPANY'S MEMBERS, AS A BODY

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

David Alexander 28 July 2023
for and on behalf of
KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

	Notes	1 Apr 2022 to 31 Mar 2023 GBP	1 Apr 2021 to 31 Mar 2022 GBP
INCOME			
US Dollar based rental income	4	173,474,478	155,413,982
British Pound based rental income	4	34,624,652	34,619,559
		208,099,130	190,033,541
EXPENSES			
Operating expenses	6	(4,908,896)	(5,059,351)
Depreciation and amortisation of aircraft	10	(129,682,968)	(113,384,109)
Impairment of aircraft	10	—	(4,834,603)
Expected credit loss	25	(1,842,796)	—
Trade and other receivables written off	13	—	(30,062,327)
		(136,434,660)	(153,340,390)
Net profit for the year before finance income, finance costs and foreign exchange gains		71,664,470	36,693,151
FINANCE INCOME			
Gain on loan modifications		—	2,605,383
Finance income	11	26,310,651	24,515,446
		26,310,651	27,120,829
FINANCE COSTS			
Loss on extinguishment of loan		—	(1,452,426)
Finance costs	12	(40,071,942)	(38,162,538)
		(40,071,942)	(39,614,964)
Foreign exchange gains		939,728	477,174
Income for the year before tax		58,842,907	24,676,190
Income tax (expense)/credit	24	(31,668)	71,069
Income for the year after tax		58,811,239	24,747,259
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Translation adjustment on foreign operations		15,855,281	11,663,077
Total comprehensive gain for the year		74,666,520	36,410,336
		Pence	**Pence**
Earnings per share for the year – basic and diluted	9	17.11	6.08

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

The notes on pages 43 to 72 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position
as at 31 March 2023

	Notes	31 Mar 2023 GBP	31 Mar 2022 GBP
NON-CURRENT ASSETS			
Aircraft	10	1,161,509,286	1,209,709,751
Trade and other receivables	13	17,972,187	14,715,782
Derivatives at fair value through profit and loss	18	44,599,777	23,249,102
Deferred tax	24	54,210	74,193
Accrued income	25	34,858,268	13,682,483
		1,258,993,728	1,261,431,311
CURRENT ASSETS			
Accrued income	25	3,704,760	7,429,366
Short term investments	14	10,719,241	20,770,215
Trade and other receivables	13	111,110	1,579,769
Cash and cash equivalents	21	116,607,126	101,644,952
		131,142,237	131,424,302
TOTAL ASSETS		1,390,135,965	1,392,855,613
CURRENT LIABILITIES			
Payables	15	215,370	143,708
Deferred income	25	5,628,215	5,450,353
Maintenance provisions	22	45,539,816	139,534
Borrowings	16	109,878,152	81,721,825
		161,261,553	87,455,420
NON-CURRENT LIABILITIES			
Maintenance provisions	22	24,699,887	58,215,979
Borrowings	16	845,529,430	912,906,773
Deferred income	25	17,318,868	20,513,385
		887,548,185	991,636,137
TOTAL LIABILITIES		1,048,809,738	1,079,091,557
TOTAL NET ASSETS		341,326,227	313,764,056
EQUITY			
Share capital	17	492,981,504	520,983,612
Foreign currency translation reserve		46,475,886	30,620,605
Retained deficit		(198,131,163)	(237,840,161)
		341,326,227	313,764,056

	Pence	Pence
Net Asset Value Per Share based on 303,899,361 (2022: 347,313,483) shares in issue	112.32	90.34

The USD/GBP exchange rate was 1.2337 as at 31 March 2023 (2022: 1.3138)

The consolidated statements were approved by the Board of Directors and authorised for issue on 28 July 2023 and are signed on its behalf by:

Robin Hallam, Chairman

The notes on pages 43 to 72 form an integral part of these Consolidated Financial Satements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2023

	Notes	1 Apr 2022 to 31 Mar 2023 GBP	1 Apr 2021 to 31 Mar 2022 GBP
OPERATING ACTIVITIES			
Income for the year after tax		58,811,239	24,747,259
Increase in accrued income		(24,336,592)	(3,054,716)
Decrease in deferred income		(1,530,627)	(3,521,837)
Interest income		(3,344,526)	(181,689)
Depreciation and amortisation of aircraft	10	129,682,968	113,384,109
Gain on derivatives		(1,393,953)	—
Expected credit loss		1,842,796	30,062,327
Impairment of aircraft	10	—	4,834,603
Taxation expense/(credit)	24	31,668	(71,069)
Loan interest payable	12	38,449,531	36,663,596
Fair value adjustments on financial assets	11	(21,290,765)	(24,333,757)
Loan modifications		—	(1,639,457)
Increase/(decrease) in payables		91,643	(51,511)
Maintenance reserves received		8,311,349	719,470
(Increase)/decrease in receivables		915,694	(31,137,532)
Foreign exchange movement		(939,728)	(477,174)
Amortisation of debt arrangement costs	12	1,622,411	1,498,942
NET CASH FROM OPERATING ACTIVITIES		186,923,108	**147,441,564**
INVESTING ACTIVITIES			
Investment in short term deposits	14	(10,719,241)	(20,770,215)
Withdrawal from short term deposits	14	20,770,215	22,789,120
Interest received	11	3,344,526	181,689
NET CASH FROM INVESTING ACTIVITIES		13,395,500	**2,200,594**
FINANCING ACTIVITIES			
Dividends paid	8	(19,102,241)	(4,341,418)
Share redemption paid	17	(28,002,108)	(29,999,169)
Premium paid on derivatives acquired		—	(3,647,627)
Repayments of capital on senior loans	23	(103,301,759)	(85,570,355)
Payments of interest on senior loans	23	(31,068,163)	(25,768,010)
Payments of interest on junior loans	23	(11,849,067)	(10,089,604)
Security trustee and agency fees	12	(219,593)	(193,908)
Gain received on derivatives		1,585,327	—
NET CASH USED IN FINANCING ACTIVITIES		(191,957,604)	**(159,610,091)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		101,644,952	**118,060,583**
Increase(/(decrease) in cash and cash equivalents		8,361,004	(9,967,933)
Effects of foreign exchange rates		6,601,170	(6,447,698)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	116,607,126	**101,644,952**

The notes on pages 43 to 72 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

	Notes	Share capital GBP	Retained deficit GBP	Foreign currency translation reserve GBP	Total GBP
Balance as at 1 April 2022		520,983,612	(237,840,161)	30,620,605	313,764,056
Income for the year		—	58,811,239	—	58,811,239
Other comprehensive gain for the year		—	—	15,855,281	15,855,281
Total comprehensive gain for the year		—	58,811,239	15,855,281	74,666,520
Transactions with owners of the Company:					
Share redemption	17	(28,002,108)	—	—	(28,002,108)
Dividends paid	8		(19,102,241)	—	(19,102,241)
Total transactions with owners of the Company:		(28,002,108)	(19,102,241)	—	(47,104,349)
Balance as at 31 March 2023		492,981,504	(198,131,163)	46,475,886	341,326,227

	Notes	Share capital GBP	Retained deficit 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
Income for the year		—	24,747,259	—	24,747,259
Other comprehensive gain for the year		—	—	11,663,077	11,663,077
Total comprehensive gain 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

The notes on pages 43 to 72 form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

1. GENERAL INFORMATION

The consolidated financial information incorporates the results of Amedeo Air Four Plus Limited (the "Company") and its Guernsey Subsidiaries, 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 and AA4P Xi Limited, and its Irish Subsidiaries, AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 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 (except for PBH rent which was received until 31 December 2022), some loan repayments making use of interest rate swaps and interest rate caps, at the outset of the Group's acquisition of an aircraft and are very similar in amount and timing except for the repayment of bullet and balloon repayments of principal due on the final maturity of a loan.

2. ACCOUNTING POLICIES

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

(a) Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"). The Consolidated Financial Statements give a true and fair view and comply with the Law.

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

Change in comparatives

Certain comparative figures have been reclassified in the Consolidated Statement of Financial Position (accrued income has been split between current assets and non-current assets) in order to conform to the current year presentation. There is no material impact of these amendments on the Consolidated Financial Statements.

Changes in accounting policies and disclosure

The following Standard's 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 consolidated 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 significant impact on the amounts reported in these Consolidated Financial Statements and is not expected to have any impact on future financial periods:

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Reference to the Conceptual Framework (Amendments to IFRS 3) – The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16) – The amendments prohibit 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. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) – The amendments specify 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).

Annual Improvements 2018-2020 Cycle made amendments to the following standards:

IFRS 1 – 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 – 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.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IFRS board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

New and Revised Standards in issue but not yet effective

Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and error' on definition of material. The effective date is for annual periods beginning on or after 1 January 2023. These amendments to IAS 1, IAS 8 and consequential amendments to other IFRSs:

- use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immateriality information.

Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1) – The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

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 a 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 the deferred tax 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.

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 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 Pound Sterling ("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 that may subsequently be reclassified to profit or loss. The cumulative gains and losses arising from the translation of the financial statements of foreign subsidiaries are held in equity as a foreign currency translation reserve and 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 Consolidated Financial Statements for the year ended 31 March 2023 on the going concern basis.

In their consideration of the appropriateness of the going concern basis, the Directors have taken account of the fact that the Group has always received the lease payments due from Emirates Airlines, the Group's principal lessee, in full and on time. Cash flow modelling carried out has indicated that future lease receipts will enable the Group to meet its obligations as they fall due for at least the next fifteen months from the date of signing these Consolidated Financial Statements.

One of the lessees, Thai Airways, stopped paying the amounts due under the leases and also entered into a bankruptcy protection process under Thai Law during 2020, but during 2021 re-commenced paying PBH rentals, and fixed rentals from 1 January 2023, in accordance with restructured and extended leases, although it still remains in bankruptcy protection. The Company also successfully restructured the associated debt. Accordingly, it is the current opinion of the Board that these lease operations will be self financing for the foreseeable future.

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) Rental income

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. PBH rent was paid up until 31 December 2022, after which fixed rent 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 relation to deferred income will reduce over time as the leases continue and approach the end of the lease terms.

(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 until such time as any retention is virtually certain. Maintenance provisions not expected to be utilised within one year are classified as non-current liabilities and maintenance provisions expected to be utilised within one year are classified as current liabilities. There is a remote possibility that the lessor may retain some of the reserves held, but otherwise 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.

(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 asset is expected to have a significant portion of its useful economic life remaining at the end of the lease. 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 for the aircraft leased to Emirates and eighteen years for the aircraft leased to Thai Airways, using the straight line method. Residual values have been arrived at by taking the average amount as per the independent external valuers and after taking into account disposition fees. The Directors consider that the use of forecast base values, excluding inflation, best approximates residual value as required by IAS 16 Property, Plant and Equipment.

2. ACCOUNTING POLICIES (continued)

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

(a) Depreciation (continued)
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 Assets were already of the age and condition they will be in at the end of the lease.

Depreciation starts when the Asset is available for use.

(b) Impairment
At each financial year end 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 of the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Asset for which the estimates of future cash flows have not been adjusted.

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

(m) Financial assets and financial liabilities

(a) Classification
The Group classified its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through the Consolidated Statement of Comprehensive Income); and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will be recorded in the Consolidated Statement of Comprehensive Income.

The interest rate swaps and interest rate caps in the Group are measured at Fair Value through Profit or Loss ("FVTPL") as they are managed on a fair value basis in accordance with a documented investment strategy and accordingly they 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.

2. ACCOUNTING POLICIES (continued)

(m) Financial assets and financial liabilities (continued)

(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 categories:

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.

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 (which includes accrued income as per note 25) 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.

When estimating any ECL arising on short-term investments, 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.

2. ACCOUNTING POLICIES (continued)

(m) Financial assets and financial liabilities (continued)

(d) Impairment (continued)

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 and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the 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 classified as FVTPL 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 rate method, with the interest expense recognised on an effective interest rate basis.

The effective interest rate 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 loan.

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.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

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. As detailed in note 10 there was a change in the estimated residual value for all aircraft, which resulted in a net increase in the annual depreciation charge for the year.

Depreciation starts when the Asset is available for use.

Operating lease commitments – Group as lessor

The Group had entered into operating leases on twelve Assets as at the year-end (2022: 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)(a), 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.

In estimating residual value at the 31 March 2023 audited annual year end (and 31 March 2022 year-end) for the A350's and Boeing 777-300ER aircraft, the Directors have made reference to forecast market values using forecasted 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, increased by 20%, the net profit/(loss) before exchange gains for the period would have increased and closing Shareholders' equity would have increased by approximately £13.87 million (31 March 2022: Increased by £10.76 million). A decrease in residual value by 20% would result in the net profit/(loss) before exchange gains for the period to decrease and closing Shareholders' equity would decrease by approximately £25.29 million (31 March 2022: Decreased by £10.76 million).

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Impairment

Factors that are considered important which could trigger an impairment review include, but are not limited to, a 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 and 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.

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 (i.e. the income streams associated with the lease and the expected future base 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 transactions can be identified, an appropriate valuation model is used. Such a valuation reflects the 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 timing of new aircraft model launches;
- information regarding Airbus cancellation of the A380 programme and further updates on the market for A380 aircraft, creating uncertainty as to the liquidity of the future market for sale or re-lease; and
- the Group's market capitalisation as at 31 March 2023 is lower than the Group's Net Assets in the Statement of Financial Position at the same date.

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 all of the A380 and 777-300ER aircraft the 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 to issues of counterparty credit risk have been reflected in the discount rate used to calculate the net present value of the future cash flows. In the current year for the A350 aircrafts, 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)

Impairment (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 Assets.

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, no impairment loss was recognised in the current year (31 March 2022: £4,834,603). The carrying value of the aircraft in total is £1,161,509,286 at year end (31 March 2022: £1,209,709,751), as reflected in note 10.

The Directors have also considered that market capitalisation at year end of £131,284,524 (2022: £105,583,299) is below Net Asset Value of £341,326,227 (2022: £313,764,056) and have concluded that no further aircraft impairment charge is necessary due to the fact that the impairment assessment 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. Market capitalisation has also increased since 31 March 2022.

Rental income for the extended lease period of the A350-900 aircraft

In 2021, the lease agreements were 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. Accrued income was calculated using a lease rate for the extended period determined by taking the average base lease rate from three appraisers. Discussions relating to the calculation of the rent payable during the extended lease term shall commence at least 90 days prior to the start of the extended lease term.

Expected credit losses with respect to trade receivables and the accrued income relating to the aircraft leased to Thai Airways

In the prior year, expected lifetime credit losses on trade receivables (being rent receivables from Thai Airways) were assessed and expected credit losses were recognised (see note 13). The remaining trade receivables as at 31 March 2022 were considered fully recoverable, with any impairment losses on such assets not considered significant.

As at 31 March 2023 the Group re-assessed the credit risk of the accrued income relating to the aircraft leased to Thai Airways and therefore re-assessed the expected lifetime losses on the accrued income at year end (see note 25). For the estimation of the expected credit losses at year end, the Group considered both quantitative and qualitative information and analysis, based on the Group's historical experience and an informed credit assessment and including forward-looking information. The remaining trade receivables as at 31 March 2023 were considered fully recoverable, with any impairment losses on such assets not considered significant.

4. RENTAL INCOME

	1 Apr 2022 To 31 Mar 2023 GBP	1 Apr 2021 To 31 Mar 2022 GBP
US Dollar based rent income	147,542,334	148,775,786
Revenue earned but not yet received	24,229,465	2,951,201
Revenue received but not yet earned	(2,924,392)	(393,744)
	168,847,407	151,333,243
Amortisation of advanced rental income (US Dollar)	4,627,071	4,080,739
	173,474,478	155,413,982
British Pound based rent income	34,689,577	34,681,201
Revenue earned but not yet received	107,127	103,515
Revenue received but not yet earned	(172,052)	(165,157)
	34,624,652	34,619,559
Total rental income	208,099,130	190,033,541

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. The average USD/GBP exchange rate was 1.2058 at 31 March 2023 (1.3665 at 31 March 2022).

An adjustment has been made to spread the actual total income receivable over the term of the leases. In addition, advance rentals received have also been spread over the full term of the leases.

The PBH rent for the year ended 31 March 2023 is £19,773,851 (31 March 2022: £4,295,294). The increase is due to the increased utilisation of the aircraft as restrictions for Covid-19 were lifted in Thailand.

5. OPERATING LEASES

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

	31 March 2023		31 March 2022	
	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	147,248,394	34,668,972	120,529,109	34,668,972
Year 2	147,365,278	34,668,972	135,686,695	34,668,972
Year 3	147,192,951	34,668,972	135,686,695	34,668,972
Year 4	136,178,881	29,837,026	135,686,695	34,668,972
Year 5	105,586,834	18,572,577	135,686,695	29,837,026
Year 6 onwards	249,577,299	1,119,225	214,112,357	19,691,802
	933,149,637	153,535,744	877,388,246	188,204,716

The twelve (2022: twelve) Assets all have an initial lease term of twelve years with lease end dates ranging from September 2026 to January 2036.

6. OPERATING EXPENSES

	1 April 2022 to 31 Mar 2023 GBP	1 April 2021 to 31 Mar 2022 GBP
Corporate and Shareholder adviser fee	95,000	83,671
Asset management fee	3,139,365	2,885,336
Administration fees	360,796	434,783
Bank charges	12,736	8,007
Registrar's fee	25,652	26,657
Audit fee	146,241	123,329
Directors' remuneration	351,083	482,434
Directors' and Officers' insurance	224,465	248,381
Legal and professional expenses	313,367	613,283
Annual regulatory fees	17,437	18,638
Sundry costs	174,026	79,657
Cash management fee	48,728	55,175
	4,908,896	5,059,351

7. DIRECTORS' REMUNERATION

The independent directors' fees are £ 65,000 (31 March 2022: £61,500) per annum with the Chairman receiving an additional fee of £16,000 (31 March 2022: £15,375) per annum and the Chair of the Audit Committee an additional £ 8,000 (31 March 2022: £7,688) per annum.

Non-independent director's fees are £10,000 per annum.

8. DIVIDENDS IN RESPECT OF SHARES

	1 Apr 2022 to 31 Mar 2023		1 Apr 2021 to 31 Mar 2022	
	GBP	Pence per Share	GBP	Pence per Share
First dividend	4,341,419	1.2500	4,341,418	1.2500
Second dividend	4,341,418	1.2500	—	—
Third dividend	5,209,702	1.500	—	—
Fourth dividend	5,209,702	1.500	—	—
	19,102,241	5.500	4,341,418	1.2500

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

Refer to note 28 for dividends declared and paid after year end.

9. EARNINGS PER SHARE

Earnings per Share ("EPS") is 17.11 pence (2022: 6.08 pence) based on the profit for the year of £58,811,239 (2022: profit of £24,747,259) and 343,626,256 shares (2022: 407,022,789 shares) being the weighted average number of Shares in issue during the year.

There are no dilutive instruments and therefore the basic and diluted Profit /Loss per Share are identical.

10. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Aircraft 31 Mar 2023 GBP	Aircraft 31 Mar 2022 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	129,681,811	33,009,871
Cost at beginning of year	2,065,781,879	1,969,109,939
Disposals	—	—
Translation adjustment on foreign operations-current year	134,124,279	96,671,940
Cost as at year end	2,199,906,158	2,065,781,879

	31 Mar 2023 GBP	31 Mar 2022 GBP
ACCUMULATED DEPRECIATION, IMPAIRMENT AND AMORTISATION		
Opening balance	857,509,081	739,290,369
Translation adjustment on foreign operations-opening balance	(1,436,953)	(40,492,260)
Accumulated depreciation and impairment at beginning of year	856,072,128	698,798,109
Depreciation for the current year based on previous year residual values	127,442,041	111,930,032
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	1,484,408	1,943,563
Net depreciation charge on all aircraft for the year	129,682,968	113,384,109
Translation adjustment on foreign operations	52,572,130	38,980,769
Accumulated depreciation as at year end	1,038,327,226	851,162,987
Adjustment due to impairment	—	4,834,603
Translation adjustment on foreign operations*	69,646	74,538
Accumulated depreciation and impairment as at year end	1,038,396,872	856,072,128
Carrying amount – opening balance	1,209,709,751	1,270,311,830
Carrying amount as at year end	1,161,509,286	1,209,709,751

*Translation adjustment on foreign operations

In 2019 the decision was made by the Board to re-designate the functional currency of the subsidiaries to USD and to classify them as foreign operations. Therefore the carrying values of the aircraft in the subsidiaries in USD have been re-translated at the closing Sterling / US Dollar exchange rate at 31 March 2023 (and 31 March 2022) for consolidation purposes through "Translation adjustment on foreign operations".

Financing of aircraft

In order to complete purchases of the aircraft, subsidiaries of the Company have entered into debt financing agreements with a senior fully amortising loan and junior balloon loan (see note 16). The Company used the equity proceeds in addition to the finance agreements to finance the acquisition of the aircraft.

The Group's aircraft with carrying values of £1,161,509,286 (31 March 2022: £1,209,709,751) 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 £nil was recognised in the current year (31 March 2022: £4,834,603), with the impairment test resulting in an updated carrying value of the aircraft in total of £1,161,509,286 at year end (31 March 2022: £1,209,709,751).

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 valuation changes for the current portfolio of aircraft:

- changing technologies, market innovation and changes to key production programs as well as the timing of new aircraft model launches;
- information regarding the Airbus cancellation of the A380 programme and further updates on the market for A380 aircraft, creating uncertainty as to the liquidity of the future market for sale or re-lease; and
- the Group's market capitalisation as at 31 March 2023 is lower than the Group's Net Assets per the Statement of Financial Position at the same date.

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 all aircrafts, 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 of the assets are contractual. Any assumptions with regards to issues of counterparty credit risk have been reflected in the discount rate used to calculate the net present value of future cash flows. In the current year for the A350 aircraft, fair value less costs to sell was above the value-in-use, and therefore was used as the recoverable amount. The current market value is determined by three independent professional appraisers, using market based methodologies. The appraisers' valuations are based on a combination of assumptions regarding the technical and economic developments of the aircraft type including, where available, information on transactions for various aircraft types, as well as future developments in the aviation industry as a whole.

The Directors, on the advice of the Asset Manager, considered the following factors in determining the most appropriate discount rate, ranging from 7.25% to 8.25% (2022 6.5% to 7.5%);

1. the discount rate should be a rate commensurate with that a normal market participant would consider to be the risk inherent in the Assets;

2. the risk profile of the A380 aircraft compared to the B777 and A350 aircraft; and

3. the consideration of the credit risk profile for Emirates and Thai Airways.

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.

Adding 0.5% to the original discount rate used for the value in use test would result in a £7.75 million (2022: £4.83 million) impairment charge on the aircraft, driven by the differential between Net Book Value ("NBV") and the value-in-use.

Subtracting 0.5% from the original discount rates used for the value-in-use test would result in a £nil million (2022: £0.93 million) impairment charge on the aircraft, driven by the differential between NBV and the value-in-use.

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

Change in the estimated residual value of aircraft

The Group conducted a review on the aircraft held at 31 March 2023, which resulted in a decrease in the residual values of the aircraft at the end of the lease. The adjustment, due to a decrease in estimated residual values led to an increase in depreciation charged in the year of £1,484,408 (31 March 2022: £ £697,557) and 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. In 2022 the adjustment was due to an increase in estimated residual values and change in useful life.

The estimation of residual value remains subject to uncertainty. If a reasonable possible change in residual value in USD terms, had for instance, increased by 20% with effect from the beginning of this period, the net profit/(loss) before exchange gains for the period would have increased and closing Shareholders' equity would have increased by approximately £13.87 million (31 March 2022: Increased by £10.76 million). A decrease in residual value by 20% would result in the net profit/(loss) before exchange gains for the period to decrease and closing Shareholders' equity would decrease by approximately £25.29 million (31 March 2022: Decreased by £10.76 million)

11. FINANCE INCOME

	1 April 2022 to 31 Mar 2023 GBP	1 April 2021 to 31 Mar 2022 GBP
Fair value gain on derivatives at fair value through profit and loss*	21,290,765	24,333,757
Bank interest received	3,344,526	181,689
Unwinding of receivables for time value of money	281,407	—
Realised gain on derivatives	1,393,953	—
	26,310,651	24,515,446

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

The drivers for the change in the fair values of the interest rate swaps and interest caps for the period are primarily as a result of the movement in the GBP/USD exchange rate as these derivatives are in USD, and the movement in interest rates, as well as due to the passage of time as the notional amounts amortise in line with the underlying liabilities. The Group seeks to match its interest rate exposure, as the prevailing principal of any borrowing amortises, by closing out interest rate swaps and interest rate caps on an ongoing basis whenever the notional mismatch becomes significant. See note 18 for further details of the derivatives held by the Group.

12. FINANCE COSTS

	1 April 2022 to 31 Mar 2023 GBP	1 April 2021 to 31 Mar 2022 GBP
Amortisation of debt arrangements costs	1,622,411*	1,498,942*
Interest payable on loan**	38,229,938*	36,469,688*
Security trustee and agency fees	219,593	193,908
	40,071,942	38,162,538

* Included in Finance costs is interest on the amortised cost liability for the year of £39,852,349 (31 March 2022: £37,968,630).

** This amount includes £2,672,256 interest income (31 March 2022: £24,191 interest income) from the interest rate swaps detailed in note 18.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

13. TRADE AND OTHER RECEIVABLES

	31 Mar 2023 GBP	31 Mar 2022 GBP
Non-current		
Trade receivables*	17,972,187	14,715,782
Current		
Prepayments	111,110	155,383
VAT receivable	—	6,609
Trade receivables	—	1,417,777
	111,110	1,579,769

The above carrying value of receivables is deemed to be materially equivalent to fair value.

* This amount includes lease rental by Thai Airways not previously written off, discounted for the time value of money at year end in accordance with the Thai Airways rehabilitation plan. The Thai Airways Rehabilitation plan was approved in June 2021, detailing the capital restructuring of Thai Airways. The plan included rental that will be repaid to the lessor by Thai Airways between 2024 and 2027. These are included in the non-current trade receivables at £4,506,102 (31 March 2022: £3,973,496).

As at 31 March 2022 the expected lifetime losses on the rent receivables was reassessed by the Group. Following the formal completion of new lease arrangements with Thai Airways on 15 December 2021, the Group wrote off amounts receivable under the previous lease arrangements, the present value at the time totalling £28,942,104, due to the non-payment of lease rentals by Thai Airways.

The remaining trade receivables at 31 March 2023 are considered fully 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.

14. SHORT TERM INVESTMENTS

Bank	Fixed Rate %	Maturity date	31 Mar 2023 GBP	31 Mar 2022 GBP
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
Cooperatieve Rabobank U.A	5.37	30 Oct 2023	2,320,925	—
Nordea Bank AB	5.14	31 Jan 2024	1,752,937	—
Canadian Imperial Bank of Commerce	5.12	10 Jul 2023	2,377,743	—
Toronto Dominion Bank	5.10	14 Aug 2023	2,283,452	—
Canadian Imperial Bank of Commerce	4.00	21 Aug 2023	1,984,184	—
			10,719,241	20,770,215

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. Also refer to note 19.

Refer to note 11 for the income arising from these instruments.

15. PAYABLES

	31 Mar 2023 GBP	31 Mar 2022 GBP
Accrued administration fees	30,213	50,242
Accrued audit fee	114,516	90,996
Taxation payable	6,053	—
Accrued registrar fee	656	1,906
Other accrued expenses	63,932	564
	215,370	143,708

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 2023 GBP	31 Mar 2022 GBP
Bank loans	963,403,658	1,003,624,894
Unamortised arrangement fees	(7,996,076)	(8,996,296)
	955,407,582	994,628,598

Consisting of:		
Senior loans ($906,747,175 at 31 March 2023, $1,034,806,533 at 31 March 2022)	734,981,904	787,643,883
Junior loans ($271,939,153 at 31 March 2023, $271,936,519 at 31 March 2022)	220,425,678	206,984,715
	955,407,582	994,628,598

Borrowings		
Non-current portion	845,529,430	912,906,773
Current portion (senior loans only)	109,878,152	81,721,825
	955,407,582	994,628,598

PBH rent was paid by Thai Airways up until 31 December 2022 after which fixed rent per aircraft is payable up until the original expiry date of the lease agreements. In 2021, the lease agreements were 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. During the variable rent period interest only payments were made for 2 years and have since transitioned back to fixed repayments. No breaches or defaults occurred in the current or prior period.

Loans with an outstanding balance of £745,306,038 (31 March 2022: £782,882,967) have fixed interest rates over the term of the loans. Of this total, loans with an outstanding balance of £320,851,054 (31 March 2022: £330,462,610), 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 £210,101,543 (31 March 2022: £211,745,631) at year end are variable rate (LIBOR) with an interest rate cap and each senior loan has a balloon capital payment on maturity.

16. BORROWINGS (contnued)

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 Interbank offered rate ("IBOR") reform. The amendments provide temporary reliefs which address the financial reporting effects when IBOR is replaced with an alternative nearly risk-free interest rate ("RFR"). The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate ("SOFR"). 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. There has been no significant change in the Group's existing agreements since the previous annual reporting date. Majority of the Group's existing agreements include clauses that deal with the cessation of the existing IBOR. The Group, has engaged legal counsel who along with the Asset Manager are liaising with the lenders to document the appropriate terms for the transition away from LIBOR for its remaining deals.

All loans are taken in USD. The Group uses a combination of fixed and variable debt 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 3.8% and 5.2% for the Company's Junior Loan (31 March 2022: 3.3% and 5.2%).

The aggregate face value of the Company's loans is £1,616,276,242 (31 March 2022: £1,517,734,815) and the current aggregate carrying value is £955,407,577 (31 March 2022: £994,628,598).

The transaction costs of arranging the loans have been deducted from the carrying amount of the loans and will be amortised using EIR (Effective Interest Rate) 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 2023 Ordinary Shares	31 March 2022 Ordinary Shares
Opening balance	347,313,483	434,141,757
Shares issued	—	—
Shares redeemed	(43,414,122)	(86,828,274)
Total number of shares as at year end	303,899,361	347,313,483

Issued	31 March 2023 Ordinary Shares GBP	31 March 2022 Ordinary Shares **GBP**
Ordinary Shares		
Opening balance	520,983,612	550,982,781
Shares issued	—	—
Shares redeemed	28,002,108	(29,999,169)
Total share capital	492,981,504	520,983,612

As announced on 22 February 2023, the Board resolved to redeem one ordinary share for every eight existing ordinary shares of Shareholders on the register of members as at close of business on 28 February 2023 (the "Redemption Record Date"). Accordingly, 43,414,122 ordinary shares were redeemed in exchange for proceeds totalling £28,002,108 and have now been cancelled.

The redemption proceeds due on the redemptions of these ordinary shares were paid on 14 March 2023.

17. SHARE CAPITAL (continued)

The Company's total issued Share capital at 31 March 2023 was 303,899,361 Shares (2022: 347,313,483 Shares), none of which were held in treasury.

Therefore the total number of voting rights in issue at 31 March was 303,899,361 (2022: 347,313,483).

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;

(b) short term investments;

(c) accrued income;

(d) trade receivables;

(e) interest rate swaps and interest rate caps;

(f) debt secured on non-current assets; and

(g) Payables.

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

	31 Mar 2023 GBP	31 Mar 2022 GBP
Financial assets		
Cash and cash equivalents	116,607,126	101,644,952
Short term investments	10,719,241	20,770,215
Derivatives at fair value through profit and loss	44,599,777	23,249,102
Accrued income*	38,563,028	21,111,849
Trade receivables**	17,972,187	16,133,558
	228,461,359	182,909,676

* This amount is net of provision for impairment.

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

	31 Mar 2023 GBP	31 Mar 2022 GBP
Financial liabilities		
Payables	215,370	143,708
Debt payable (excluding unamortised arrangement fees)	963,403,658	1,003,624,894
	963,619,028	1,003,768,602

18. FINANCIAL INSTRUMENTS (continued)

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 which these inputs are categorised.

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

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

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

Level 3: Valuation techniques using significant unobservable inputs.

The interest rate swaps and interest rate caps are considered to be Level 2 in the Fair Value Hierarchy. The fair value of interest rate swaps and interest rate caps are derived based on the valuation as provided by the respective bank with which the swap or cap 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 2023 and 31 March 2022 based on the hierarchy set out in IFRS:

31 March 2023	Quoted Prices in active markets for identical assets (Level 1) 2023	Significant other observable inputs (Level 2) 2023	Significant unobservable inputs (Level 3) 2023	Total 2023
Assets	**GBP**	**GBP**	**GBP**	**GBP**
Derivatives at fair value through profit and loss				
Interest rate swaps	—	27,744,434	—	27,744,434
Interest rate caps	—	16,855,343	—	16,855,343
	—	44,599,777	—	44,599,777

31 March 2022	Quoted Prices in active markets for identical assets (Level 1) 2022	Significant other observable inputs (Level 2) 2022	Significant unobservable inputs (Level 3) 2022	Total 2022
Assets	GBP	GBP	GBP	GBP
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

18. FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments

The following table shows the Company's derivative position as at 31 March 2023 with a comparative table as at 31 March 2022:

	31 March 2023	31 March 2022
Derivatives at fair value through profit and loss – USD Interest Rate Swaps	27,744,434	12,394,141
Notional amount (GBP)	292,742,637	326,945,241
Derivatives at fair value through profit and loss – USD Interest Rate Caps	16,855,343	10,854,961
Notional amount (GBP) – from 1 January 2023	223,777,285	242,208,200

The maturity dates for the interest rate swaps range from 13 April 2028 to 26 January 2036 (31 March 2022: 13 April 2028 to 26 January 2036).

The effective date of the interest rate caps is 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 and Caps for the year of £21,290,765 (31 March 2022: increase of £24,333,757) is reflected in Finance Income in note 11. The notional amount amortises in line with the underlying liability.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Capital management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, equity attributable to equity holders, comprising issued capital, foreign currency translation reserve and retained deficit.

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.

See note 17 for details of the capital activity undertaken by the Company during the year.

(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 £210,101,543 (31 March 2022: £211,745,631) 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 £210,101,543 (31 March 2022: £211,745,631) 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). The loan interest and capital repayments of debt are likewise denominated in 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. The repayment of bullet and balloon repayments of principal due on the final maturity of a loan are to be paid out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant aircraft. On this basis, the foreign currency risk associated with the USD-denominated loans is considered to be substantially mitigated.

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 2023 GBP	31 Mar 2022 GBP
Cash and cash equivalents (USD) – Asset	2,563,640	1,182,919
Cash and cash equivalents (GBP) – Asset	308,624	535,082
Short term investments (USD) – Asset	—	1,900,302

The USD/GBP exchange rate was 1.2337 at 31 March 2023 (1.3138 at 31 March 2022) and the average USD/GBP exchange rate was 1.2058 at 31 March 2023 (1.3665 at 31 March 2022). These significant changes in exchange rates have resulted in large movements in the reported amounts of USD denominated assets and liabilities of the Group which has selected GBP as its reporting currency. As noted above, many underlying assets and liabilities are denominated in the same currency, so the net impact is naturally mitigated, although gross carrying amounts have increased. However, there is some residual impact on the reported net asset value of the Group arising from translation of the results and financial position of the subsidiaries. This residual impact is reflected in the Consolidated Statement of Comprehensive Income on page 39 as "Translation adjustment on foreign operations". As a result of the significant strengthening of USD against GBP a significant gain has been recorded in this year, but this will of course change as exchange rates change in the future. For example, if the USD were to weaken against GBP by 15% the Translation adjustment on foreign operations, reflected within the foreign currency translation reserve, would reduce by approximately £36.7 million.

The following table details the Group's sensitivity to a 15% (31 March 2022: 10%) appreciation in GBP against the USD. 15% (31 March 2022: 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 15% (31 March 2022: 10%) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where GBP strengthens 15% (31 March 2022: 10%) against the USD. For a 15% weakening of the GBP against the USD, there would be a comparable, but opposite impact on the profit and other equity.

	31 Mar 2023 GBP	31 Mar 2022 GBP
Consolidated Statement of Comprehensive Income	374,643	328,937
Change in value of net assets	374,643	328,937

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.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 is mostly mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies. In the case of Thai Airways, a provision for expected credit losses has been made in respect of the accrued income receivable and the remaining net balance is considered to be fully recoverable.

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

	31 Mar 2023 GBP	31 Mar 2022 GBP
Cash and cash equivalents	116,607,126	101,644,952
Short term investments	10,719,241	20,770,215
Derivatives at fair value through profit and loss	44,599,777	23,249,102
Accrued income*	38,563,028	21,111,849
Trade receivables**	17,972,187	16,133,559
	228,461,359	182,909,677

* This amount is net of provision for impairment.

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

Surplus cash in the Group is held with Lloyds, RBSI and Bank of Ireland, which have credit ratings given by Moody's of P-1, P-1 and P-1 (31 March 2022: P-1, P-1 and P-1) 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 2022: P-1 and P-1) respectively.

Short term investments relate to deposits held with Nordea Bank, Toronto Dominion Bank, Cooperatieve Rabobank and Canadian Imperial which all have the same credit rating given by Moody's of P-1 (31 March 2022: P-1).

The derivative assets are held at fair value and are held with the same security and trustee agent as the related borrowings. The derivatives are held with First Abu Dhabi Bank, Wespac Institutional Bank, Natixis, and Deutsche Bank Group, which have credit ratings given by Moody's of P-1, P-1, P-1 and A1 respectively.

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

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 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. PBH lease receipts from Thai Airways have also been steadily increasing since they first became due in February 2021 and have been received on time until December 2022. From January 2023 fixed rental amounts 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, particularly once financial results have been published. Additionally, the Asset Manager monitors any news related to the lessees that would impact operations and financial position.

The lessees may default on their lease payments. This would lead the fixed rents received under the leases to be insufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and may not provide any surplus income to pay for the Group's expenses.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

The Group's most significant counterparties are Emirates and Thai Airways as lessees and providers of income.

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

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 and contract assets (including accrued income). As at 31 March 2023 the expected lifetime losses on the rent receivables and accrued income was reassessed by the Group. Apart from the accrued income relating to the aircraft leased to Thai Airways, the remaining trade receivables and other receivables and accrued income at amortised cost at year end are considered receivable, 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 cash equivalents and short term investments 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 the capital repayments of senior debt, as well as the 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.

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 2023	0-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
Financial liabilities						
Payables	215,370	—	—	—	—	215,370
Borrowings	35,791,953	107,203,206	143,275,586	435,139,019	318,413,535	1,039,823,299
	36,007,323	107,203,206	143,275,586	435,139,019	318,413,535	1,040,038,669

31 March 2022	0-3 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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk

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

The loans with an outstanding balance of £210,101,543 (31 March 2022: £211,745,631) as at period end entered into are variable rate, with an interest rate cap.

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 £320,851,054 (31 March 2022: £330,462,610) as at year end, which have an associated interest rate swap to fix the loan interest).

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

31 March 2023	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Short term investment	—	10,719,241	—	10,719,241
Cash and cash equivalents and receivables	116,607,126	—	18,083,297	134,690,423
Total Financial Assets	116,607,126	10,719,241	18,083,297	145,409,664
Financial Liabilities				
Accrued expenses and reserves	—	—	215,370	215,370
Security deposit liability				
Borrowings	530,952,597	424,454,985	—	955,407,582
Total Financial Liabilities	530,952,597	424,454,985	215,370	955,622,952
Effect of derivatives held for risk management	516,519,922	—		
Total interest sensitivity gap	102,174,451	(413,735,743)		

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)		

If a reasonable possible change in interest rates had been 100 basis points (2022: 100 basis points) higher/lower throughout the period and all other variables were held constant, the Group's net assets attributable to Shareholders as at 31 March 2023 would have been £1,021,745 (31 March 2022: £1,284,640) greater/lower due to an increase/decrease in the amount of interest receivable on the bank balances.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

Interest rate benchmark reform

A fundamental reform of the major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposure to IBORs on its financial instruments that either have been or will be reformed as part of these market-wide initiatives. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR.

The Group's remaining IBOR exposures at the reporting date are loans indexed to US dollar LIBOR. The alternative reference rate for USD LIBOR is the Secured Overnight Financing Rate (SOFR). In March 2021, the Financial Conduct Authority announced that the US dollar setting (except for one-week and two-month US dollar settings) will either cease to be provided or no longer be representative after 30 June 2023.

The Group is in the process of implementing appropriate fallback clauses for all US dollar LIBOR- indexed exposures. These clauses automatically switch the instrument from USD LIBOR to SOFR when US dollar LIBOR either ceases to be provided or is no longer representative.

There has been no significant change in the Group's existing agreements since the previous annual reporting date. Majority of the Group's existing agreements include clauses that deals with the cessation of the existing IBOR. The Group, has engaged legal counsel who along with the Asset Manager are liaising with the lenders to document the appropriate terms for the transition away from LIBOR for its remaining deals.

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 2023 GBP	31 March 2022 GBP
Bank balances	46,367,423	43,289,439
Notice accounts	70,239,703	58,355,513
	116,607,126	101,644,952

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

Below is a breakdown of the amounts included in cash and cash equivalents as well as short term investments as at 31 March and the anticipated utilisation of these amounts.

	31 March 2023 GBP	31 March 2022 GBP
Maintenance provisions (note 22)	70,239,703	58,355,513
Reserved for debt service obligations	9,848,789	6,927,177
Junior loan bullet balloon reserves	30,078,369	24,796,280
Dividend payment after year end	5,318,239	4,341,418
Operational cash	11,841,267	27,994,779
	127,326,367	122,415,167

22. MAINTENANCE PROVISIONS

	31 March 2023 GBP	31 March 2022 GBP
Balance at 1 April	58,355,513	54,934,474
Billings	8,311,349	719,471
Translation adjustment on foreign operations	3,572,841	2,701,568
Balance at 31 March	70,239,703	58,355,513

The maintenance provisions 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 reserves.

	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
31 March 2023		45,539,816	12,747,306	—	11,952,581	70,239,703
31 March 2022	—	139,534	36,582,188	10,409,891	11,223,900	58,355,513

23. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

31 March 2023	Borrowings GBP
Balance at 1 April 2022	994,628,598
Repayments of capital on senior loans	(103,301,759)
Repayments of capital on junior loans	—
Payments of interest on senior loans	(31,068,163)
Payments of interest on junior loans	(11,849,067)
Add back: payments of interest on senior loans	31,068,163
Add back: payments of interest on junior loans	11,849,067
Movement in interest accruals	(4,687,292)
Amortisation of debt arrangements costs	1,622,411
Translation adjustment on foreign operations	67,145,624
Balance at 31 March 2023	955,407,582

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

24. TAX

Irish tax is charged at 12.5% on the profits of 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 their net lease rental income earned (after tax deductible expenditure) will be taxable as trading income at 12.5% under Irish tax regulations.

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 and concluded that an expected credit loss should be recognised on the accrued income for the aircraft leased to Thai Airways. The accrued and deferred income consists of the following:

	31 March 2023 GBP	31 March 2022 GBP
Non-current		
Accrued income	36,659,270	13,682,483
Expected credit loss*	(1,801,002)	—
	34,858,268	13,682,483
Deferred income	(17,318,868)	(20,513,385)
Current		
Accrued income	3,704,760	7,429,366
Deferred income	(5,628,215)	(5,450,353)

The significant increase in accrued income from the year ended 31 March 2022 is principally due to rental income recognised in advance of the contractual fixed rental payments on the Thai Airways leases during the variable lease period. Rental income on leases is recognised on a straight-line basis over the term of the relevant lease. PBH rent during the variable lease period is recognised and disclosed separately as contingent rent (see note 4). The accrued income balance therefore increases significantly during the variable lease period as income is recognised but not yet received as cash. This balance will decline over the remaining life of the Thai Airways leases.

* In the prior year the Directors considered the recoverability of accrued income, including the accrued income relating to the aircraft leased to Thai Airways, and concluded that these were expected to be recovered in full and concluded no impairment was required.

As at 31 March 2023 the Group assessed the credit risk of the accrued income relating to the aircraft leased to Thai Airways and therefore reassessed the expected lifetime losses on the accrued income at year end. For the estimation of these expected credit losses at year end, the Group considered both quantitative and qualitative information and analysis, based on the Group's historical experience and an informed credit assessment and including forward-looking information. Following Thai Airways' entry into rehabilitation in May 2020, TRIS Rating (Thai Rating and Information Services), downgraded the company rating for Thai Airways and its rating for senior unsecured debentures to "D" or "Default". TRIS has not provided an updated rating since May 2020, as the airline is still under rehabilitation process. Recent news flow from Thai Airways indicates that its position has improved, and that as a result it may come out of bankruptcy protection sooner than originally envisaged. Prior to the COVID pandemic, Thai Airways' TRIS rating was BBB, indicating little or no default. The Directors do not believe that Thai Airways' credit has as yet returned to pre-COVID levels and so has determined that an amount of £1,801,002 best represents the expected credit loss on the balance of the accrued income relating to the aircraft leased to Thai Airways amounting to £25,728,593. The remaining accrued income at 31 March 2023 is considered fully receivable, with any identified impairment losses on such assets not considered significant.

26. RELATED PARTY TRANSACTIONS AND SIGNIFICANT CONTRACTS

Significant contracts

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

During the year, the Group incurred £3,127,511 (31 March 2022: £2,873,772) of fees with Amedeo, of which £ Nil (31 March 2022: £Nil) was outstanding to this related party at 31 March 2023. 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 £11,854 (31 March 2022: £11,564) of fees with Amedeo Services. As at 31 March 2023 £Nil (31 March 2022: £Nil) was outstanding. This fee is included under "Asset management fee" in note 6.

Related parties

The Board are considered to be key management personnel. Refer to the Board of Directors on pages 14 to 15. 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 and is given for information only.

Geographical analysis

31 March 2023	Middle East GBP	Asia Pacific GBP	Total GBP
Rental income	160,709,205	47,389,925	208,099,130
Net book value – aircraft	807,932,544	353,576,742	1,161,509,286

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

Revenue from the Group's country of domicile, Guernsey, was £Nil (2022: £Nil).

28. SUBSEQUENT EVENTS

On 4 April 2023 the Board announced an interim dividend of 1.75 pence per ordinary share. The dividend was paid on 28 April 2023 to Shareholder on the register as at the close of business on 14 April 2023.

On 3 July 2023 the Board announced an interim dividend of 1.75 pence per ordinary share. The dividend is payable on 31 July 2023 to Shareholders on the register as at the close of business on 14 July 2023.

There were no other material subsequent events since the year end and up to the date of approval of the Consolidated Financial Statements.

Key Advisers and Contact Information

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Robin Hallam (Chairman)
David Gelber (Senior Independent Director)
Laurence Barron
Mary Gavigan
Steve Le Page
Tom Sharp (appointed 19 January 2023)

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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
AGM	Annual General Meeting of the Shareholders of the Company
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/Independent External Valuers
IFRS	International Financial Reporting Standards
ISTAT	International Society of Transport Aircraft Trading
Law	The Companies (Guernsey) Law, 2008, as amended
PBH	Power by The Hour
Registrar	Link Market Services Limited
Rehabilitation Plan	As fully defined and explained at subsection "Rehabilitation Plan" of the Asset Mangers Report as found at page 7
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