

**AIR PARTNER LIMITED
(PREVIOUSLY AIR PARTNER PLC)**

ANNUAL REPORT & FINANCIAL STATEMENTS

Company number 00980675

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Company information

Air Partner Limited is registered in England and Wales, no. 00980675. VAT registration no. GB 7719226 12

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Principal activities

Founded in 1961, Air Partner is a world leading international aviation services group providing aircraft charter, aviation safety and security solutions and managed services to industry, commerce, governments and private individuals, across civil and military organisations. The Air Partner Group has two divisions: Air Partner Charter, comprising Group Charter, Private Jets, Freight and specialist services; and Air Partner Services (previously Safety & Security), which comprises Baines Simmons, an aviation safety management and fatigue risk management consultancy, Redline Assured Security, a leading provider of global security solutions, Air Partner CHS, a leading international engineering company, and Kenyon International Emergency Services, a world leader in emergency planning and incident response, and managed services.

Air Partner has 18 locations across four continents, with its headquarters located alongside Gatwick airport in the UK. The Group employs around 450 professionals globally and operates 24/7. Air Partner is ISO 9001:2015 compliant for commercial airline and private jet solutions worldwide. More information is available on the Company's website www.airpartnergroup.com.

Post-balance sheet events

On 27 January 2022, the Board of Directors of Air Partner plc and the Board of Directors of Wheels Up UK Limited ('BidCo') announced that they had reached agreement on the terms and conditions of a recommended all-cash acquisition of Air Partner by BidCo, a newly-incorporated company indirectly owned by Wheels Up Experience Inc. ('Wheels Up'), to be effected by means of a Scheme of Arrangement ('Scheme') under Part 26 of the Companies Act 2006. Under the terms of the acquisition, each Air Partner shareholder was entitled to receive 125p in cash for each Air Partner share, valuing Air Partner's entire issued, and to be issued, ordinary share capital at approximately £84.8m.

On 8 March 2022, the Scheme was approved by the requisite majority of Scheme Shareholders at the Court Meeting and the Resolution in connection with the implementation of the Scheme was passed by the requisite majority of Air Partner Shareholders at the General Meeting. On 29 March 2022, the High Court of Justice in England and Wales made an order sanctioning the Scheme under section 899 of the Companies Act, and the Scheme became effective on 1 April 2022, following delivery of the Court Order to the Registrar of Companies. The listing of Air Partner Shares on the premium listing segment of the Official List and the admission to trading of Air Partner Shares on the London Stock Exchange's Main Market for listed securities were cancelled with effect from 8:00 (London time) on 4 April 2022.

Closely following the above event, also on 1 April 2022, the shares of two subsidiary companies of Air Partner plc namely, Air Partner Inc. and Kenyon International Emergency Services Inc., were transferred to Wheels Up UK Limited and ultimately transferred to Wheels Up Partners Holdings LLC (a subsidiary of Wheels Up). The consideration for these entities is being finalised as part of the acquisition accounting being completed by Wheels Up but will be no less than the fair value of the assets transferred.

The combination has a compelling strategic rationale, bringing together two businesses with complementary offerings and values for the benefit of their customers. The Directors are confident that Air Partner has an extremely bright future as part of the enlarged Wheels Up Group, as it will be better placed to: (i) attract and retain existing and new employees in an increasingly competitive environment; (ii) undertake a significant technology upgrade, by accessing Wheels Up's industry-leading technology platform; and (iii) further enhance its ability to secure high quality, safety-vetted aircraft supply in an increasingly constrained market.

Strategic report

Purpose, Vision, Mission and Values

As we have grown and diversified our service offering, we have also ensured our brand is able to support this continued growth and expansion. While our services range from aircraft charter to aviation safety and security, our brand's purpose, vision, mission and values unite us and underpin our strategy.

Purpose: we deliver the extraordinary to fly our world

Vision: to be a world-class aviation services group

Mission: by putting our customers first, we create the difference

Values: care deeply, take responsibility, live your passion, work as one and be extraordinary

Strategy

We are dedicated to delivering the very highest levels of service to our customers across a diversified portfolio of tailored solutions and services. To achieve our strategy we have five strategic objectives:

- putting our customers first;
- growing organically to strengthen our core business;
- broadening our offering;
- developing and retaining our people; and
- embedding our brand across our business.

Measuring our strategy with key performance indicators

We use the below key performance indicators (KPIs) to measure our performance against our strategic objectives. Overall, the trends are encouraging, reflecting the Group's strength and resilience in a very challenging market environment for the aviation industry as a whole. It is noted that the 12-month period to 31 January 2021 was an exceptional trading period for the Group in Group Charter and Freight, driven by the impact of the pandemic.

Putting our customers first: net promoter score

88% (2021: 93%)

Calculated by subtracting the percentage of customers who are detractors (those who score the Group's service 0-6 out of 10) from those who are promoters (score the Group's service 9 or more out of 10).

The decrease in NPS has been largely caused by aircraft supply constraints in the industry. The supply of aircraft has not been able to meet the strong Charter demand as referenced on page 5. Nevertheless, our employees have worked tirelessly to find solutions to meet our customers' needs.

As a result of post-balance sheet events, outlined on page 1, the Company is ultimately owned by Wheels Up Experience Inc., as of 1 April 2022. This change represents an opportunity for the Company to leverage a fleet of aircraft, particularly in Private Jets, for the benefit of our customers.

Strengthening our core Charter business: gross profit in our Charter business

£36.3m (2021: £39.1m)

Organic growth remains a top priority. We are committed to diversifying the Group's gross profit across our various products, services and locations. This measure focuses on how we are performing in our core Charter division.

Although down year-on-year, this is against an exceptional trading period in the prior year. Refer to page 5 for the divisional review for Charter.

Broadening our offer: growing the Services division to deliver on Air Partner's diversification strategy

Contribution to Group gross profit: 19.2% (2021: 12.9%)

This KPI measures the gross profit the Services division contributes to the overall Group. The expectation is, post pandemic, Services will continue to grow organically and via acquisition where appropriate.

Overall, the contribution from the Services division was up as the business started to return to pre-pandemic levels in Baines Simmons and there were some encouraging green shoots of recovery in Redline. We also had the part year contribution from the Kenyon International Emergency Services Inc. ('Kenyon') acquisition that is referenced further on page 74.

Developing and retaining our people: Employee Turnover

9.4% (2021: 8.4%)

Calculated as the percentage of employees who leave the Group during the financial year and are replaced by new employees.

Strategic report (*continued*)

We continue to see lower levels of attrition than pre-pandemic times (2020: 20.8%). We believe this is, in part, due to increased engagement and communication with our people, as evidenced in the FY22 engagement survey, as well as support provided during the pandemic and the introduction of our hybrid working arrangements.

Developing and retaining our people: Engagement

Measurement of employee positivity in response to a group of key questions on employee advocacy and overall satisfaction.

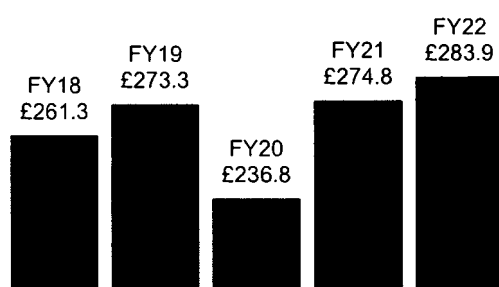
72.7% (2021: 74.1%)

We are pleased and encouraged to see that engagement levels within the organisation are being maintained, through our continued efforts to effectively communicate with our employees, bringing them along on the exciting journey that Air Partner is taking; in particular with Wheels Up. Against a backdrop of uncertainty across all global markets, we believe this is a testament to the ongoing support provided to all of our staff and we will continue to engage through various employee forums and with direct communication from our leaders as we go forward.

Financial key performance indicators

The results for the year are set out on page 35 of these financial statements. We monitor a range of financial metrics that reflect the underlying strength of our business and help to measure progress against our strategy. Given the recent takeover by Wheels Up, we have dropped our focus on shareholder financial KPIs: underlying basic earnings per share; basic earnings per share, dividends per share, and total shareholder returns.

Gross transaction value (GTV) (£m)



Definition: This represents the total amount invoiced to our customers, exclusive of value added tax. We use this as a KPI instead of revenue as it gives a fairer impression of the scale of the business and the impact it can have on the working capital of the business.

Performance: Refer to the review on page 6.

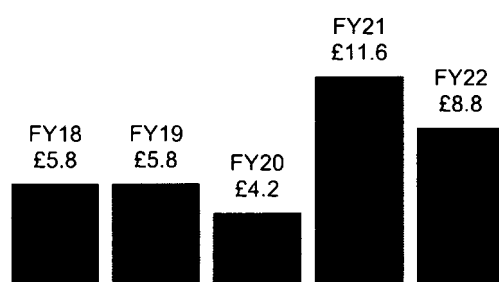
Gross profit (£m)



Definition: Total sales minus the cost of providing the service (refer to the accounting policies on page 41 to 50. We consider gross profit a key measure given the agent versus principal status of the Charter division, which represented 80.8% (FY21: 87.0%) of the total Group's gross profit in the year.

Performance: Refer to the review of Charter and Services on page 5.

Underlying profit before tax (£m)



Definition: Underlying profit before tax is stated before exceptional and other items in note 7 to the financial statements. It is the main measure of financial performance used within the business.

Performance: Refer to the review on page 6.

Net cash/(bank debt) (excluding JetCard) (£m)



Definition: This measure represents cash in the business, net of bank debt, excluding that held on account for our JetCard members.

Performance: Following the shareholder fundraising in June 2020, debt relating to the Redline acquisition was fully paid down.

The strong underlying trading of the business during the year has much improved the Group's liquidity from the prior year. This is especially in light of the Kenyon acquisition, which was part funded through cash and debt for a total initial consideration of £7.4m. The debt take-on at the time of acquisition of £5.0m was subsequently paid down during the period.

Operational review

Charter division

Overall, the Charter division delivered £36.3m (FY21: £39.1m) of gross profit for the year. This performance was driven by a 34.9% growth in Private Jets, offset by a high comparable performance by Group Charter in the prior year. Encouragingly, each Charter product contributed a broadly even level of gross profit to the Group during the year, demonstrating that we are not overly dependent on any one product: Group Charter contributed 25.4%, Private Jets 27.9%, and Freight 27.5%.

Group Charter gross profit was down 35.9% to £11.4m (FY21: £17.8m) due to the exceptional levels of COVID-19-related repatriations and corporate shuttles performed in prior year, particularly in the US. Although last year was an exceptional trading performance for Group Charter, the business was involved in further evacuation activities during the year. Following the announcement of the withdrawal of troops from Afghanistan, Group Charter carried out significant evacuation and repatriation work, safely flying over 3,000 British and Afghan nationals from Kabul to the UK. In addition, Group Charter in Europe increased gross profit by 7.8%, driven by governmental work. The Tour Operations business remained subdued as travel restrictions continued to hinder bookings, however we continue to experience a good level of demand from the government, oil & gas and sport sectors.

Private Jets had a strong year, with gross profit up 34.9% to £12.5m (FY21: £9.3m) due to a robust recovery following the easing of COVID-19 travel restrictions. UK gross profit increased by 48.6% as demand soared from both first-time private jet flyers and existing customers, with most flying to European holiday destinations. Private Jets in the US continued to perform well, growing 29.2% supported by strong demand for leisure travel by high net worth individuals (HNWIs). Activity in Europe remained limited in comparison to the UK and US, although gross profit did increase by 13.3% ahead of the prior year. Overall, we saw a 16.1% increase in JetCard balances at year end to £20.7m (FY21: £17.8m), which bodes well for the future outlook.

Freight experienced another outstanding year, with gross profit up 3.4% to £12.4m (FY21: £11.9m), driven by the transportation of COVID-19 vaccinations around the world. The vaccination delivery has been particularly strong in the US during H2, with activity in the UK and Europe returning to more normalised levels. US Freight gross profit increased by 38.3%, thereby contributing 18.2% (FY21: 13.2%) to overall Group gross profit. We continue to see robust demand for our tailored solutions from customers across our global network.

Services division

Gross profit in the Services division was up 48.8% to £8.7m (FY21: £5.8m) due to ongoing recovery in Baines Simmons and Redline and added contributions from Kenyon International Emergency Services Inc. ('Kenyon'). On a like-for-like basis, excluding Kenyon, the Services division's gross profit was up 22.8%.

The Services division contributed 19.2% (FY21: 13.0%) to the overall gross profit for the Group, demonstrating the improving diversification of gross profit between the Charter and Services divisions. We announced the acquisition of Kenyon, a world leader in emergency planning and incident response, on 27 August 2021, for a total consideration of up to \$11.7m (£8.5m), on a debt free, cash free basis, with an initial consideration of \$10.3m (£7.4m) payable on completion and deferred consideration of \$1.4m (£1.0m) payable after 12 months. Further detail on the acquisition of Kenyon is contained in note 32 on page 74. Kenyon provided £1.5m of gross profit in the final five months of the year, despite there being no major incidents.

Gross profit in Baines Simmons and Redline increased as discretionary spend by airlines started to return and airport footfall increased. Baines Simmons also successfully converted many of its safety training courses from classrooms to virtual delivery and saw a strong recovery with the military sector, with customers including the UK Military Aviation Authority, aerospace company Leonardo and the Royal New Zealand Defence Force. In addition, it won a number of new contracts, including with the Department for Transport's Marine Accident Investigation Branch and ferry operator Caledonian MacBrayne ('CalMac').

Redline renewed or won new contracts across all product lines spanning Integrated Management System Solutions, including Threat Image Recognition Training, through to Consultancy, Training and Security Testing, with over 25 UK and international customers. These included ABM Aviation, Belfast International Airport, Culmen International, the Department for Transport, DHL, Doncaster Sheffield Airport, Edinburgh Airport, Gatwick Airport, ISS (Australia), Leeds Bradford Airport, Liverpool John Lennon Airport, Teesside International Airport, the Welsh Parliament and Wilson James, amongst others.

The trading assets of CHS were acquired in December 2020 and started to make a small contribution to the division's gross profit in the period under review. We are encouraged by its recent business wins and the increasing pipeline of new opportunities as it starts to recover from the effects of the pandemic. Wildlife Hazard Management delivered expected returns throughout the year as regional military airfields continued to operate despite the pandemic.

Financial review

As previously reported, Air Partner's full year results for the year ended 31 January 2021 reported a record performance, driven by exceptional COVID-19-related trading in Group Charter and Freight. The Directors expected this level of activity to decrease as the global pandemic eased, however, the Group has continued to perform strongly.

The robust performance in the period under review has differed from the last financial year due to a change in business mix. Products and services previously depressed by COVID-19 restrictions, most notably Private Jets and Services, have made a significant contribution, while Group Charter has returned to more normalised levels. Freight has remained strong with a geographic mix shift towards the US due to the strong demand for COVID-19-related freight logistics, as previously mentioned.

The Directors are extremely pleased with these results, as the financial performance has come from all areas of the Group's diverse portfolio of aviation services and is therefore more sustainable. Importantly, all products (Group Charter, Private Jets, Freight and Services) have contributed at least 19.2% to gross profit.

Gross transaction value and revenue

Revenue, as determined under IFRS 15, can fluctuate depending on the number of contracts enacted in the year where the Company acts as principal as opposed to an agent, therefore Air Partner uses gross profit as its key indicator of business performance. For completeness, commentary below is given on gross transaction value (GTV) and revenues.

GTV of £283.9m (FY21: £274.8m) was up 3.3%. This was driven by an increase in Private Jets activity and the recovery of the Services division from the global pandemic. GTV represents the total value invoiced to customers and is stated exclusive of value added tax.

Revenue of £84.7m (FY21: £71.2m) was up 19.0% year-on-year. The increase is greater than at a GTV level due to stronger trading in the current period in products and services whereby Air Partner is more likely to act as principal.

Gross profit

The Group's gross profit of £45.0m (FY21: £44.9m) comprised a mix shift towards Private Jets and Services, given the expected decline in Group Charter following an exceptional trading period in prior year. Further detail on the mix of gross profit is presented for Charter and Services on page 5. Also refer to the segmental analysis note 4 on page 50.

Administration expenses, other operating income and impairment of financial assets

Costs included in administrative expenses include business personnel, sales and marketing, finance, information systems, human resource management, legal and compliance, and other items.

In the year, £36.9m of administration costs were incurred (FY21: £32.1m). On a comparative basis, excluding Kenyon, administration expenses were £35.9m (FY21: £32.1m). The £3.8m increase comprises £0.9m of additional government support received in the prior year, £0.5m full year effect of CHS, £0.3m commissions, £0.3m bonus due to the overachievement compared to target, and £0.3m foreign exchange. The remaining £1.4m increase relates to the business resuming normalised levels of discretionary spend in the aftermath of the pandemic.

Other operating income comprises a £1.2m of solidarity support for lost income in France (FY21: £nil). Income has been recognised for approved and paid claims. Solidarity support is described in more detail in note 35 to the financial statements.

Impairment of financial assets is nil in the year compared to a £0.8m bad debt charge in the prior year.

Underlying operating profit*

Underlying operating profit* was a £9.2m profit (FY21: £12.0m). As referenced in preceding sections, performance has varied across the products and services. Underlying operating profit by sector is stated after the allocation of attributable central support costs.

Private Jets delivered £2.6m (FY21: £1.4m), an increase of 84.6%, as a result of the conversion of strong gross profit performance (page 5) into operating profit. Freight delivered £6.4m (FY21: £6.7m) thereby maintaining the strong performance achieved in the prior year. Group Charter operating profit of £3.4m (FY21: £6.4m) declined in comparison to the exceptional trading in the prior year. The Services division generated a £0.3m underlying operating profit following a breakeven result in prior year, as demand for its product lines started to improve.

The remaining underlying profit is comprised of a loss of £3.5m (FY21: £2.4m), relating to corporate costs that are not assignable to any division. The increased cost reflects remuneration type items such as an increase in bonuses linked to performance and share option costs crystallising.

* Underlying results are stated before exceptional and other items.

Finance costs

Finance costs of £0.4m (FY21: £0.5m) have reduced as the debt funding for the acquisition of Kenyon was lower than the funding required in the prior year in relation to Redline, which was acquired shortly before the start of FY21. The Company has no outstanding debt with the bank as at the date of the consolidated statement of financial position. Interest on IFRS 16 leases is broadly flat year-on-year.

Underlying profit before tax*

The above results translated into underlying profit before tax* of £8.8m (FY21: £11.6m). On a comparative basis, adjusting for the full year impact of the Kenyon acquisition, underlying profit before tax was £8.4m in the year.

* Underlying results are stated before exceptional and other items.

Financial review (*continued*)

Exceptional and other items

Exceptional items are excluded from underlying performance measures by virtue of their size and nature, in order to better reflect management's view of the performance of the Group. In the year under review, the net effect of exceptional and other items on operating profit was £5.3m (FY21: £3.2m).

Exceptional and other items are detailed in note 7 to the financial statements.

Statutory profit before tax

The statutory profit before tax for the year, after the above exceptional and other items, was £3.6m (FY21: £8.4m).

Taxation

On a statutory reported profit basis, the effective rate of taxation was 38.8% (FY21: 32.8%). The high tax rate in the current year is due to the level of exceptional costs which did not attract tax relief.

The underlying tax charge*, adjusting for tax on exceptionals of £1.8m (FY21: £3.1m), represents an effective rate of 20.3% (FY21: 26.6%). The lower tax rate reflects the fact that other income (government grant) is not taxable. In line with the previous year, we have chosen not to recognise the deferred tax assets as the recoverability is not sufficiently certain at this time.

* Underlying results are stated before exceptional and other items.

Dividends

The £1.6m dividend charge comprises £1.0m of FY21 final dividend and £0.5m interim dividend for the current year. As described in note 11, the Directors are not recommending a final dividend for the current year as a result of the takeover of the Company by Wheels Up UK Ltd.

Statement of financial position

Shareholders' funds

After considering the profit for the period, dividend payments, share options and exchange rate differences, overall shareholders' funds at 31 January 2022 were £23.2m (FY21: £21.1m)

Cash generation and net debt

Operating cash from operating activities was £21.2m (FY21: £19.4m), reflecting continued focus on working capital management during the year and other items shown within note 33a. To fund the acquisition of Kenyon, £5.0m was utilised from the revolving credit facility (RCF) and subsequently re-paid during the year, meaning the initial consideration for the acquisition was self-funded within the year.

The net cash (cash offset by bank debt) of £16.1m is an increase of £6.2m compared to £9.9m in FY21 due to the strong cash generation from trading activities. The Group had no debt as at year end.

JetCard cash stood at £20.7m (FY21: £17.8m). JetCard cash is kept in separate segregated bank accounts and is not used for the Group's working capital needs. Including JetCard cash, the Group held £36.8m cash at the year end (FY21: £27.7m).

Outlook

Prospects for the business are generally strong as travel restrictions continue to ease. Furthermore, Air Partner is confident about its future success as part of the enlarged Wheels Up Group.

Principal risks and uncertainties

Risk management approach




Like many organisations, our business involves constant risk management. It is an integral part of day-to-day operations. As a business we need to make sure we manage the risks to mitigate their impact and turn them into opportunities.



As part of our risk management strategy, we have implemented a proportionate and effective risk management framework to ensure all significant risks are identified and treated appropriately on a timely basis.

The process is designed to support delivery of our business objectives, protect the interests of our stakeholders, and enhance the quality of our decision making through the awareness of risk-assessed outcomes. It also facilitates open communication on risk between the Board and the Group Executive Team, and the Risk and Compliance working group.

This approach enables us to manage and monitor the risks which could threaten the successful execution of our strategy and ensures that our strategic, financial and operational risks are appropriately considered by the Board and the Group Executive Team.




Key for change in risk assessment:

 No change
  Increased
  Decreased

	Risk description	Potential impact	Controls/processes to mitigate
Operational 	People <ul style="list-style-type: none"> Attracting new talent and retaining existing key staff who have in-depth knowledge of the business and industry. Maintaining effective leadership, engendering a culture of compliance with our values and policies. Long-term impacts of COVID-19 on the workforce's wellbeing, mental health and engagement after working remotely. 	<ul style="list-style-type: none"> Loss of earnings and key customer/supplier contacts through lack of effective leadership and inability to attract and retain key individuals. The loss of key personnel following the Group's takeover by Wheels Up may impact financial performance. Loss of productivity, high sickness rates and employee fatigue due to negative COVID-19 impact. 	<ul style="list-style-type: none"> Numerous initiatives to assist with maintaining the workforce's wellbeing, mental health and engagement. Leadership development programme. Talent and succession plan reviews. Remuneration packages evaluated regularly against market trends. Recruitment process strengthened. Diversity and inclusion initiatives.
	Changing market environment <ul style="list-style-type: none"> Air charter bookings can be materially impacted by changes in financial markets, political instability, such as the war in Ukraine, changes in legislation, and natural events affecting the movement of people or cargo. Financial challenges facing operators and the consequent lack of availability of capacity continues to be a risk factor for our Charter division. Risk of falling behind competitors in product development, technology innovation, standards of service or cost effectiveness. Particularly in the Charter division, challenge of retaining and attracting customers in a highly competitive environment with low barriers to entry. 	<ul style="list-style-type: none"> Reduced gross profit and revenues. Cost structure not aligning with market conditions, namely reduced charter availability. 	<ul style="list-style-type: none"> Capitalise on the recent takeover by Wheels Up to help mitigate these challenges; leverage its size, scale and access to resources, e.g. investment in technology to enhance the customer experience. Diversification of client base, and of product and service offering, including through cross-selling between our Charter and Services divisions and through seeking long-term partnerships with customers. Monitoring of the charter operator market with which we maintain a close relationship, and diversification of our supply chain across the regions in which we operate. We actively seek to improve the forward visibility of our earnings by investing in the growth of our Services division, which typically has more long-term contracts and strong order book coverage. This will help smooth the inevitable peaks and troughs in the Charter division. Expanding operations in high growth markets and regions, which are currently underserved, including Asia and the Middle East. Close monitoring of overheads and investment spend relative to revenues and gross profit and immediate corrective actions taken where necessary.
Environment and market 			




Principal risks and uncertainties (*continued*)

Risk management approach (*continued*)

	Risk description	Potential impact	Controls/processes to mitigate
Environment and market 	ESG concerns <ul style="list-style-type: none"> The impact of our stakeholders' concerns in respect of air travel on the environment, in particular private jets, and the possible reduction in demand. The impact on the aviation industry if there are governmental and regulatory changes in relation to the climate change agenda. 	<ul style="list-style-type: none"> Reduction of customer base. Lack of employee engagement and retention. 	<ul style="list-style-type: none"> Continued promotion of the carbon offset scheme in the Charter division, and introduction of other environmental activities.
Operational 	Cybersecurity and IT systems <ul style="list-style-type: none"> Cyber attacks seeking to compromise the confidentiality, integrity and availability of data held on IT systems. IT failure impacting our ability to operate and not recovering quickly. Risks from social engineering and potential losses through fraud and theft. The dependency on resilient IT systems and the business' reliance on homeworking have both heightened the risk of breach as fraudsters have looked to capitalise on a changing situation. 	<ul style="list-style-type: none"> Breaches of confidentiality and attacks on our assets could affect customer service, financial performance and reputation. Systems failure could result in business interruption and lost revenue. Financial losses through payment deception. 	<ul style="list-style-type: none"> The Group uses modern IT systems and technical controls and processes and ensures that these are well maintained and upgraded regularly to mitigate the risk of failure. Most key data and applications have enhanced back-up capabilities and resilience. Appropriate investment in training and resources to counteract cyber threats and support increased homeworking. Our business resilience is underpinned by our technology and geographical spread, which allow our business to be operated and maintained from any of our locations. Cyber insurance in place to mitigate the impact of any cyber related losses.
Strategic 	Growth – geographical expansion, acquisitions and integration risk <ul style="list-style-type: none"> Risk related to organic growth and complementary acquisitions in aviation services. Risk that investment in new offices (e.g. Singapore and Dubai) does not deliver the expected returns relative to the business case. Investment of funds and resources in acquisitions which fail to deliver on expectations due to incorrect due diligence or poor integration post acquisition. 	<ul style="list-style-type: none"> Business growth puts pressure on all resources in an organisation that may not have had the time to scale up or adequately plan for the change. Poor acquisitions lead directly to financial damage and indirectly to reduced shareholder confidence. Financial performance suffers from goodwill or other impairment charges. Newly acquired businesses deliver less value or require more investment than anticipated. 	<ul style="list-style-type: none"> Governance in the review of business cases to assess the relative merits of internal business cases and investment propositions by the Board and parent company. Detailed due diligence in any acquisition process undertaken with appropriately skilled personnel, supported internally and externally as required. Appropriate representations and warranties negotiated with the sellers of any business acquired, commensurate with target's size and risk profile. Detailed integration plans drawn up with key accountabilities. Post-acquisition reviews conducted to capture key learnings for future acquisitions and business cases.

Principal risks and uncertainties (continued)

Risk management approach (continued)

	Risk description	Potential impact	Controls/processes to mitigate
Compliance and internal controls 	Legal, regulatory environment, ethics and compliance <ul style="list-style-type: none"> The challenge of operating in multiple jurisdictions that are subject to many different and evolving laws and regulations. We have c.450 employees in a number of countries. Individuals may not all behave in accordance with our values and ethical standards. 	<ul style="list-style-type: none"> Ethics or other compliance breaches cause harm to our reputation, financial performance, customer relationships and ability to attract and retain talent. Lack of availability of operators or aircraft when they are subject to sanctions. 	<ul style="list-style-type: none"> The Group has a dedicated legal resource supplemented by external support arrangements to ensure the management team fully understands current and future legal and regulatory risk. The risk and compliance working group was formed to support governance on risks and advise on mitigation strategies in this area. The implementation of the Group's risk management and compliance programme is a regular agenda item at the Group Executive Team meetings. Group-wide ethics framework in place, which includes our values and training on compliance matters. Multiple sources to assess culture, including surveys, 'All Hands' and exit interviews. Central monitoring of any tax investigations with independent tax advice taken where necessary.
	Contractual and Operators and other charter counterparty 	<ul style="list-style-type: none"> Reliance on third party airline operators in the Charter division for delivery of services to our customers. Operator compliance with relevant regulations. Financial exposure if customers fail to pay for Charter services after Air Partner has paid the operators in advance of flight take-off, which is custom and practice in the industry. Post the pandemic, there have been increased contractual and counterparty risks as staff have operated to shorter timescales and, in some cases, urgent demand. Operators have also been under extreme financial pressures leading to a reduction in supply. 	<ul style="list-style-type: none"> Failure of aircraft or operator chartered by Air Partner, or failure of other suppliers (e.g. hauliers). Loss of customers and revenues. Loss of earnings and cash impact. Negative reputational ramifications. We have an approved list of aircraft chartered on behalf of our customers, ensuring that the best and most appropriate aircraft is used. Air Partner's approved list of operators is screened, assessed and benchmarked to ensure every aircraft meets all our stringent tests. The Group constantly monitors defaults of operators and other counterparties and incorporates this information into its credit risk controls. It is the Group's policy that all counterparties which wish to trade on credit terms are subject to a credit verification process before and during the business relationship.
Financial performance 	Financial management and performance <ul style="list-style-type: none"> Foreign exchange risk, interest rate risk and liquidity risk. There is a foreign exchange risk as we buy and sell goods and services in currencies other than Sterling, particularly with regard to the US Dollar and Euro rates. There is both a credit and liquidity risk in paying operators before a flight occurs or before payment is received from the customer. 	<ul style="list-style-type: none"> Negative impact on profitability, cash flow and financial statements. Negative impact on financial ratios and credit ratings, impacting our ability to raise funds. Inability to invest in medium to long-term drivers of growth. 	<ul style="list-style-type: none"> Post the takeover by Wheels Up, the Group will be supported by its ultimate parent going forwards. Wheels Up reported a \$784.6m cash and cash equivalents balance as at 31 December 2021; see note 39 – Parent company and ultimate parent company for further details. The Group's policy on foreign currency risk is not to enter into forward contracts until a firm contract has been signed. Consideration is given to using derivatives where appropriate to hedge our exposure to fluctuations in foreign exchange rates. The purpose is to manage the currency risks arising from the Group's operations. Mitigation of the credit and liquidity risk by making payments to operators only once payment from the customer has been received, where possible.

Going concern

As at 31 January 2022, the Group had a net cash (against bank debt) position of £16.1m (excluding JetCard cash), compared to a net cash position of £9.9m at the previous year end. The increase in cash was driven by strong trading during the second half of FY22, including global deliveries of COVID-19 vaccinations from the US. The increase in net cash is particularly notable given the acquisition of Kenyon during the year. At the end of April 2022, net cash was £5.3m. Cash is lower than at 31 January 2022 due to the fact the cash held within two subsidiaries, which were sold to Wheels Up Experience Inc. following year end, is now excluded, (see page 1 – Post-balance sheet events).

For short-term liquidity, the Group continues to have access to a £1.5m overdraft facility (2021: £1.5m). As a result of the takeover of Air Partner by Wheels Up UK Ltd, the revolving credit facility with NatWest, which stood at £12.0m for most of the year, was terminated on 1 April 2022. Going forward, the Group is expected to be self-sufficient from a cash perspective, however, if necessary, it would seek to rely on its parent company.

The Directors have undertaken a thorough assessment in evaluating going concern. This has been assessed by reference to cash forecasts through to September 2023, which reflect a cautious view of trading activity across all divisions, and further sensitivities have then been applied to reflect a slower recovery from the COVID-19 pandemic and the impact of the Russian invasion in Ukraine. In all scenarios tested, there are no reasonably foreseeable downside scenarios where the Group would not maintain sufficient liquidity.

The Directors believe the cash position at the end of April 2022 means the Group is well placed to manage its business and meet its liabilities as they fall due. In reaching this conclusion, the Directors have taken into account the risks identified in the principal risks and uncertainties.

The Directors have made appropriate enquiries and have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Environmental, social and governance

In 2021, Air Partner embarked upon a new journey, seeking new ways to work for the benefit of our stakeholders, our people and our planet. This saw the launch of the first Air Partner ESG strategy, which carefully considers factors that are intrinsically important to our current and future operations. At the centre of this strategy is the recognition that we are a people business – committed to our customers and invested in supporting our employees to work in a culture that is fair, responsible and inclusive, with sustainability at the heart of all we do.

Over the past year, Air Partner has made considerable improvements to the Group's environmental performance, building on previous efforts and finding new ways to effect positive change. We continued to work with our environmental consultants Delta-Simons, who calculated the baseline carbon footprint for greenhouse gas emissions resulting from our business operations and made carbon reduction recommendations. These are built around four pillars, namely carbon offsetting, charitable partnerships, reduction of resource consumption, and transparency in reporting. Key initiatives include our ongoing work with award-winning carbon reduction organisation ClimateCare and a new corporate partnership with environmental charity Raleigh International.

This section includes our mandatory reporting of greenhouse gas emissions (scope 1 and scope 2) and global energy use pursuant to the Companies Act 2006 Regulations 2013 and the Streamlined Energy and Carbon Reporting (SECR) under the Companies and Limited Liability Partnerships Regulations 2018. The methodology used to calculate our emissions is based on the GHG Protocol Corporate Standard.

Direct scope emissions have reduced due to mileage and the replacement of several aged vehicles with lower emitting vehicle models. Indirect emissions have risen as a natural reversal to homeworking in prior year.

	Tonnes of CO ₂ e	
	FY22	FY21
Scope 1 (direct)	174.2	210.8
Scope 2 (indirect)	152.0	86.3
Total emissions	326.2	297.1
Selected intensity ratio (tCO ₂ e per £m gross profit)	7.3	6.6

On the Social front, we have created a number of key initiatives to progress organisational development against each of our five pillars: 1) Positively impacting the economies and communities in which we operate; 2) Employee attraction, engagement and retention; 3) Health, Wellbeing and Safety; 4) Community – Charity; and 5) Supply Chain – Customers, Suppliers and Products. These include running an employee volunteering programme, partnering with mental health charity the Charlie Waller Trust, holding monthly virtual 'All Hands' meetings, the revision of our diversity and inclusion policy, the launch of a High Potential Talent programme, and the introduction of a five-year roadmap for benefits and rewards.

Section 172 statement

The Directors have 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 the interests of stakeholders in their decision making. The Directors, acting fairly and in good faith, consider what is most likely to promote the success of the Company for its members in the long term.

Consideration of stakeholders' interests has always been integral to the work of the Board and in its decision making. The Board's decision-making process includes deliberating the impact of decisions on the key stakeholder groups identified by the Board. For strategic decisions, the Board is provided with associated documentation to allow an informed assessment, for example an outline of key risks and opportunities and of the possible impact on stakeholders and long-term forecasts. The Board also understands the importance of ensuring it has an effective engagement framework to capture feedback on the business's impact. Details of the stakeholder groups' key concerns and methods of engagement during the year include:

- **Shareholders** – Annual General Meeting; investor road shows, regulatory services and Company website;
- **Customers** – direct feedback and customer service surveys;
- **People** – Employee Advisory Panel; employee surveys, whistleblowing and training;
- **Supplier** – fostering key supplier schemes/partnership arrangements, hosting conferences and roundtable discussions; and
- **Community** – supporting local charities across the Group, volunteering and environmental projects.

During Board meetings, the Directors consider the views received from the Group Executive Team and Employee Advisory Panel and review progress against strategic priorities and the changing shape of the business portfolio. This collaborative approach by the Board helps it to promote the long-term success of the Company.

Examples of strategic decisions taken with stakeholder consideration:

The launch of the carbon offset scheme and improving the Company's ESG credentials

The Company proactively endeavours to deliver services with necessary consideration to the environment. This is increasingly becoming an important consideration for all our stakeholders and in turn the Company as a whole. Having listened to feedback from our teams and our customers, we were acutely aware that we needed to be more proactive in offsetting the carbon emissions on our customer flights. Working in partnership with ClimateCare, a climate and development expert in supporting projects that reduce carbon emissions, we launched the automatic enrolment of all our Private Jets and Group Charter customers to a carbon offsetting scheme. This was to coincide with the climate change conference, COP 2021. ClimateCare supports the calculation of the volume of carbon emissions from flights, which is then offset by adding a cost directly to the price of each flight. Overall, this change has been well received by our customers, and our employees are encouraged by the stance.

The acquisition of Kenyon International Emergency Services Inc. ('Kenyon')

Kenyon is a world leader in emergency planning and incident response that provides an unrivalled service to clients when it is most needed. Our acquisition of the company in August 2021 builds on our existing activities in emergency planning and air evacuation. The Kenyon business has already started to provide employees with learning and development opportunities, in addition to broadening our range of services to customers and diversifying our earnings profile in line with our stated strategy.

Directors' remuneration report

Our Directors' remuneration policy was reviewed in 2019 and was approved by shareholders at the 2020 AGM with the support of 99.97% of votes cast. We were also pleased to receive a shareholder vote of 99.35% in favour of our 2021 report.

This Directors' remuneration report focuses on providing information on remuneration and decisions taken in respect of the year ended 31 January 2022.

Our remuneration philosophy

The Group's total remuneration packages are designed to be competitive to attract, retain and motivate high quality individuals throughout the business. Our packages aim to recruit talented Executive Directors and senior Executives capable of effectively delivering on the Group's strategy and driving business outcomes through their teams, thereby enhancing long-term shareholder value.

The principles of our remuneration policy are to:

- ensure overall remuneration is market competitive to attract and retain the leadership and talent required to drive the business for the benefit of all stakeholders;
- adopt a simple, transparent and cost-effective approach to remuneration which is clear and understandable for business leaders, shareholders and the wider team;
- align compensation to performance and incorporate a balance of fixed and variable remuneration elements;
- design incentive plans which reinforce both short- and long-term behaviours, promote long-term development and support the strategic plans of the business; and
- ensure remuneration packages motivate and incentivise Executive Directors, senior Executives and the broader team to deliver on stretching performance targets consistent with our risk management framework.

The Group employs people in specialised high capability roles, from brokers to consultants, aviation experts to covert testers, and management across a range of geographies. The reward structure for our people is built around a set of common reward principles on a framework altered to suit the needs of each business area. Reward packages differ, taking into account a number of factors including seniority, role, impact on the business, local practice, custom and legislation.

Key remuneration activities during the year

Key activities undertaken by the Committee during the year were:

- determining the Executive Directors' KPIs for FY22;
- reviewing the Executive Directors' KPIs for FY21;
- determining the level of annual bonus for the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) in respect of performance against targets in respect of FY21;
- determining the extent to which the performance measures attached to the Long Term Incentive Plan (LTIP) awards were achieved for awards due to vest in 2021;
- setting bonus targets for FY22 following the approval of the financial budget and including objectives and KPIs for the CEO and CFO;
- determining the level and performance conditions to be attached to LTIP awards made to Executive Directors and Executives during FY22;
- agreeing vesting terms for LTIPs and Save As You Earn Scheme as part of the acquisition process by Wheels Up;
- review of appropriateness of remuneration advisers; and
- undertaking a performance evaluation of the Committee.

Subsequent to the financial year end, the Committee met to review the final outcome of the FY22 annual bonus scheme and the structure and targets of the annual bonus scheme and LTIP for FY23.

Context to the Committee decisions

Decisions above are made in the context of trading conditions and as laid out in the Strategic report on page 2, including the acquisition of the Company by Wheels Up UK Limited.

Directors' remuneration report (*continued*)

Remuneration decisions made and the implementation of the remuneration policy

Although UK Government support remained available it was not taken up by the Company in FY22 for the UK business.

Government support continued to be utilised internationally for areas of the business that were significantly impacted by COVID-19.

A targeted salary review took place in January 2022, with an effective date for awards from 1 February 2022, pulled forward from the usual August review date to take account of high levels of inflation and cost of living challenges.

The normal maximum bonus opportunities for our CEO and CFO are 100% and 70% of salary, respectively.

In November 2021, we reviewed the annual bonus position. At the start of the year, we had envisaged a stretch underlying PBT target, covering 70% of annual bonus, at £7.0m. In light of strong year-to-date performance to November we created an extraordinary discretionary pool which would self-fund £20k increments for every £100k achieved above the stretch PBT target of £7.0m which would then be apportioned across all bonus recipients. As such, the total maximum bonus opportunity of our CEO and CFO would remain within the policy maximum to be used in exceptional circumstances of 150% of salary and 100% of salary, respectively.

Our scores for the CEO and CFO against the KPI element of their bonus, which covers 30% of annual bonus, were 100% for both the CEO and CFO. As such, applying the extraordinary stretch enhancement to the PBT portion of annual bonus and the KPI scoring would have resulted in annual bonus payments of 123% of salary for our CEO and 87% of salary for our CFO.

In light of the overachievement of the stretch PBT target, the Committee has determined to exercise discretion to increase the amounts payable reflecting extraordinary stretch performance to the maximum levels of 150% of salary for the CEO and 100% of salary for the CFO.

In May 2021, an award of 337,079 ordinary shares representing 100% of salary was granted to the CEO and 168,539 ordinary shares representing 75% of salary was granted to the CFO pursuant to our 2012 LTIP scheme, subject to the performance conditions detailed later in this report. In accordance with the remuneration policy, the LTIP awards made to the Executive Directors were subject to enhanced malus and clawback provisions and an additional two-year holding period. These awards are eligible for dividend equivalents to be paid in shares at the time that the award vests.

No LTIPs became due during the year as a result of the cancellation of the 2018 grants.

Focus for FY23

As a result of the acquisition of the Company by Wheels Up UK Limited on 1 April 2022 this will be the final Remuneration report for the Company as a publicly listed business as at the year end date.

Directors' remuneration report (continued)

Remuneration policy report

The Directors' remuneration policy was approved by shareholders at the 2019 AGM on 26 June 2019 and is effective until the 2022 AGM. The prevailing policy has been rolled over into this year in light of the acquisition of the Company by Wheels Up UK Limited on 1 April 2022.

The Committee works hard to ensure that the remuneration policy and practices are clear and transparent and that the level of remuneration received is reflective of the overall business performance. The Committee believes that the structure of Executive Directors' and senior Executives' reward should be aligned to the Group's strategy, purpose and values and as such a greater proportion of the package for senior leadership roles is therefore performance based pay through an annual bonus and LTIP. This ensures the remuneration of the Executive Directors and the senior Executives is aligned with the performance of the Company and therefore the interests of shareholders. The approved 2019 Directors' remuneration policy will be implemented in accordance with the policy table outlined below.

The table below summarises the main elements and performance metrics of the reward package for Executive Directors.

Purpose and link to Remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for clawback or withholding of payment
Base salary				
Supports the recruitment and retention of Executive Directors of the calibre required to fulfil the role without paying more than is necessary.	Paid in cash. Normally reviewed annually to take effect on 1 August but exceptionally may take place at other times of the year.	The Committee's policy is to set base salary at an appropriate level taking into account the factors outlined in this table; there is no maximum value. The Committee considers individual salaries at the appropriate Committee meeting each year.	N/A	None
Rewards Executives for the performance of their role. Reflects the skills, experience and role within the Group.	In determining base salaries, the Committee considers: <ul style="list-style-type: none"> • pay levels at companies of a similar size and complexity; • external market conditions; • pay and conditions elsewhere in the Group; and • personal performance. 			
Pension				
Provides funds to allow Executive Directors to save for retirement.	In determining pension arrangements, the Committee takes into account relevant market practice.	Both the CEO and CFO receive a Company contribution of 12.0% of basic salary.	N/A	None
Provides a market competitive retirement benefit.	The scheme is defined contribution.	Pension contributions for new Executive Directors will be in line with other scheme participants.		
Incentivises and encourages retention.	A salary sacrifice scheme is in operation for Executive Directors. Executive Directors may elect, with the Committee's consent, to receive some or all of the Company's pension contribution as a cash alternative. Bonuses are non-pensionable.			
Benefits in kind				
Provides a market competitive level of benefits to Executive Directors.	Executive Directors can receive life assurance, health insurance, car allowance, income protection, critical illness cover and sports club or gym membership.	There is no maximum value.	N/A	None

Directors' remuneration report (*continued*)

Remuneration policy report (*continued*)

Purpose and link to Remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for clawback or withholding of payment
Relocation/expatriate assistance				
Provides assistance to Executive Directors who are required to work away from their home location to enable us to recruit the best person for the role.	Assistance will include (but is not limited to) facilitating or meeting the costs of obtaining visas or work permits for Executive Directors and their immediate family, removal and other relocation costs, house purchase or rental costs, limited amount of travel costs and tax equalisation arrangements.	There are a number of variables affecting the amount that may be payable, but the Remuneration Committee would pay no more than it judged reasonably necessary. The maximum amount payable shall not exceed £50,000 per individual in any financial year.	N/A	None
Annual bonus				
Rewards and incentivises the achievement of annual financial objectives which are aligned with key strategic goals and supports the enhancement of shareholder value.	<p>Paid in cash following announcement of financial year results.</p> <p>Bonuses are non-pensionable.</p> <p>May be paid in shares at the Committee's discretion. Where the bonus is paid in shares these must be held for a period of two years.</p> <p>The Committee has overall discretion to adjust the extent to which bonuses are paid (in line with the 2018 UK Corporate Governance Code).</p>	<p>Maximum opportunity to achieve:</p> <ul style="list-style-type: none"> CEO: 150% of base salary; and CFO: 100% of base salary. <p>Bonus accrues from threshold levels of performance. At threshold only the KPI element of the bonus is payable.</p> <p>Maximum opportunity to be used in exceptional circumstances.</p>	<p>Both CEO and CFO bonus payment is based on:</p> <ul style="list-style-type: none"> Personal objectives: 30% based on performance against key performance indicators (KPIs) defined at the beginning of each financial year; and Company performance: 70% based on financial metrics. 	<p>Bonus is usually not paid to a good leaver should they leave before the payment date of said bonus.</p> <p>Arrangements are in place under which amounts paid out in bonus can be clawed back from Executive Directors in defined circumstances.</p>
Long Term Incentive Plan (LTIP)				
<p>Incentivises Executives to achieve our long-term strategy and create sustainable shareholder value.</p> <p>Enhances shareholder value by motivating growth in earnings and maintenance of an efficient and sustainable level of return on capital.</p> <p>Aligns with shareholder interests through the delivery of shares.</p>	<p>Awards vest after three years based on Group financial targets.</p> <p>Awards are in the form of nil-cost options and must be exercised within four years of vesting.</p> <p>25% of awards vest at threshold levels of performance. For performance above threshold, awards vest on a straight-line basis up to a maximum of 100%.</p> <p>The Committee has overall discretion to adjust the extent to which awards will vest (in line with the 2018 UK Corporate Governance Code).</p> <p>Awards granted from 2019 which vest after the end of the three-year performance period will be subject to an additional two-year holding period. During this period the shares cannot be sold (other than as required for tax purposes). The holding period is also applied post employment for Executive Directors who leave after the performance period.</p>	<p>Maximum plan award of 150% of base salary to be used in exceptional circumstances.</p> <p>Usual award levels will be:</p> <ul style="list-style-type: none"> CEO: 100%–150% of base salary; and CFO: 75%–100% of base salary. <p>Dividend equivalent amounts may be added to performance share awards in shares at the point of vesting.</p>	<p>The Committee will review the appropriateness of performance measures on an annual basis and set challenging targets consistent with the business strategy.</p> <p>Two thirds of the award is based on an earnings per share (EPS) target and the remaining third on a total shareholder return (TSR) target.</p> <p>The Committee has the ability to select appropriate performance condition criteria, mix and targets each year.</p>	<p>As per the rules of the scheme, awards will lapse if the Executive leaves before the end of the performance period.</p> <p>The Remuneration Committee has discretion in certain circumstances (for example change of control, death, serious illness or redundancy) to permit an award to vest before the end of the performance period.</p> <p>The LTIP scheme rules contain malus and clawback provisions under which amounts paid out can be recovered back from Executive Directors in defined circumstances.</p>

Directors' remuneration report (continued)

Remuneration policy report (continued)

Purpose and link to Remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for clawback or withholding of payment
All Employee Share Plan				
Encourages all employees to make a long-term investment in the Company's shares in a tax efficient way.	The Executive Directors may participate in the Company's Sharesave (Save As You Earn) scheme, on the same terms as other eligible employees.	The maximum participation level will be aligned to HMRC limits.	N/A	None
Shareholding guideline				
Incentivises Executives to achieve our long-term strategy and create sustainable shareholder value.	Target value to be achieved over five years: <ul style="list-style-type: none"> CEO: 100% of salary; and CFO: 50% of salary. 	N/A	N/A	N/A
Aligns with shareholder interests.	Until the shareholding guideline has been achieved, Executives must retain at least half of vested LTIP awards beyond those needing to be sold to pay tax.			

Discretion

Annual bonus documentation and the LTIP rules contain provisions to give the Committee the ability to apply discretion to adjust the formulaic outcomes in line with the 2018 Code but always within plan limits as determined by the new policy. Any use of discretion would clearly be explained in the Directors' remuneration report.

Remuneration policy for other employees

The policy described above applies specifically to the Executive Directors. In practice, the Committee also has responsibility for setting the policy for, and determining the remuneration of, the senior Executives.

In all cases, the Committee is mindful of the remuneration policy which applies to the broader workforce and seeks to ensure that the underlying principles which form the basis for decisions on Executive Directors' and senior Executives' pay are consistent with those on which pay decisions for the rest of the workforce are taken.

Illustration of the remuneration policy

Three scenarios of Executive Directors' remuneration based on differing performance: minimum (fixed pay, pension and benefits), on target (fixed remuneration plus annual performance related pay, paying out at target levels, and LTIP at 100% for CEO and 75% for CFO) and maximum (fixed remuneration plus maximum variable pay that may be awarded). A scenario is also shown which provides an indication of the maximum remuneration receivable, assuming share price appreciation of 50% on the LTIP.

A significant proportion of the potential remuneration of the Executive Directors is variable and is therefore performance related. It is also subject to deferral, additional holding periods, malus and clawback.

Chief Executive Officer (£'000)

Minimum	100%	357			
Target	+1%	32%	31%	871	
Maximum	28%		36%	36%	1,263
Maximum with share price growth	24%		30.5%	30.5%	15% 1,485

■ Fixed pay ■ Cash bonus ■ LTIP □ Share price growth

Chief Financial Officer (£'000)

Minimum	100%	238			
Target	+8%	21%	31%	495	
Maximum	37%		31.5%	31.5%	640
Maximum with share price growth	32%		27%	27%	14% 739

■ Fixed pay ■ Cash bonus ■ LTIP □ Share price growth

Directors' remuneration report (*continued*)

Remuneration policy report (*continued*)

Remuneration policy table – Non-executive Directors' fees

The following table sets out a summary of our remuneration policy for Non-executive Directors:

Remuneration element	Purpose and link to remuneration policy	Key features and operation
Fees	Fees for Non-executive Directors are set at an appropriate level to recruit and retain Directors of a sufficient calibre without paying more than is necessary to do so. Fees are set taking into account the following factors: the time commitment required to fulfil the role, typical practice at other companies of a similar size, and salary levels of employees throughout the Group.	<p>The Non-executive Directors' fee policy is:</p> <ul style="list-style-type: none"> to pay a basic fee for membership of the Board; and to pay additional fees for fulfilling the role of Chair of the Board and/or Chair of a Committee and for the role of Senior Independent Director, taking into account the additional responsibilities and time commitment of these roles. <p>Fees are reviewed at appropriate intervals (normally once every year) by the Board. Our current maximum fees are as follows:</p> <ul style="list-style-type: none"> basic fee – £35,000; additional fee for Board Chair – £45,000; additional fee for Committee Chair – £5,000; and additional fee for Senior Independent Director – £5,000.

Following the acquisition of the Company by Wheels Up UK Limited, all of the Non-executive Directors have resigned, effective 1 April 2022 with three months' pay in lieu of notice, as per their agreements.

Non-executive Directors' letters of appointment

The Non-executive Directors do not have service contracts but have entered into letters of appointment with the Company covering matters such as duties, time commitment, fees and other business interests. The letters of appointment do not include any provisions for the payment of pre-determined compensation upon termination of appointment and notice may be served by either party.

The Non-executive Directors are appointed for an initial three-year period which may be renewed once by mutual consent. In exceptional circumstances, a further extension may be agreed, but no Non-executive Director, with the exception of the Chair, may serve for a period of more than nine years from their date of initial appointment.

Details of the letters of appointment of the Non-executive Directors at 31 January 2022 are set out below:

Non-executive Director	Date of appointment or reappointment	Term	Unexpired term at 31 January 2022	Notice period
Ed Warner	1 April 2019	3 years	2 months	3 months
Paul Dollman	1 May 2019	3 years	3 months	3 months
Amanda Wills	20 April 2019	3 years	2 months	3 months

Remuneration Committee structure

The Committee is constituted as a formal sub-committee of the Board with its own terms of reference. Its primary role is to review and set the remuneration policy for the Executive Directors, within the context of salaries and benefits paid across the Group as a whole and make discretionary performance related awards to the Executive Directors. The full Board agrees the remuneration of the Chair and Non-executive Directors on the principle that no individual should be able to determine their own remuneration.

Remuneration Committee membership

The members of the Committee during the year until 1 April 2022 were:

Amanda Wills (Chair)
Paul Dollman
Ed Warner

In addition, the Chief Executive Officer, Chief Financial Officer and Chief People and Technology Officer are invited from time to time to attend meetings of the Committee. No individuals are involved in decisions relating to their own remuneration. The Committee met formally four times during the year.

From 1 April 2022, as a result of the acquisition of the Company by Wheels Up UK Limited, the Non-executive Directors have been paid their three months' notice and the Remuneration Committee is now dissolved.

External advisers

The Committee received advice during the period under review from h2glenferm. h2glenferm was appointed to provide advice to the Committee following a tender process in 2015. h2glenferm voluntarily operates in accordance with the Code of Conduct of the Remuneration Consultants Group in relation to executive remuneration consulting in the United Kingdom. h2glenferm does not provide other services to the Group and has no other connection with the Company or individual Directors. The Committee has therefore satisfied itself that advice provided by h2glenferm was objective and independent. Fees of £10,920 on a time spent basis were payable to h2glenferm during the year. The advice and recommendations of the external advisers are used as a guide, but do

Directors' remuneration report (continued)

Annual report on remuneration

not serve as a substitute for thorough consideration of the issues by each Committee member. Advisers attend Committee meetings occasionally, as and when required by the Committee.

The Committee may also obtain, at the Company's expense, any necessary legal or other professional advice.

Directors' remuneration for the year ended 31 January 2022 (audited)

The following table provides details of the Directors' remuneration for the year ended 31 January 2022, together with their remuneration for the year ended 31 January 2021:

	Salary		Taxable benefits		Bonus		LTIP ¹		Pension		Total fixed remuneration		Total variable remuneration		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors																
Mark Briffa	300	288	22	21	450	300	—	—	36	35	358	344	450	300	808	644
Joanne Estell ¹	200	192	14	14	200	140	—	—	24	23	238	229	200	140	438	369
Non-executive Directors																
Ed Warner	85	81	—	—	—	—	—	—	—	—	85	81	—	—	85	81
Paul Dollman ²	40	38	—	—	—	—	—	—	—	—	40	38	—	—	40	38
Richard Jackson ³	—	7	—	—	—	—	—	—	—	—	—	7	—	—	—	7
Amanda Wills	40	38	—	—	—	—	—	—	—	—	40	38	—	—	40	38
Total	665	644	36	35	650	440	—	—	60	58	761	737	650	440	1,411	1,177

1 Due to an administrative error, Joanne Estell was overpaid £3,479 in Pension contributions in FY20. The full amount of £3,479 was paid back in FY21.

2 Paul Dollman's salary was misstated in the prior year accounts by £3k. Comparatives have been amended to reflect correct amount.

3 Richard Jackson passed away on 26 March 2020.

4 No value was attributable to share price appreciation.

A targeted salary review for all Air Partner employees was executed in January 2022 effective from February 2022.

Pension

The existing Executive Directors' pension arrangements are ahead of the rate which is given to the majority of our workforce. The pension contribution for the CEO and CFO is 12% of salary.

None of the Executive Directors have a prospective right to a defined benefits pension with the Company.

Benefits in kind (audited)

Executive Directors receive a benefits package including a car allowance, health insurance, life assurance, critical illness cover and home telephone and internet facility.

Annual bonus (audited)

The bonus payment for the Executive Directors is based on the following weighting: 70% relating to the Group's underlying profit before tax result above threshold and 30% attributable to achievement against personal objectives. For reference, the underlying profit before tax threshold for the financial year ended 31 January 2022 was £5.0m.

In light of strong year-to-date performance to November 2021 we created an extraordinary discretionary pool which would self-fund £20k increments for every £100k achieved above the stretch PBT target of £7.0m, which would then be apportioned across all bonus recipients.

Applying the extraordinary stretch enhancement to the PBT portion of annual bonus and the KPI scoring would have resulted in annual bonus payments of 123% of salary for our CEO and 87% of salary for our CFO.

In light of the overachievement of the stretch PBT target, the Committee has determined to exercise discretion to increase the amounts payable reflecting extraordinary stretch performance to the maximum levels of 150% of salary for the CEO and 100% of salary for the CFO.

	Underlying profit before tax (70%)			Actual £m	KPI (30%)	% payable
	Threshold £m	Target £m	Stretch £m			
Mark Briffa	5.0	6.0	7.0	8.8	See table below	150%
Joanne Estell	5.0	6.0	7.0	8.8	See table below	100%

Profit is before income tax, exceptional and other items.

Directors' remuneration report (*continued*)

Annual report on remuneration (*continued*)

Below is a summary of the personal objectives and achievements for the CEO:

Strategic pillar	Weighting	Measures	Achievement
Profitable growth	70%	Achieve Group underlying PBT target of £5.0m	Group underlying PBT target exceeded
		Continue to deliver on the existing strategy to improve quality of earnings and reduce the reliance on the Charter business	Size of opportunity and scale over three years agreed and plan in place to deliver
		Review the size of the opportunity and the scalability which exists within Services over the next three years	
		Improve the internal process for collating customer feedback to ensure that the NPS score is based on more accurate and robust data	Achieved
		<i>Environment:</i> Ensure the ESG strategy and the various workstreams and its initiatives are embedded across the Group	Uptake of carbon offset scheme increased across the Group as referenced on page 13 Relationship built with charitable partner Target set for reduced resource consumption; relevant initiatives are in place and being tracked Compliance reporting in Annual Report
Transformational success	30%		

Below is a summary of the personal objectives and achievements for the CFO:

Strategic pillar	Weighting	Measures	Achievement
Growing Organically: Strengthening our core	70%	Achieve Group underlying profit before tax of £5.0m	Group underlying profit before tax target achieved
		Achieve cash conversion – target 85%. Measured by cash generated from operations less investment activities (excluding acquisitions) divided by operating profit.	85% cash conversion achieved as per measure
Broadening our offering	10%	Oversee the finance integration plan for Services	Integration plan implemented and on going
Putting our customers first (Internal customer)	10%	Continue to deliver on the objectives set out in the finance strategy document, as approved by the Board 1 July 2020	Group Financial Controller (GFC) appointed during the year with the focus to deliver on a group-wide Finance Business Improvement Project (FBIP) FBIP project deliverables met against the revised plan as reset upon GFC appointment
Transformational success	10%	Support CEO on strategic investment decisions i.e. assessing acquisition targets	Group has a list of credible acquisition targets Strategic plan is approved by the Board Kenyon acquisition closed out in the year Wheels Up takeover complete 1 April 2022

Payments to former Directors (audited)

There were no payments to former Directors made in the year.

Payments for loss of office (audited)

There were no payments for loss of office to Directors or former Directors made in the year.

Directors' remuneration report (continued)

Annual report on remuneration (continued)

Long Term Incentive Plan (LTIP) (audited)

Details of unvested share awards outstanding at the financial year end are shown in the following tables:

Name	Date of grant	31 January 2021	Number of options				31 January 2022	Size (% salary)	Face value	Closing share price on the day before grant	Exercise price	Earliest date of exercise	Expiry date
			Granted	Exercised	Expired	Lapsed							
Mark Briffa	11 July 2019	335,696	—	—	—	—	335,696	100	265,200	79.0p	0.0p	11 July 2022	11 July 2029
	10 August 2020	503,919	—	—	—	—	503,919	150	450,000	89.3p	0.0p	11 August 2023	11 August 2030
	13 May 2021	—	337,079	—	—	—	337,079	100	300,000	89.0p	0.0p	13 May 2024	13 May 2031
		839,615	337,079	—	—	—	1,176,694						
Total													

Long Term Incentive Plan (LTIP) (audited) (continued)

Name	Date of grant	31 January 2021	Number of options				31 January 2022	Size (% salary)	Face value	Closing share price on the day before grant	Exercise price	Earliest date of exercise	Expiry date
			Granted	Exercised	Expired	Lapsed							
Joanne Estell	10 July 2019	182,278	—	—	—	—	182,278	75	144,000	79.0p	0.0p	11 July 2022	11 July 2029
	11 August 2020	223,964	—	—	—	—	223,964	100	200,000	89.3p	0.0p	11 August 2023	11 August 2030
	13 May 2021	—	168,539	—	—	—	168,539	75	150,000	89.0p	0.0p	13 May 2024	13 May 2031
		406,242	168,539	—	—	—	574,781						
Total													

The following performance conditions are attached to the LTIP awards:

Performance measure	Weighting	Performance	Vesting rate	2019	2020	2021
EPS	2/3rds	Threshold	25%	6.0%	9.75p	6.0% pa
		Stretch	100%	12.0%	10.70p	10.7% pa
TSR	1/3rd	Threshold	25%	9.0% pa	9.0% pa	8.0% pa
		Stretch	100%	16.0% pa	16.0% pa	15.0% pa

For intermediate performance between threshold and stretch, vesting will occur on a straight-line basis. There is no vesting for any performance measure where the outcome is below threshold.

Awards granted from 2019 which vest after the end of the three-year performance period will be subject to an additional two-year holding period. During this period the shares cannot be sold (other than as required for tax purposes). The holding period is also applied post-employment for Executive Directors who leave after the performance period.

Awards made in 2020 were not scaled back as the share price at grant had returned to pre-COVID-19 levels.

No LTIP performance targets were amended in the year.

As part of the acquisition of the Company by Wheels Up UK Limited on 1 April 2022, the Committee determined that, as there was a change of control, LTIP awards would vest at the acquisition date as follows:

Grant	Vesting Rate	Supporting reasoning	Exercised by Directors	
			Mark Briffa	Joanne Estell
2019	95.0%	Performance period had been completed. Based on the draft financial statement, EPS would achieve 100.0% of vesting target and TSR 85.0%. This resulted in an effective vesting total of 95.0%	318,911	173,164
2020	77.8%	Pro-rated on the amount of performance period completed up to 31 May 2022. The additional period was to ensure there was no incentive for management to delay the takeover for further gain.	391,937	174,194
2021	44.4%	Pro-rated on the amount of performance period completed up to 31 May 2022. The additional period was to ensure there was no incentive for management to delay the takeover for further gain.	149,812	74,906
			860,660	422,264

Share options

None of the Executive Directors hold any unexpired share options.

Directors' remuneration report (*continued*)

Annual report on remuneration (*continued*)

Directors' beneficial interests in shares (audited)

The Directors who held office during the year had the following beneficial interests in ordinary shares of 1p each in the Company, fully paid up, at the beginning of the year and end of the year:

	31 January 2022	31 January 2021
Mark Briffa ¹	821,836	822,130
Joanne Estell ²	38,030	38,030
Ed Warner	200,000	200,000
Paul Dollman	80,000	80,000
Amanda Wills	5,265	5,265

1 Mark Briffa's holding is above the 100% shareholding target.

2 Joanne Estell's target holding is 50% salary over a five-year period.

CEO pay history

The table below sets out the details for the Director undertaking the role of Chief Executive Officer:

Year ending	CEO single figure of total remuneration £'000	Annual bonus pay-out against maximum opportunity %	Vesting rates against maximum opportunity %
2022	808	100.0	—
2021	644	66.7	—
2020	674	—	84.0
2019	805	—	100.0
2018	691	42.9	65.5
2017	652	50.1	—
2016	570	73.9	—
2015	271	—	66.7
2014 – 18 months	656	92.8	—
2012	249	16.8	—

Percentage change in Directors' remuneration

The table below shows the percentage change in remuneration of each of the Directors and the Group's UK employees as a whole between the year ended 31 January 2021, on an annualised basis, and 31 January 2022.

UK employees employed by the Group in both January 2021 and January 2022 were chosen as the most appropriate comparator group as this includes senior Executives and excludes international employees who are on different pay structures.

%	Salary ¹	Benefits ²	Annual bonus
Mark Briffa	4.0	2.0	50.0
Joanne Estell	4.0	0.1	42.9
Ed Warner	4.5	—	—
Paul Dollman	3.9	—	—
Amanda Wills	3.9	—	—
Average pay based on all of the Group's UK employees	5.1	15.4	25.7

1 The Executive and Non-executive Directors had a 20% pay decrease from March–June 2020. The increase in Director salaries is due to this decrease not occurring in the current year.

2 There has been no significant change in the benefits offered in FY22. In a relatively small population, people opting in or out of benefits can have a significant impact on the overall spend.

Directors' remuneration report (*continued*)

Annual report on remuneration (*continued*)

Pay ratios

The government recently introduced legislation requiring all quoted companies with more than 250 UK employees to publish the ratio of the CEO's single figure to the actual total remuneration of full-time equivalent employees. The tables below set out the ratio of the CEO's pay as per the single figure of remuneration table to the 25th percentile, median and 75th percentile total remuneration of the Company's UK full-time equivalent employees as at 31 January 2022. The Committee has opted to use Option A for calculating the pay ratio, in line with best practice guidance.

	Method	FY22			FY21		
		25th percentile pay ratio	Median pay ratio	75th percentile pay ratio	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Salary	A	13:1	9:1	6:1	14:1	10:1	6:1
Total remuneration	A	32:1	22:1	14:1	28:1	19:1	12:1

	Salary £	Total remuneration £
CEO	288,355	644,310
25th percentile employee	21,242	22,897
50th percentile employee	30,086	33,259
75th percentile employee	44,859	55,096

The decrease in the ratios on a total remuneration basis is a result of the payment of higher levels of variable pay for eligible employees in FY22 due to the strong financial performance. Employees are our greatest asset and we ensure that they are fairly remunerated for their contribution to the success of the Group.

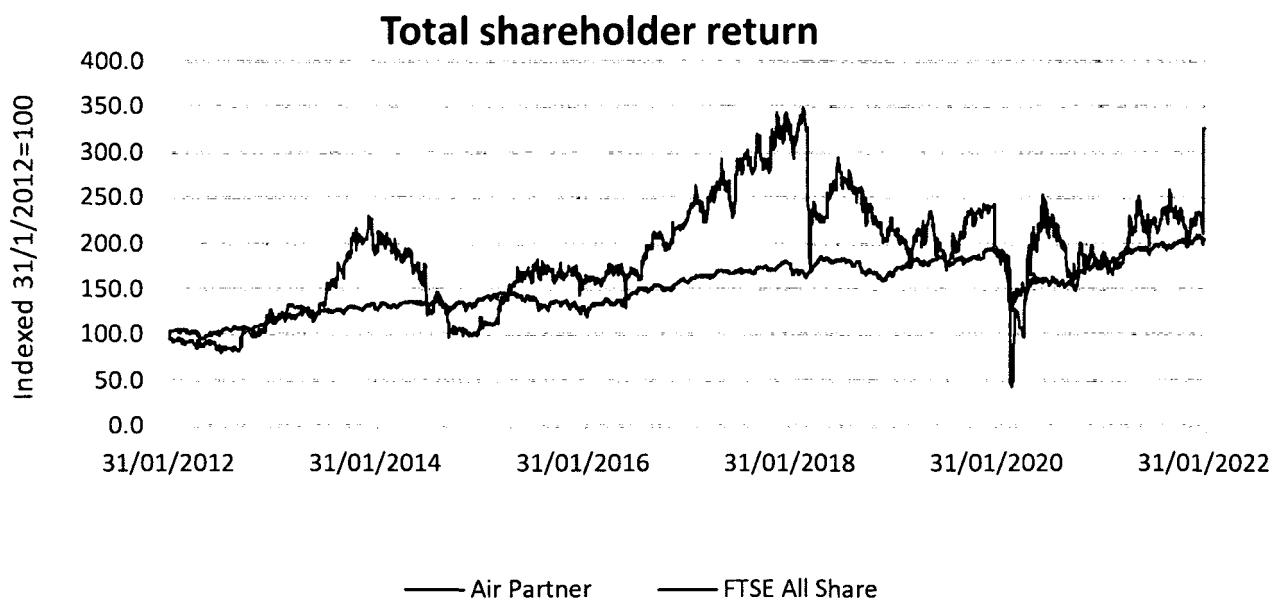
Relative importance of spend on pay

	2022	2021	% variance
Total employee pay compared to prior period (£'000)	31,260	29,381	6.4%
Profit before tax (£'000)	3,564	8,379	(57.5%)
Total dividends paid and declared (pence)	0.85	2.40	(64.6%)

Profit before tax as per the audited accounts has been used as a comparison as it is a key financial metric which the Board considers when assessing our performance.

Performance graph

To help investors to measure our comparative performance, the graph below shows the change in the total shareholder return of the Company for each of the past 10 financial years compared with the FTSE All Share Index.



We are not currently a constituent member of the FTSE All Share Index, but the Index has been selected as an appropriate comparator because it is easily accessible by investors and covers the performance of a broad range of companies, including aviation, transport and luxury retail businesses.

Directors' remuneration report (*continued*)

Annual report on remuneration (*continued*)

Shareholder voting

At the 2019 AGM, the results of the votes on the Directors' remuneration policy were:

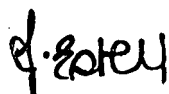
	Number of votes	% of votes cast
For (including discretionary)	12,566,645	97.45
Against	329,352	2.55
Votes withheld	28,139	—

At the 2021 AGM, the results of the votes on the Directors' remuneration report were:

	Number of votes	% of votes cast
For (including discretionary)	16,912,556	99.35
Against	109,937	0.65
Votes withheld	27,323	—

We consulted with major shareholders on the proposed remuneration policy changes in April 2019 and reflected comments made in the policy proposed.

The Directors' remuneration report was approved by the Board on 13 May 2022 and was signed on its behalf:



J E Estell

Director

Directors' report

Directors

The Directors and Officers of the Company who were in office during the year and up to the date of signing the financial statements were:

Ed Warner	Chair	Appointed 1 April 2019	Resigned 1 April 2022
Mark Briffa	Chief Executive Officer	Appointed 1 February 2006	
Joanne Estell	Chief Financial Officer	Appointed 10 September 2018	
Amanda Wills	Senior Non-executive Director	Appointed 20 April 2016	Resigned 1 April 2022
Paul Dollman	Non-executive Director	Appointed 1 May 2019	Resigned 1 April 2022
Judith Banks	Company Secretary	Appointed 6 November 2018	Resigned 14 October 2021
Marie-Anne Culnane	Company Secretary	Appointed 14 October 2021	
Kenneth Dichter	Director	Appointed 1 April 2022	

The gender split of the monthly average number of people shown in note 8 is as follows:

	Directors		Group Executive Team		Group	
	2022	2021	2022	2021	2022	2021
Male	3	3	5	6	281	295
Female	2	2	2	2	152	150
	5	5	7	8	433	445

Conflicts of interest

The Directors completed an annual review of their conflicts of interests. No Director had, during the year, any beneficial interest in any contract significant to the Company's business, other than a contract of employment. We have procedures in place for managing conflicts of interest. Should Directors become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Company, they are required to notify the Board in writing or at the next Board meeting.

In terms of the Wheels Up takeover process, the Directors and the Company took appropriate advice and fully complied with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules in all regards.

Directors' indemnities and insurance

During the financial year we made qualifying third-party indemnity provisions for the benefit of our Directors that remain in force at the date of approval of the financial statements. In certain circumstances, the Company can indemnify Directors, in accordance with its Articles of Association, against costs incurred in the defence of legal proceedings brought against them by virtue of their office. Directors' and Officers' liability insurance cover remains in place to protect all Directors and senior managers.

Articles of Association

Any amendment to the Company's Articles of Association may only be made by passing a special resolution of the shareholders of the Company. The Company's Articles of Association are filed at Companies House.

Share capital structure, buying back and shareholder rights

The share capital structure as at 31 January 2022 is described below, however it should be noted that the issued share capital of the Company was acquired by Wheels Up UK Limited ('BidCo') as described on page 1.

A resolution to revoke the restriction on the authorised share capital of the Company was passed at the 2021 AGM. The Company has one class of ordinary shares which have equal rights to dividends and capital and to vote at general meetings of the Company, as set out in the Company's Articles of Association. The number of ordinary shares of 1p each issued and fully paid at 31 January 2022 was 63,562,601. No new shares were issued during the year. No shares were bought back during the year.

Options outstanding under all employee share schemes amounted to 4.2% of the Company's issued share capital as at 31 January 2022. This includes options granted which have not yet vested. The nominal value of shares in respect of which awards are granted on any date shall not exceed 10% of the nominal amount of the Company's equity share capital on the date of the award. Resolutions to renew the authorities given to Directors to allot shares, to disapply certain pre-emption rights and to make market purchases of the Company's own shares, all subject to appropriate limits, will be put to the 2022 AGM to replace the authorities granted in 2021.

An Employee Benefit Trust (the 'Trust') holds ordinary shares in the Company in order to satisfy options under the Group's share option schemes. At 31 January 2022, the number of ordinary shares held by the Trust was 10,002. Shares in which the Trust holds the beneficial interest may not be voted upon and the entitlement to receive dividends is waived. The Trust has been closed following year end.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation.

The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

No individual or corporate entity has the right to appoint a Director. The appointment and replacement of Directors is governed by the Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation.

Directors' report (*continued*)

Change of control – significant contracts

There are a number of commercial agreements that take effect, alter or terminate upon a change of control of the Company; none are considered to be significant in terms of its potential impact on the business of the Group as a whole.

Branches

The Company and its subsidiaries have established branches in Lebanon, Austria and Singapore.

Political contributions

There were no political contributions during the year (2021: £nil).

Directors' statements

As required under the Companies Act 2006 various statements have been made by the Board as set out on page 28 and are incorporated into this report by reference.

PricewaterhouseCoopers LLP have conducted the audit of the Group's financial statements for the financial year to 31 January 2022.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. In accordance with section 489 of the Companies Act 2006, a resolution to appoint the statutory auditors will be proposed at the 2022 AGM.

Post-balance sheet events

The post-balance sheet events are disclosed in the Principal activities on page 1.

The Directors' report was approved by the Board on 13 May 2022 and is signed by order of the Board by:



Joanne Estell
Chief Financial Officer

13 May 2022

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.


Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.



Mark Briffa
President, International Charter and Services



Joanne Estell
Chief Financial Officer

13 May 2022

Independent auditors' report

to the members of Air Partner Limited

Report on the audit of the financial statements

Opinion

In our opinion, Air Partner Limited's group financial statements and company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 January 2022 and of the Group's profit and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise: the consolidated and company statements of financial position as at 31 January 2022; the consolidated income statement and consolidated statement of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to those charged with governance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6 of the financial statements, we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope

- We performed full scope audit procedures on two trading entities.
- In addition to that we have performed procedures in relation to the French tax investigation, which is referred to in note 2x to the financial statements; the leased Italian aircraft within Air Partner Srl, included within the IFRS 16 right of use asset disclosure in note 15; and certain material balances in other entities, as required to ensure we achieved our required levels of audit coverage
- Overall, these audit procedures provided coverage of 70% of consolidated revenue, 72% of consolidated profit before income tax and exceptional and other items on absolute basis, and 79% of consolidated profit before income tax on absolute basis.
- All work was performed by the group UK engagement team.

Key audit matters

- French tax investigation (group)
- Impairment of goodwill, intangibles and right of use assets (group and parent)
- Classification of exceptional and other items (group)
- Acquisition of the Group by Wheels Up Experience Inc. (group and parent)

Materiality

- Overall group materiality: £500,000 (2021: £500,000) based on a careful consideration of the level at which a change in reported profitability could materially change the views of users, of this equates to approximately 5.7% of profit before income tax and exceptional and other items.
- Overall company materiality: £400,000 (2021: £400,000) based on based on 1% of total assets of the Company capped at an allocation of the overall Group materiality.
- Performance materiality: £375,000 (2021: £375,000) (group) and £300,000 (2021: £300,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Independent auditors' report (*continued*)

to the members of Air Partner Limited

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Acquisition of the Group by Wheels Up Experience Inc. is a new key audit matter this year. Consideration of the impact of COVID-19, which was a key audit matter last year, is no longer included because it is not viewed as having a material impact on any key accounting judgements affecting the Group. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

How our audit addressed the key audit matter

French tax investigation (group)

During the financial year ending 31 January 2020 ('FY20'), Air Partner International S.A.S, a wholly owned subsidiary of the Group, was subject to a tax reassessment in relation to indirect and corporate taxes covering returns and transactions from 1 February 2015 to 31 January 2018, extended to 31 September 2018 for VAT. This resulted in the French Tax Administration challenging the treatment of various items from a tax perspective by the company, and issuing a demand for additional payment and fines in respect of the tax treatment of these items in the related periods. Evaluating the financial impact of matters of this nature is inherently uncertain and as such management have applied significant judgement in determining the likely outcome of the investigation and estimating the associated provision for any future payments that may be due. Management have received external advice from their own experts in responding to the reassessment and in evaluating the financial impact the assessment could have on the French business and group financial statements. Having regard to this advice the Directors established a provision of £283,000 (€337,000) in FY20 which remains unchanged, other than the impact of foreign exchange movements, resulting in a provision of £281,000 (€337,000) in the current year, reflecting management's best estimate of the potential impact of matters identified by the French Tax Administration. Having regard to the quantum of the gross reassessment, which is material in the context of the Group's financial statements, and the fact that there is a high degree of judgement around any final determination this was a key audit focus area for us. Further information is set out in note 2x to the financial statements.

We obtained and read the tax reassessment issued by the French Tax Administration in FY20, the company's response it issued to the French Tax Administration, and all other relevant correspondence between the company, the French Tax Administration and the company's external experts. We held discussions with management, their external experts and our UK tax specialists to challenge management's evaluation of the assessment during the current year. We note that no further correspondence from the French VAT authorities occurred during the year, something we validated from discussions with management, review of board minutes and confirmation from the Group's external legal advisors acting on their behalf in France. From our detailed testing performed in the current and prior year, the confirmation from management's experts and other related correspondence, there was no evidence to suggest a change in the level of provision booked in the prior year was warranted. In addition to the above we read, and considered the disclosures made in the financial statements in respect of the tax reassessment and found these were reasonable.

Impairment of goodwill, intangibles and right of use assets (group and parent)

As set out in notes 13, 14 and 15, the Group's consolidated statement of financial position as at 31 January 2022 includes goodwill of £8,283k, other intangible assets (brands and Customer Relationships) relating to various acquisitions made in previous years of £14,639k, and a right of use asset in relation to a leased Italian aircraft of £3,349k. Management are required to assess whether the carrying value of goodwill, other intangible assets and right of use assets are supported by the present value of future discounted cash flows generated by the related business and if there they are not impair the balances to a level that is supported by the cash flows. The cash flow forecasts which support the impairment review performed by the Group include a number of significant estimates including future revenue growth, profit margins, the terminal growth rate, and the discount rate. During the year, after consideration of management's impairment testing, two impairments were noted, one in Air Partner Aviation Services Limited for the full amount of associated goodwill recognised totalling £787k and the second in SafeSkys Limited representing a goodwill impairment of £667k. Given the materiality of the amounts involved and the importance of the estimation process in

We tested all material components of Goodwill, Intangibles and Right of Use Assets. Certain constituent parts required greater focus given the materiality of the amounts involved and the relative levels of headroom in the impairment assessments, notably the associated balances relating to SafeSkys Limited (Goodwill: £1,167k; Intangible assets: £359k and non-current assets of £160k). We obtained management's impairment model for each related balance and performed the following procedures: i) evaluated the reasonableness of key assumptions in the model, including future forecast changes in revenues, costs and associated cash flows as well as terminal growth rates and the discount rates applied. Our work was supported by our valuations experts to assess the discount rate used by management in the impairment workings; ii) challenged management to substantiate key assumptions, including a 'look-back' analysis to compare management's assumptions in prior year budgets with current year actuals performance; iii) tested the mathematical accuracy of management's impairment model and supporting calculations; and iv) obtained and evaluated management's sensitivity analyses to evaluate the financial impact of reasonable changes in key assumptions. As a result of our work performed, we have determined that the carrying value of Goodwill, Intangibles and Right of Use Assets is appropriately supported. We agree with

Key audit matter

determining whether any further impairments were required, this was an area of focus for us.

How our audit addressed the key audit matter

the impairments noted within Air Partner Aviation Services Limited and SafeSkys Limited. We have read the disclosures made in note 13, in relation to the more significant components of goodwill with tighter levels of headroom, including the sensitivity analysis and the associated sources of estimation uncertainty disclosed within note 2x, and found these disclosures to be appropriate.

Classification of exceptional and other items (group)

As described in note 2w the Directors believe that underlying profit before tax and earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These alternative performance measures are disclosed prominently in various sections of the annual report. The Directors define underlying profit as profit before income tax and exceptional and other items, which are set out in note 7 to the financial statements. There is a risk that costs incurred by the Group are inappropriately classified as exceptional and other items in order to inappropriately enhance the perceived performance of the Group, or that items of income or other gains received in the year which should be classified as exceptional and other items are excluded and reported within underlying profit. During the year, the Directors classified £5,275k as exceptional and other items before taxation.

We obtained management's detailed analysis of exceptional and other items and performed the following procedures: i) tested a sample of items classified as exceptional and other items back to supporting documents to ensure that these were accurately recorded; ii) evaluated the nature of the items tested to ensure that these were appropriately classified as exceptional and other items by reference to management's definition of underlying profit, as set out in note 2w, and established regulatory guidance on the reporting of alternative performance measures; iii) evaluated the nature of items of income and other gains received in the year that had not been reported within exceptional and other items to assess whether any of these should not be included within underlying profit. We read the disclosures in notes 2 and 7 to the financial statements to ensure these provided clear and sufficient guidance to enable the user of the financial statements to understand the nature and magnitude of the items included within exceptional and other items, and why management have excluded these items from underlying profit. We found these to be appropriate.

Acquisition of the Group by Wheels Up Experience Inc. (group and parent)

As described in note 40, on 1 April 2022, Wheels Up Experience Inc. ('Wheels Up') completed its acquisition of the Air Partner plc Group of companies. Following the acquisition, Air Partner plc was delisted from the London Stock Exchange and the Group's US subsidiaries, Air Partner, Inc. and Kenyon International Emergency Services, Inc., (including its subsidiary, Kenyon International Emergency Services Limited), were sold to Wheels Up. As a result of the acquisition and subsequent delisting of the Group, in relation to financial statement required disclosures, management have determined that the requirements of the Financial Conduct Authority ('FCA') listing rules; disclosure and transparency rules; and the UK Corporate Governance Code were no longer applicable to the Group's financial statements, however that as the Company was listed as at the balance sheet date, that the Companies Act 2006 quoted company requirements remain. In relation to judgements and estimates made within the financial statements, including liabilities arising as a result of the incentive plans, management have determined that their best estimate of the expenditure required to settle present obligations at the balance sheet date included the assumption that the acquisition of the Group would be completed post year end. Given the timing of the acquisition, and the importance of decisions taken by management, this was an area of focus for us.

In relation to the 2022 Annual Report, we have considered the FCA Listing rules; disclosure and transparency rules; and UK Corporate Governance Code and agree with management that these requirements are not applicable due to the post year end acquisition and delisting of the Group. We further agree with management that as a result of the listed status at the balance sheet date, that the Companies Act 2006 quoted company requirements remain. In relation to judgements and estimates made within the financial statements, we considered the available evidence as at 31 January 2022, and agree with management's conclusion that as at the balance sheet date, that it was appropriate to include the assumption that the acquisition would occur, and as such that this should be reflected within management best estimates to settle present obligations arising, specifically within estimates made in relation to the settlement of the Group's incentive plans. We found these estimates to be appropriate. We considered the broader impact of the sale of the Group's US subsidiaries, Air Partner, Inc. and Kenyon International Emergency Services, Inc., to Wheels Up, including within Management's going concern assessment. We conclude that Management have appropriately considered the impact of the sale of the subsidiaries, notably appropriately excluding the relevant amounts within going concern related forecast future cash flows.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group consists of seventeen trading companies, of which two are considered to be significant components of the Group. These are Air Partner Limited (previously Air Partner plc) in the UK and Air Partner Inc. in the USA. We have performed full-scope audits for both of these elements of the Group. These audits were performed by the UK Group engagement team. We then extended our testing in relation to the French tax investigation within Air Partner International S.A.S; the leased Italian aircraft within Air Partner Srl; and certain material balances in other entities, as required to ensure we achieved required levels of audit coverage.

Independent auditors' report (*continued*)

to the members of Air Partner Limited

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£500,000 (2021: £500,000).	£400,000 (2021: £400,000).
How we determined it	Based on a careful consideration of the level at which a change in reported profitability could materially change the views of users, of this equates to approximately 5.7% of profit before income tax and exceptional and other.	Based on 1% of total assets of the Company capped at an allocation of the overall Group materiality.
Rationale for benchmark applied	Within the Group there is a focus on business performance driven by Gross Profit. At the same time, the business remains focussed on achieving an acceptable profit before income tax and exceptional and other items. Having regard to both the size of the business and its profitability, the various users of the financial statements and our views as to what they would perceive as material items, particularly in the context of income statement adjustments, £500,000 was viewed as an appropriate level to set materiality at.	Within the Company there is a focus on business performance driven by Gross Profit. At the same time, the business remains focussed on achieving an acceptable profit before income tax and exceptional and other items, and maintaining a robust balance sheet. Having regard to both the size of the business and its profitability, £400,000 was viewed as an appropriate level to set materiality at.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £400,000 to £450,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £375,000 (2021: £375,000) for the Group financial statements and £300,000 (2021: £300,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £25,000 (group audit) (2021: £25,000) and £20,000 (company audit) (2021: £20,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group and the Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's latest cash flow forecasts, which cover the period to 30 September 2023, and the Directors going concern assessment;
- testing the mathematical accuracy of the cash flow forecast model;
- assessing the reasonableness of key assumptions supporting the cash flow forecasts including revenue and cost projections, mitigating cost actions identified by the Directors, and other assumptions over government support schemes in the Group's key territories;
- evaluating forecast revenues by reference to current, post pandemic and historical performance, sensitised to reflect a variety of different downside scenarios;
- assessing the impact of financial obligations arising from existing contractual relationships to ensure that these were appropriately reflected in the cash flow forecasts;
- we considered the impact of the sale of the Group's US subsidiaries, Air Partner, Inc. and Kenyon International Emergency Services, Inc., to Wheels Up, within Management's going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Independent auditors' report (*continued*) to the members of Air Partner Limited

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 January 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' remuneration

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to government grants (specifically lost income in France and corporation tax and VAT), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, and management bias in accounting estimates including valuation of deferred consideration and other liabilities. Audit procedures performed by the engagement team included:

- Testing government support received back to supporting evidence.
- Reading key correspondence with the French VAT authorities.
- Challenging assumptions made by management in their significant accounting judgements and estimates in particular in relation to items classified as Exceptional and other items, Goodwill and Intangible impairment assumptions, and deferred consideration.

Independent auditors' report (*continued*)

to the members of Air Partner Limited

- Evaluating and testing journal entries which may be indicative of fraud, for example any journal entries posted with unusual account combinations, journals posted by senior management, and unexpected consolidation journals.
- Review of disclosures included in the financial statements to ensure key judgements and estimates are presented in a way that is fair, balanced and understandable.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the those charged with governance, we were appointed by the Directors on 22 November 2018 to audit the financial statements for the year ended 31 January 2019 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 January 2019 to 31 January 2022.



Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 May 2022

Consolidated income statement

for the year ended 31 January 2022

		Year ended 31 January 2022 £'000	Year ended 31 January 2021 £'000
	Note		
Continuing operations			
Gross transaction value (GTV)	2	283,892	274,785
Revenue	3	84,728	71,173
Gross profit	4	44,975	44,870
Administrative expenses before exceptional and other items		(36,928)	(32,071)
Other operating income		1,209	43
Exceptional and other items	7	(5,275)	(3,179)
Total administrative expenses		(40,994)	(35,207)
Net impairment losses on financial assets		(9)	(810)
Operating profit	5	3,972	8,853
Operating profit before exceptional and other items		9,247	12,032
Finance income	9	2	29
Finance costs	9	(410)	(503)
Finance costs – net		(408)	(474)
Profit before income tax		3,564	8,379
Profit before income tax and exceptional and other items		8,839	11,558
Income tax expense	10	(1,384)	(2,747)
Profit for the year		2,180	5,632
Attributable to:			
Owners of the parent company		2,180	5,632
Earnings per share:			
Continuing operations			
Basic	12	3.4p	9.4p
Diluted	12	3.3p	9.3p

Consolidated statement of comprehensive income

for the year ended 31 January 2022

		Year ended 31 January 2022 £'000	Year ended 31 January 2021 £'000
	Note		
Profit for the year		2,180	5,632
Other comprehensive expense – items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		345	(743)
Total other comprehensive expense		345	(743)
Total comprehensive income/(expense) for the year		2,525	4,889
Attributable to:			
Owners of the parent company		2,525	4,889

The above consolidated income statement and consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 31 January 2022

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 February 2020	535	5,895	295	(158)	661	1,965	9,193
Profit for the year	—	—	—	—	—	5,632	5,632
Exchange differences on translation of foreign operations	—	—	—	—	(743)	—	(743)
Total comprehensive income for the year	—	—	—	—	(743)	5,632	4,889
Transactions with owners of the Company:							
Issue of shares (note 28)	101	56	6,895	—	—	—	7,052
Redemption of shares (note 28)	—	—	(6,895)	—	—	6,895	—
Share option charge for the year	—	—	—	—	—	451	451
Share options exercised during the year	—	—	—	91	—	(86)	5
Dividends paid (note 11)	—	—	—	—	—	(508)	(508)
Transactions with owners of the Company	101	56	—	91	—	6,752	7,000
Closing equity as at 31 January 2021	636	5,951	295	(67)	(82)	14,349	21,082

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 February 2021	636	5,951	295	(67)	(82)	14,349	21,082
Profit for the year	—	—	—	—	—	2,180	2,180
Exchange differences on translation of foreign operations	—	—	—	—	345	—	345
Total comprehensive income for the year	—	—	—	—	345	2,180	2,525
Transactions with owners of the Company:							
Share option charge for the year	—	—	—	—	—	1,172	1,172
Share options exercised during the year	—	—	—	53	—	(32)	21
Dividends paid (note 11)	—	—	—	—	—	(1,556)	(1,556)
Transactions with owners of the Company	—	—	—	53	—	(416)	(363)
Closing equity as at 31 January 2022	636	5,951	295	(14)	263	16,113	23,244

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Company statement of changes in equity

for the year ended 31 January 2022

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 February 2020	535	5,895	295	(158)	5,357	11,924
Profit for the year	—	—	—	—	8,093	8,093
Total comprehensive income for the year	—	—	—	—	8,093	8,093
Transactions with owners of the Company:						
Issue of shares (note 28)	101	56	6,895	—	—	7,052
Redemption of shares (note 28)	—	—	(6,895)	—	6,895	—
Share option charge for the year	—	—	—	—	451	451
Share options exercised during the year	—	—	—	91	(86)	5
Dividends paid (note 11)	—	—	—	—	(508)	(508)
Transactions with owners of the Company	101	56	—	91	6,752	7,000
Closing equity as at 31 January 2021	636	5,951	295	(67)	20,202	27,017

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 February 2021	636	5,951	295	(67)	20,202	27,017
Profit for the year	—	—	—	—	1,840	1,840
Total comprehensive income for the year	—	—	—	—	1,840	1,840
Transactions with owners of the Company:						
Share option charge for the year	—	—	—	—	1,172	1,172
Share options exercised during the year	—	—	—	53	(32)	21
Dividends paid (note 11)	—	—	—	—	(1,556)	(1,556)
Transactions with owners of the Company	—	—	—	53	(416)	(363)
Closing equity as at 31 January 2022	636	5,951	295	(14)	21,626	28,494

The above Company statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 31 January 2022

	Note	31 January 2022 £'000	31 January 2021 £'000
ASSETS			
Non-current assets			
Goodwill	13	8,283	8,692
Other intangible assets	14	15,846	9,260
Property, plant and equipment	15	6,821	6,047
Deferred tax assets	26	1,218	700
Total non-current assets		32,168	24,699
Current assets			
Inventories	17	163	—
Trade and other receivables	17	12,337	9,908
Current tax assets		1,238	816
JetCard bank balances		20,668	17,805
Other cash and cash equivalents		16,127	9,916
Total cash and cash equivalents	18	36,795	27,721
Total current assets		50,533	38,445
Total assets		82,701	63,144
LIABILITIES			
Current liabilities			
Trade and other payables	19	(6,739)	(4,287)
Current tax liabilities		(1,077)	(175)
Other liabilities	20	(7,767)	(6,903)
Deferred income and JetCard deposits		(31,137)	(21,423)
Lease liabilities	21	(4,556)	(4,809)
Deferred consideration	22	(1,043)	—
Provisions	23	(949)	(735)
Total current liabilities		(53,268)	(38,332)
Net current (liabilities)/assets		(2,735)	113
Non-current liabilities			
Lease liabilities	21	(2,093)	(1,060)
Deferred consideration	22	—	(991)
Deferred tax liability	26	(3,480)	(1,511)
Provisions	23	(616)	(168)
Total non-current liabilities		(6,189)	(3,730)
Total liabilities		(59,457)	(42,062)
Net assets		23,244	21,082

	Note	31 January 2022 £'000	31 January 2021 £'000
EQUITY			
Share capital	28	636	636
Share premium account	29	5,951	5,951
Merger reserve	30	295	295
Own shares reserve	31	(14)	(67)
Translation reserve		263	(82)
Retained earnings		16,113	14,349
Total equity		23,244	21,082

These financial statements on pages 35 to 78 were approved and authorised for issue by the Board of Directors on 13 May 2022 and were signed on its behalf by:



M A Briffa
Director



J E Estell
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Company statement of financial position

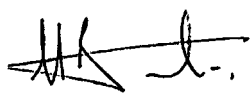
as at 31 January 2022

	Note	31 January 2022 £'000	31 January 2021 £'000
ASSETS			
Non-current assets			
Intangible assets	14	537	878
Property, plant and equipment	15	606	767
Investments	16	29,693	22,327
Deferred tax assets	26	336	42
Total non-current assets		31,172	24,014
Current assets			
Trade and other receivables	17	10,419	10,321
Current tax asset		726	—
JetCard bank balances		13,011	11,611
Other cash and cash equivalents		2,506	5,751
Total cash and cash equivalents	18	15,517	17,362
Total current assets		26,662	27,683
Total assets		57,834	51,697
LIABILITIES			
Current liabilities			
Trade and other payables	19	(2,210)	(1,300)
Current tax liabilities		—	(15)
Other liabilities	20	(9,768)	(8,853)
Deferred income and JetCard deposits		(15,196)	(12,643)
Lease liabilities	21	(352)	(346)
Deferred consideration	22	(1,043)	—
Provisions	23	(383)	(223)
Total current liabilities		(28,952)	(23,380)
Net current (liabilities)/assets		(2,290)	4,303
Non-current liabilities			
Lease liabilities	21	(221)	(309)
Deferred consideration	22	—	(991)
Provisions	23	(167)	—
Total non-current liabilities		(388)	(1,300)
Total liabilities		(29,340)	(24,680)
Net assets		28,494	27,017

	Note	31 January 2022 £'000	31 January 2021 £'000
EQUITY			
Share capital	28	636	636
Share premium account	29	5,951	5,951
Merger reserve	30	295	295
Own shares reserve	31	(14)	(67)
Retained earnings		21,626	20,202
Total equity		28,494	27,017

The parent company profit after tax for the financial year was £1,840,000 (2021: £8,093,000).

These financial statements on pages 35 to 78 were approved and authorised for issue by the Board of Directors on 13 May 2022 and were signed on its behalf by:



M A Briffa
Director



J E Estell
Director

Air Partner Limited Registered no. 00980675

The above Company statement of financial position should be read in conjunction with the accompanying notes.

Consolidated and Company statements of cash flows

for the year ended 31 January 2022

		Group		Company	
		Year ended 31 January 2022 £'000	Year ended 31 January 2021 £'000	Year ended 31 January 2022 £'000	Year ended 31 January 2021 £'000
	Note				
Cash generated from operations	33	21,163	19,416	10,119	13,394
– Interest received		2	29	—	2
– Interest paid		(410)	(512)	(235)	(309)
Income tax paid		(2,233)	(4,653)	(1,100)	(1,323)
Net cash inflow from operating activities		18,522	14,280	8,784	11,764
Investing activities					
– Purchases of property, plant and equipment	15	(123)	(337)	—	(9)
– Purchases of intangible assets	14	(128)	(231)	(45)	(177)
– Proceeds on disposal of PPE		1	21	—	21
– Acquisition of subsidiaries	32	(5,773)	(1,278)	(7,825)	(1,278)
Net cash used in investing activities		(6,023)	(1,825)	(7,870)	(1,443)
Financing activities					
– Dividends paid to the Company's shareholders		(1,556)	(508)	(1,556)	(508)
– Proceeds on issue of new shares		—	7,052	—	7,052
– Proceeds on exercise of share options		21	5	21	5
– Repayment of finance lease liabilities		(1,140)	(1,617)	(410)	(691)
– (Decrease)/increase in borrowings		—	(11,500)	—	(11,500)
Net cash (used in)/generated from financing activities		(2,675)	(6,568)	(1,945)	(5,642)
Net increase/(decrease) in cash and cash equivalents		9,824	5,887	(1,031)	4,679
Opening cash and cash equivalents		27,721	21,375	17,362	12,128
Effect of changes in foreign exchange rates		(750)	459	(814)	555
Closing cash and cash equivalents		36,795	27,721	15,517	17,362

JetCard cash

The closing cash and cash equivalents balance can be further analysed into 'JetCard cash' and 'non-JetCard cash' as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
JetCard cash (see explanation below)	20,668	17,805	13,011	11,611
Non-JetCard cash	16,127	9,916	2,506	5,751
Cash and cash equivalents	36,795	27,721	15,517	17,362

JetCard cash is included in the cash flow as it does not meet the IFRS definition of restricted cash. JetCard cash is cash received from customers participating in the JetCard programme in advance of bookings being made. It is managed through segregated bank accounts set aside for these purposes and is not used for Air Partner's working capital needs.

The above consolidated and Company statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

for the year ended 31 January 2022

1 General information

Air Partner Limited (the 'Company', previously Air Partner plc) is incorporated and domiciled in the UK (England) under registration number 00980675. It is a private company, limited by shares. In the period under review, up to and including the balance sheet date, it was a public listed company limited by shares which was listed on the London Stock Exchange (see notes 39 – Parent company and ultimate parent company; and 40 – Post-balance sheet events, for more details). It will be referred to hereon in as Air Partner plc.

The address of the registered office is 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA. The nature of the Group's operations and its principal activities are set out in the Strategic report on pages 2 to 7.

2 Accounting policies

a) Basis of preparation of financial statements

The accounting policies adopted are consistent with those of the previous financial year, except as described in the following sections.

The consolidated financial statements and Company financial statements have been prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 (International Financial Reporting Standards – 'IFRS') and the applicable legal requirements of the Companies Act 2006 for companies reporting under those standards.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments which are stated at fair value, and are presented in Sterling, being the currency of the primary economic environment in which the Group operates. Unless otherwise stated, figures are rounded to the nearest thousand.

The Company's UK subsidiaries listed below are exempt from the requirements to audit their accounts under section 479A of the Companies Act 2006:

- Air Partner Aviation Services Limited, company number 03874833;
- Air Partner CHS Limited, company number 06671502;
- Air Partner Consulting Limited, company number 02070950;
- Air Partner Travel Management Company Limited, company number 03767092;
- Clockwork Research Limited, company number 05477740;
- Kenyon International Emergency Services Limited, company number 09056220;
- Redline Worldwide Limited, company number 09510974; and
- SafeSkys Limited, company number 02833067.

Under section 479A of the Companies Act 2006, Air Partner plc, being the parent undertaking of these entities, has given a statutory guarantee of all the outstanding liabilities to which the companies are subject to as at 31 January 2022.

UK-adopted international accounting standards

On 31 December 2020 EU-adopted IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The Group and parent company transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period as a result of the change in framework.

Adoption of new and revised standards

The following new and revised standards and interpretations have been adopted in the current year.

- IFRS 17 Insurance Contracts;
- COVID-19-Related Rent Concessions – amendments to IFRS 16; and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards, amendments and interpretations in issue but not yet effective

The IASB and IFRS Interpretations Committee have issued the following standards and interpretations with an effective date of implementation for accounting periods beginning after the date on which the Group's financial statements for the current year commenced.

Effective after 31 January 2022	Effective for accounting periods beginning on or after
Amendments	
Annual Improvements to IFRS Standards 2018–2020 Cycle	1 January 2022
Deferred Tax related to Assets and Liabilities arising from a single transaction – amendments to IAS 12	1 January 2023

There are no standards and interpretations in issue but not yet adopted which, in the opinion of the Directors, will have a material effect on the reported income or net assets of the Group or Company.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

2 Accounting policies (*continued*)

a) *Basis of preparation of financial statements (continued)*

The Directors are satisfied that climate change does not have a material impact on either individual assets or cash-generating units in the financial statements. The Group hold no individual plant, property and equipment whose useful economic life will be impacted by climate change and intangible and goodwill balances held primarily relate to the Services division. This division offers services which are likely to be required regardless of the impact of climate changes, and the Group expect to see a short-term increase in demand from aviation customers as airlines adapt to any new regulations.

b) *Basis of consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c) *Going concern*

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report on pages 2 to 7. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic report on pages 2 to 7. In addition, note 24 – Financial instruments in the financial statements includes the Group's objectives, policies and processes for managing its capital risk; details of its financial instruments and hedging activities; and its exposures to interest rate risk, credit risk, liquidity risk and foreign currency risk.

The Group has sufficient cash resources to manage its working capital demands. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertainty in the wider global economy. The assessment includes the impact of the acquisition of the Group by Wheels Up Experience Inc.. See note 40 – Post-balance sheet events, for more information.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d) *Foreign currency*

i) *Functional and presentational currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in GB Pounds (£), which is Air Partner plc's functional and presentation currency.

ii) *Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the entity at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

iii) *Translation of foreign operations in Group consolidated financial statements*

The assets and liabilities of foreign operations are translated at exchange rates prevailing at the reporting date. Income and expenses are translated at the average rate for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve.

e) *Goodwill*

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the 'acquisition date'). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill denominated in currencies other than Sterling is revalued at the rate of exchange ruling at the statement of financial position date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the income statement as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment annually, or more frequently when there is an indication that the unit may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

2 Accounting policies (*continued*)

e) *Goodwill* (*continued*)

to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

f) *Intangible assets*

Internally generated assets

Internally generated intangible assets developed by the Group are recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- management intends to complete the asset and use or sell it;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Amortisation is charged to the income statement so as to write off the cost of assets less their residual values over their estimated useful lives. The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Other intangible assets

Intangible assets arising on acquisition are stated at fair value less accumulated amortisation and any impairment losses.

Amortisation of the carrying value of intangible assets arising on acquisition is charged to the income statement over the estimated useful life, which is as follows:

Brands	10%–50% per annum on a straight-line basis
Mandates/order book	over the life of the mandate
Customer contracts	over the life of the contract
Customer relationships	5%–33.3% per annum on a straight-line basis
Training materials	10% per annum on a straight-line basis
Software asset	20%–33.3% per annum on a straight-line basis
Right of use assets	over the life of the lease

The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Similarly, the remaining useful life of intangible assets are reviewed and if any of those need to be shortened due to events or changes in circumstances then the amortisation charge is correspondingly increased to reflect the shorter life.

g) *Property, plant and equipment*

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is charged to the income statement so as to write off the cost of assets less their residual values over their estimated useful lives, as follows:

Short leasehold property	over the life of the lease on a straight-line basis
Leasehold improvements	over the life of the lease on a straight-line basis
Fixtures and equipment	10%–33% per annum on a straight-line basis
Motor vehicles	25% reducing balance and 20%–33% per annum on a straight-line basis
Right of use assets	over the life of the lease

h) *Impairment of tangible and intangible assets excluding goodwill*

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible 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). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

2 Accounting policies (*continued*)

i) Financial instruments

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, or at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Purchases and sales of financial assets are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs, except for financial assets held at fair value through profit or loss, which are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as fair value through profit and loss unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets at fair value through profit or loss are initially recognised at fair value at the date the contract is entered into, and subsequently gains or losses arising from changes in their fair value are presented in the income statement within administrative expenses in the period in which they arise. The Group's financial assets at fair value through profit or loss comprise derivative financial instruments.

Derivative financial instruments

From time to time the Group enters into derivative financial instruments, including foreign exchange forward contracts, to manage its exposure to foreign exchange rate risk. Derivatives not designated into an effective hedge relationship are classified as a financial asset or a financial liability. The Group has not designated any derivatives as hedging items and therefore does not apply hedge accounting.

Trade and other receivables and accrued income

Trade and other receivables and accrued income are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months at the end of the reporting period. These are classified as non-current assets. Trade and other receivables and accrued income are subsequently carried at amortised cost using the effective interest method.

Trade receivables

Trade receivables are amounts due from customers and suppliers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Provision for impairment of trade receivables has been made using an expected credit loss model in addition to any further specific provisions which are assessed on an individual receivable basis. Please refer to note 17 – Trade and other receivables for further details.

Other receivables

Other receivables are other amounts contractually due from third parties, for example deposits receivable for leased assets.

Accrued income

Accrued income is revenue that has been contracted and recognised in accordance with the Group's accounting policies, but not yet invoiced.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The Group holds cash deposits as part of its JetCard programme. These deposits can be utilised by the customer at any time. The full policy for the treatment of these balances is set out in note 2u – JetCard programme.

Financial liabilities

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss and at amortised cost. The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised when the Group becomes a party to the contractual agreement of the instrument.

Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as fair value through profit and loss unless they are designated as hedges. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months; otherwise, they are classified as non-current. Financial liabilities at fair value through profit or loss are initially recognised at fair value at the date the contract is entered into, and subsequently gains or losses arising from changes in their fair value are presented in the income statement within administrative expenses in the period in which they arise. The Group's financial liabilities at fair value through profit or loss comprise derivative financial instruments.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

2 Accounting policies (*continued*)

i) Financial instruments (*continued*)

Financial liabilities at amortised cost

The Group's financial liabilities at amortised cost comprise trade payables, other payables, accrued costs and borrowings. They are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. JetCard deposits are included within financial liabilities as they are contractually repayable upon demand.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and customers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables

Other payables that are financial liabilities at amortised cost are certain customer deposits which are contractually refundable to customers on demand.

Accrued costs

Accrued costs are costs that have been contracted and recognised in accordance with the Group's accounting policies, but for which invoices have not yet been received or payments made, as applicable.

Borrowings

Borrowings consist of an interest-bearing bank facility, which is recorded at amortised cost. Issue costs are amortised over the life of the loan.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity instruments issued by the Group

An equity instrument is a contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group's equity instruments comprise share capital in the statement of financial position.

j) Inventories

The Group holds inventory in Kenyon International Emergency Services Inc., Kenyon International Emergency Services Limited and Air Partner CHS Limited. All inventories are finished goods purchased from third parties. The Group holds no raw materials or work in progress.

Inventory is stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

l) Revenue

Revenues are derived from aircraft chartering services, aircraft remarketing services, aircraft inspection services and the provision of aviation-related training and safety and security consulting services. In line with IFRS 15 Revenue from Contracts with Customers, where a contract has been determined as principal, the full amount of the invoice is recognised as revenue. Where Air Partner is not acting as principal, revenue is recognised on an agency basis and only gross profit, being the difference between the amount invoiced to the customer and the third-party costs incurred, is reported as revenue. Revenue is measured as the transaction price receivable for the provision of goods and services to third-party customers and is stated exclusive of value added tax and is only recognised when control has passed to the customer.

The different revenue streams are listed below and the segments the revenue will be included in as shown in note 4 – Segmental analysis.

Aircraft chartering services – Group Charter, Private Jets and Freight

Amounts receivable in respect of aircraft chartering services are recognised as revenue when the economic benefits are deemed to have passed to the customer, which is generally the flight date. This applies equally whether or not the customer is in the JetCard programme. In instances where the Group is acting as agent, the net amount receivable by the Group is recognised as revenue. The determination as to whether Air Partner is considered principal or agent in a contract depends on whether or not Air Partner is contractually obliged under the terms of the contract to provide the particular service.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

2 Accounting policies (*continued*)

l) Revenue (*continued*)

Aircraft remarketing services – Group Charter

Air Partner Remarketing's (formerly Cabot Aviation Services Limited) principal activity is that of an aircraft remarketing broker. Fees earned in respect of these services are either recognised when legal title to the aircraft has passed to the customer or for termination of contract fees that the Group has a reasonable expectation to recover, based on work completed to date and the progress of the sale.

Aircraft inspection services – Services

Aircraft registered with the Isle of Man Aircraft Registry, which is managed by Baines Simmons Limited, require an annual inspection. Amounts receivable in respect of such inspections are recognised as revenue once the aircraft has been inspected.

Provision of aviation-related training and safety consulting services – Services

Baines Simmons Limited, Redline Aviation Security Limited, Clockwork Research Limited, SafeSkys Limited, Air Partner CHS Limited, Kenyon International Emergency Services Inc. and Kenyon International Services Limited provide various aviation-related specialist training and consultancy services. Revenue is recognised by reference to the delivery of the services. Amounts in respect of unbilled services provided to customers are recognised as revenue at the statement of financial position date.

Membership – Services

Kenyon International Emergency Services Inc. and Kenyon International Services Limited offer a membership scheme to customers to enable access to its services. Membership income is recognised evenly over the membership period.

Incident management – Services

Kenyon International Emergency Services Inc. and Kenyon International Services Limited provide incident management services following crisis events. Revenue is generated from the daily rates charged for the services provided by the incident management specialists and use of the Group's equipment. Revenue is recognised by reference to the delivery of the services. Amounts in respect of unbilled services provided to customers are recognised as revenue at the statement of financial position date.

Sale of inventory – Services

Kenyon International Emergency Services Inc., Kenyon International Services Limited and Air Partner CHS Limited hold inventory that is sold to customers as part of the delivery of services. Sales are recognised when the control of the products have been transferred, that is, when the products have been delivered to the customer or used as part of the delivery of another service.

m) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grant income has been offset against the relevant expenditure where permitted.

Further information on the grants received during the year is provided in note 35 – Government grants.

n) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, which is responsible for resource allocation and assessing performance of the operating segments, is considered to be the Board. The nature of the operating segments is set out in note 4 – Segmental analysis.

o) Share based payments

From time to time the Group will grant options to employees to subscribe for ordinary shares in the Company. The fair value of options granted is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to:

- the fair value of the option and grant date using an appropriate valuation model method;
- management's estimate of the likelihood that the non-market performance conditions will be achieved; and
- the impact of any non-vesting conditions (e.g. an employee leaving before the vesting period is finished).

The total expense is recognised over the vesting period in the income statement, which is the period over which all of the specified vesting conditions are to be satisfied. A credit is recorded within equity which corresponds to the income statement charge in each period. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

p) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense in the period in which the employees render service. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Air Partner International S.A.S. operates a defined benefit pension scheme and the liability of the scheme is recognised in the statement of financial position at the present value of the obligation at the statement of financial position date. The obligation is calculated annually by independent actuaries and actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised in full in the period in which they occur.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

2 Accounting policies (*continued*)

q) **Taxation**

The tax expense represents current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the reporting date.

r) **Leasing**

Payments associated with short-term leases and low value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low value leases are those where the underlying asset value, when new, is £5,000 or less. See note 34 – Short-term and low value lease commitments.

For all other leases where the Group is the lessee, at the lease's inception a right of use asset at the fair value of the leased asset or, if lower, the present value of the minimum lease payments, is recognised. The corresponding liability, net of finance charges, is included in other short-term and long-term payables. The liability includes the net present value of the following:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- amounts expected to be payable by the Group under residual value guarantees.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset acquired is depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Judgements made in calculating the lease liability include assessing whether arrangements contain a lease and determining the lease term. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Property leases will often include an early termination or extension option to the lease term. Extension and termination options have been considered when determining the lease term, along with all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease payments are discounted using an incremental borrowing rate. Calculating the discount rate is an estimate made in calculating the lease liability. The rate used is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses the average borrowing cost available for the Group at the date of addition.

s) **Dividends**

Final dividends on ordinary shares are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Dividends are recognised as a liability in the period in which they are approved.

t) **Deferred income**

Deferred income is comprised of amounts received or receivable from customers in respect of which services are yet to be provided or flights that are yet to occur.

For contracts where the Group is the principal, the full amount of deferred revenue will be recognised within revenue upon performance of services. For contracts where the Group is acting as agent, the amount of future revenue to be recognised will be purely the Group's agency commission element of these amounts.

In the charter business the Group generally invoices its customers in advance of the flight date. The value of these invoices is taken to deferred income and is only released to the income statement when the revenue is recognised at the time of the flight date on an invoice by invoice basis.

However, IFRS 15 requires, in cases where trade receivables are matched by deferred consideration, i.e. the flight has not yet taken place and the payment is not yet contractually due, that neither of those amounts is recognised in the statement of financial position. Therefore deferred income under IFRS 15 relates only to contracts where the Group has raised an invoice(s) to the customer and been paid for the same by the date of the statement of financial position.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

2 Accounting policies (*continued*)

u) JetCard programme

The JetCard programme is one where the customer purchases a JetCard in advance for their future flight requirements. The JetCard balance changes over time as the customer uses that balance for flights or replenishes it. The Group manages its JetCard cash balances through segregated bank accounts and it only uses this cash to satisfy JetCard orders not for its own working capital purposes, and for this reason JetCard cash is separately disclosed in the statement of financial position. The JetCard cash balances are assets of the Company, are included in the financial statements and are matched by equal JetCard deposit liabilities so the impact on net assets is nil.

Periodic reviews of the JetCard cash balances are performed to identify dormant or unutilised customer balances. A customer balance that has not had any activity within the last four years, be this usage (flights), cash top-up or refund, is followed up with the customer to understand the reason for the lack of activity. This follow-up would include seeking permission to return the funds and if this approval is not received after several attempts, and is fully evidenced and approved by the senior charter management, the balance will then be recognised in the consolidated income statement. Full records of the historical balances are maintained and reconciled on a monthly basis.

The timing of revenue recognition is the same for flights chartered through the JetCard programme as that for other flights.

v) Gross profit

In the charter business segments, the gross profit relating to a flight is calculated as being its charter price less all the direct costs associated with its fulfilment. It does not include the cost of Air Partner staff nor overheads.

In the Services business segment, gross profit is calculated as being the price of a contract less all the direct costs associated with delivering that contract including the costs of staff and contractors directly engaged in delivering the contracted service. It does not include the cost of other general Air Partner staff nor overheads.

w) Other non-GAAP measures

Gross transaction value (GTV) represents the total value invoiced to the customer and is stated exclusive of value added tax.

Operating profit before exceptional and other items and profit before tax before exceptional and other items are disclosed in order to present what the Directors consider the underlying performance of the Group.

The Directors believe that the underlying profit and earnings per share measures provide additional useful information for shareholders on the underlying trading performance of the business. These measures are consistent with how underlying business performance is measured internally and these are referred to in the Annual Report. The underlying profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The adjustments made to reported profit before tax are to exclude the following:

- significant restructuring costs;
- significant and one-off impairment charges, non-recurring income and movements in provisions that distort underlying trading;
- costs relating to strategy changes that are not considered normal operating costs of the underlying business;
- acquisition related items, including acquisition costs and subsequent adjustments to deferred or contingent considerations recognised in the income statement;
- amortisation of intangible assets recognised on acquisition; and
- acquisition consideration classified as an employee cost under IFRS 3 Business Combinations.

x) Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates. These 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 these are also affected. Management also needs to exercise judgement in applying the Group's accounting policies.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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 financial statements.

Revenue recognition

One of the key judgements in relation to revenue recognition is the judgement of whether the Group is acting as principal or agent in transactions with customers in its charter business. In making its judgement, management considers the detailed terms of sales transactions with customers in order to determine whether the Group is performing as the principal obligor. This assessment determines how revenue is recognised as either principal or agent in accordance with IFRS 15. Note 4 – Segmental analysis, gives a comparison of gross transaction value and revenue by revenue stream.

Exceptional item classification

Operating profit before exceptional and other items and profit before tax before exceptional and other items are disclosed in order to present what the Directors consider the underlying performance of the Group. The Directors exercise judgement over which

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

2 Accounting policies (*continued*)

x) Critical accounting judgements and sources of estimation uncertainty (*continued*)

Exceptional item classification (*continued*)

costs are considered to be exceptional or other items and these are detailed in note 7 – Exceptional and other items. The Directors review all items included within this note to ensure they are in line with the policy set out in note 2w – Other non-GAAP measures. If these costs were not considered to be exceptional they would have a material impact and distort the underlying results of the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as noted below.

Weighted average cost of capital calculation

The Group's weighted average cost of capital (WACC) is used as the discount rate in calculating the present value of expected future cash flows in models for valuing intangible assets acquired on acquisition and impairment testing. WACC is reassessed at the end of each financial year.

The WACC is calculated as weighted average of the cost of equity and the cost of debt. The weighting is based on the market value of debt and equity at the balance sheet date. The cost of debt is based on the average rate on the Group's bank borrowing throughout the year. The cost of equity is based on market information supplied by the Group's brokers to assess expected risk and is compared to similar listed companies on the market.

The Group has used a WACC of 8.65% for valuing the intangible assets related to the acquisition of Kenyon International Emergency Services Inc. ('Kenyon') and 11.00% for the year end impairment assessments (2021: 8.65%).

The reassessment of WACC reflects changes in the aviation industry profile, the UK market and the Group's debt profile. The acquisition of Kenyon saw the Group initially utilise its revolving credit facility, which maintained the existing debt profile at the date of acquisition leading to the historic WACC rate being maintained at this time. The revolving credit facility was fully repaid by year end.

A decrease in WACC of 1.00% would have resulted in the following variances in acquisition accounting:

	Per financial statements WACC of 8.65%	WACC of 7.65%	Variance
	£'000	£'000	£'000
Intangible assets recognised on acquisition of Kenyon (note 32)	9,958	10,326	368
Goodwill recognised on acquisition of Kenyon (note 32)	1,061	777	(284)

A decrease of 1.00% of WACC at year end would have resulted in the following:

	Per financial statements WACC of 11.00%	WACC of 10.00%	Variance
	£'000	£'000	£'000
Impairment of goodwill in SafeSkys Limited (note 13)	667	542	(125)
Potential impairment of investment in Redline Worldwide Limited (note 16)	191	—	(191)

The potential impact of an increase in WACC is shown as part of the impairment assessment of goodwill (note 13).

Acquisition accounting –customer relationships

Details of the acquisition of Kenyon International Emergency Services Inc. ('Kenyon') are included in note 32 – Acquisition of subsidiaries. As detailed above, the values are impacted by the WACC discount figure used in determining the net present value of the cash flows relating to the intangible used.

The probability for each customer is based on the length of the historical relationship, discussions with Kenyon management and internal due diligence undertaken. Increasing the loss probability for all customers by 5% would result in a reduction to the customer relationship asset of approximately £1,453,000 at the acquisition date with an offsetting increase in goodwill of £1,115,000 and reduction in deferred tax liability of £338,000.

Impairment

Impairment calculations for goodwill and investments compare the values held at year end for each cash-generating unit (CGU) to the present value of discounted future cash flow. Cash flows are discounted at WACC (see above).

The cash flow includes assumptions for future performance. The models are driven by gross profit. Operating expenses and tax are based on historical information; gross profit is considered to be the only material source of uncertainty. The forecast revenue is based on historical performance, the forecast for the subsequent fiscal year and the underlying strategy for that CGU. Forecasts beyond the subsequent fiscal year are conservative and assume a growth rate in line with long-term economic forecasts.

Impairments have been booked during the year in relation to SafeSkys Limited and Air Partner Aviation Services Limited (formerly Cabot Aviation Services Limited). Sensitivity analysis for the key assumptions is set out in note 13 – Goodwill. A further potential impairment risk was identified in relation to the investment held in Redline Worldwide Limited, however the Directors took the decision not to impair this investment. The assumptions and rationale are discussed in note 16 – Investments.

Notes to the financial statements *(continued)*

for the year ended 31 January 2022

2 Accounting policies *(continued)*

x) Critical accounting judgements and sources of estimation uncertainty *(continued)*

Provision for outflows resulting from French tax investigation

Air Partner International S.A.S. has undergone a historical tax reassessment principally in relation to indirect taxes following which the French Tax Administration has raised a challenge on some treatments and has issued a demand for additional payment and fines. Air Partner International S.A.S. challenged a number of these demands and is currently in communication with the French Tax Administration.

A provision of £283,000 was made in a previous financial year based on the most recent communication with the French Tax Administration and external legal advice. The provision has been reassessed at year end and determined only to require adjusting to reflect changes in foreign exchange rates to £281,000. Air Partner International S.A.S. has provided a comprehensive response to the French Tax Administration and is awaiting further communication.

The provision remains management's best estimate of the reassessment liability based on a thorough examination of the points raised in the review and expert legal advice of tax matters in France. While the absolute range of outcomes could be materially different from the provision, management believes the chance of a material variance is negligible based on the most recent assessment.

Prior to the advent of COVID-19 it was expected the next stage of the inspection would be completed in summer 2020; however, this has been delayed and when the matter will be resolved is unknown at this time.

3 Revenue

An analysis of the Group's revenue is as follows:

	2022 £'000	2021 £'000
Sales of goods and services	84,728	71,173

Two customers each contributed more than 10% to the Group's revenue in 2022 (2021: none).

We have taken the practical expedient not to disclose the transaction price allocated to the remaining performance obligations because either the expected duration is one year or less or the timing is at the customers' discretion.

Revenue recognised that was included in deferred revenue at the beginning of the year was £10,484,000 (2021: £8,288,000).

4 Segmental analysis

The services provided by the Group consist of chartering different types of aircraft and related aviation services.

The Group has two divisions: Charter and Services (previously known as Safety & Security). The Services division is viewed as one segment by management. The Charter division's products and services are reviewed by management in three segments: Group Charter, Private Jets and Freight. Air Partner Remarketing's (formerly Cabot Aviation Services Limited) results are aggregated into Group Charter. Overheads with the exception of corporate costs are allocated to the Group's segments in relation to operating activities.

Sales transactions between operating segments are carried out on an arm's length basis. All results reviewed by the Board (which is the chief operating decision maker) are prepared on a basis consistent with those that are reported in the financial statements.

The Board does not review assets and liabilities at segmental level; therefore these items are not disclosed. The segmental information, as provided to the Board on a monthly basis, is as follows:

Year ended 31 January 2022	Group Charter £'000	Private Jets £'000	Freight £'000	Services £'000	Corporate costs £'000	Total £'000
Continuing operations						
Gross transaction value	54,778	95,201	117,807	16,106	—	283,892
Revenue	25,561	25,716	17,345	16,106	—	84,728
Segmental gross profit	11,428	12,538	12,353	8,656	—	44,975
Administrative expenses, other operating income and net impairment losses on financial assets	(8,033)	(9,929)	(5,915)	(8,366)	(3,485)	(35,728)
Depreciation and amortisation of non-acquired assets (included within administrative expenses) ¹	(727)	(284)	(227)	(477)	—	(1,715)
Operating profit before exceptional and other items	3,395	2,609	6,438	290	(3,485)	9,247
Exceptional and other items (see note 7)	(876)	(80)	(93)	(2,878)	(1,348)	(5,275)
Segment profit/(loss)	2,519	2,529	6,345	(2,588)	(4,833)	3,972
Finance income						2
Finance expense						(410)
Profit before income tax						3,564
Income tax expense						(1,384)
Profit for the year						2,180

1 Depreciation of £0.1m relating to right of use assets and £0.1m relating to motor vehicles is included within gross profit.

Notes to the financial statements (continued)

for the year ended 31 January 2022

4 Segmental analysis (continued)

Year ended 31 January 2021	Group Charter £'000	Private Jets £'000	Freight £'000	Services £'000	Corporate costs £'000	Total £'000
Continuing operations						
Gross transaction value	77,801	58,337	126,244	12,403	—	274,785
Revenue	27,332	18,570	12,868	12,403	—	71,173
Segmental gross profit	17,817	9,296	11,941	5,816	—	44,870
Administrative expenses, other operating income and net impairment losses on financial assets	(11,437)	(7,883)	(5,274)	(5,830)	(2,414)	(32,838)
Depreciation and amortisation of non-acquired assets (included within administrative expenses) ¹	(859)	(390)	(312)	(363)	—	(1,924)
Operating profit before exceptional and other items	6,380	1,413	6,667	(14)	(2,414)	12,032
Exceptional and other items (see note 7)	(332)	(249)	—	(2,629)	31	(3,179)
Segment profit/(loss)	6,048	1,164	6,667	(2,643)	(2,383)	8,853
Finance income						29
Finance expense						(503)
Profit before income tax						8,379
Income tax expense						(2,747)
Profit for the year						5,632

1 Depreciation of £0.5m relating to right of use assets and £0.1m relating to motor vehicles is included within gross profit.

The Company is domiciled in the UK but, due to the nature of the Group's operations, a significant amount of gross profit is derived from overseas countries. The Group reviews gross profit based upon the location of the business operations used to generate that gross profit. Apart from the UK, no single country is deemed to have material non-current asset levels other than goodwill in relation to the French operation of £929,000 (2021: £987,000), goodwill and intangible assets in relation Kenyon International Emergency Services Inc's US operations of £2,514,000 (2021: £nil) and right of use assets in Italy of £3,376,000 (2021: £3,705,000).

The Board also reviews information on a geographical basis based on parts of the world in which it has business operations. As a result the following additional information is provided showing a geographical split of the UK, Europe, the USA and the Rest of the world based upon the location of the relevant business operation which contracts the business.

	UK £'000	Europe £'000	USA £'000	Rest of the world £'000	Total £'000
Continuing operations					
Year ended 31 January 2022					
Gross transactional value	96,437	27,908	152,461	7,086	283,892
Revenue	53,870	8,648	21,190	1,020	84,728
Gross profit	21,840	5,248	17,226	661	44,975
Non-current assets (excluding deferred tax assets)	23,608	4,462	2,830	50	30,950
Year ended 31 January 2021					
Gross transactional value	85,861	32,282	150,527	6,115	274,785
Revenue	40,189	8,188	21,310	1,486	71,173
Gross profit	20,198	5,341	17,845	1,486	44,870
Non-current assets (excluding deferred tax assets)	18,834	4,975	171	19	23,999

Europe can be further analysed as:

	France £'000	Germany £'000	Italy £'000	Other £'000	Total £'000
Continuing operations					
Year ended 31 January 2022					
Gross transactional value	1,225	15,029	6,100	5,554	27,908
Revenue	543	3,984	3,537	584	8,648
Gross profit	239	3,754	673	582	5,248
Year ended 31 January 2021					
Gross transactional value	1,634	20,973	7,047	2,628	32,282
Revenue	249	4,108	3,245	586	8,188
Gross profit	108	3,986	670	577	5,341

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

5 Operating profit

Operating profit for the year has been arrived at after charging/(crediting) the following:

	2022 £'000	2021 £'000
Continuing operations		
Net foreign exchange loss	499	150
Change in the fair value of derivative financial instruments	—	(39)
Depreciation of property, plant and equipment	1,298	2,072
Impairment of property, plant and equipment	—	81
Profit on disposal of property, plant and equipment	(1)	(26)
Amortisation of intangible fixed assets – acquired	3,085	2,420
Amortisation of intangible fixed assets – other	417	421
Impairment of trade receivables	9	810
Operating lease rentals – land and buildings	26	61
Operating lease rentals – other	11	3
Staff costs (see note 8) ¹	31,260	29,381
Government grants relating to staff costs (see note 8 and note 35) ¹	(406)	(1,703)
Other operating income (see note 35) ¹	(1,209)	(43)

1 The Group received £1,615,000 (2021: £1,746,000) of government grants during the year from schemes launched in response to the COVID-19 pandemic. See note 35 – Government grants for more information.

Amortisation of intangible fixed assets – acquired, is included within exceptional and other items. Amortisation of intangible fixed assets – other, is included within administrative expenses before exceptional and other items.

Other operating income is comprised of the following:

	2022 £'000	2021 £'000
Continuing operations		
Government grants (see note 35)	1,209	43

6 Auditors' remuneration

	2022 £'000	2021 £'000
The analysis of auditors' remuneration is as follows:		
Fees payable to the Company's auditors and their associates for the audit of the parent company and consolidated annual financial statements	286	218
Fees payable to the Company's auditors and their associates for the audit of subsidiaries pursuant to legislation (including that of countries and territories outside the UK)	62	72
Fees payable relating to overruns in previous years ¹	—	14
Total audit fees	348	304

	2022 £'000	2021 £'000
Fees payable to the auditors and their associates for other services to the Group:		
Audit related assurance services	43	45
Audit related services associated with takeover by Wheels Up	200	—
Total non-audit fees	243	45

1 Overruns in previous years include additional fees of £30,000 for the audit of the parent company agreed after signing of the financial statements for extra work required in relation to COVID-19, offset by savings of £16,000 resulting from the decision following signing of the financial statements to not have the Company's auditors audit one of the UK subsidiaries.

7 Exceptional and other items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. They are listed separately here to provide a better understanding of the financial performance of the Group.

	2022 £'000	2021 £'000
Amortisation of purchased intangibles ¹	(3,085)	(2,420)
Acquisition costs ²	(293)	18
Costs associated with takeover by Wheels Up ³	(831)	—
Accelerated share options cost ³	(632)	—
Impairment of goodwill ⁴	(1,454)	—
Disposal of subsidiary ⁵	—	24
Restructuring costs ⁶	29	(783)
Adjustments to deferred consideration ⁷	991	(18)
	(5,275)	(3,179)
Tax effect of other items ⁸	412	331
Exceptional and other items after taxation	(4,863)	(2,848)

1 Please see note 14 – Other intangible assets for further detail regarding the amortisation of purchased intangibles.

Notes to the financial statements *(continued)*

for the year ended 31 January 2022

7 Exceptional and other items *(continued)*

- 2 The acquisition costs relate to fees incurred for the acquisition of Kenyon International Emergency Services Inc., which was completed in August 2021. Please see note 32 – Acquisition of subsidiaries for further details. The credit in the prior year was in respect of the release of a provision for expected costs related to deferred consideration on the acquisition of Redline Worldwide Limited.
- 3 During the year, Wheels Up Experience Inc. announced its intention to purchase 100.0% of the share capital of the Company. All legal costs incurred by the Company related to the takeover have been included within exceptional items, of which £831,000 had been incurred by the consolidated statement of financial position date. As part of the sales process an agreement was made on the outstanding share options. To reflect the share options crystallising early due to the takeover, the accelerated portion of the share option charge was taken to exceptional items. Please see note 40 – Post-balance sheet events, for more information.
- 4 The impairment of goodwill is in relation to SafeSkys Limited and Air Partner Aviation Services Limited. Please see note 13 – Goodwill for further details.
- 5 The Group disposed of Air Partner (Switzerland) AG during the prior year.
- 6 As a result of the negative impact of the COVID-19 pandemic on certain areas of the business, the Directors undertook a review of the business and identified savings through reductions in headcount where revenue was not forecast to recover for the foreseeable future. Exceptional costs in the prior period are comprised of the amounts paid, or due to be paid at year end, to employees as part of the redundancies, including statutory redundancy, payment in lieu of notice and employer's National Insurance on these amounts and costs associated with the closure of offices. Credit in the current year reflects the release of provisions.
- 7 The adjustment to deferred consideration in the current and prior year relates to the fair valuing of the deferred consideration relating to Redline Worldwide Limited. The full deferred consideration provision was released in the current period as the associated performance criteria were not met and therefore will not be paid.
- 8 A tax credit has been included in the current year in respect of the amortisation of purchased intangibles. The tax credit on the purchased intangibles is offset by the change in tax rate used to calculate the deferred tax liability for the relevant assets from 19.0% to 25.0% in line with the government announcement in the Spring Budget 2021 that, from April 2023, corporation tax will be 25.0%.

8 Staff costs

Group

The monthly average number of people employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2022 Number	2021 Number
Continuing operations		
Operations	339	342
Administration	94	103
	433	445

The aggregate payroll costs comprised:

	2022 £'000	2021 £'000
Continuing operations		
Wages and salaries	25,881	25,174
Social security costs	3,497	3,094
Other pension costs	710	662
Share based payments	1,172	451
	31,260	29,381

Throughout the year the Group received £406,000 (FY21: £1,703,000) in government support from schemes designed to encourage staff retention throughout the pandemic (see note 35 – Government grants). The grant income has been offset against the expenditure as permitted, meaning staff costs are stated net of the government support. An analysis of the government support received during the year is as follows:

	Gross staff costs 2022 £'000	Government support 2022 £'000	Net staff costs 2022 £'000
Continuing operations			
Wages and salaries	25,881	(309)	25,572
Social security costs	3,497	(97)	3,400
Other pension costs	710	—	710
Share based payments	1,172	—	1,172
	31,260	(406)	30,854

	Gross staff costs 2021 £'000	Government support 2021 £'000	Net staff costs 2021 £'000
Continuing operations			
Wages and salaries	25,174	(1,532)	23,642
Social security costs	3,094	(163)	2,931
Other pension costs	662	(8)	654
Share based payments	451	—	451
	29,381	(1,703)	27,678

Notes to the financial statements (continued)

for the year ended 31 January 2022

8 Staff costs (continued)

Company

The monthly average number of people employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2022 Number	2021 Number
Continuing operations		
Operations	52	63
Administration	44	37
	96	100

The aggregate payroll costs comprised:

	2022 £'000	2021 £'000
Continuing operations		
Wages and salaries	7,702	7,102
Social security costs	1,218	893
Other pension costs	310	284
Share based payments	874	339
	10,104	8,618

In the prior year the Company received £209,000 in government support from schemes designed to encourage staff retention throughout the pandemic. The grant income has been offset against the expenditure as permitted, meaning staff costs are stated net of the government support. An analysis of the government support received during the year is as follows:

	Gross staff costs 2021 £'000	Government support 2021 £'000	Net staff costs 2021 £'000
Continuing operations			
Wages and salaries	7,102	(191)	6,911
Social security costs	893	(15)	878
Other pension costs	284	(3)	281
Share based payments	339	—	339
	8,618	(209)	8,409

The Group contributes to personal pension plans of certain employees and this cost is charged to the income statement in the period in which it is incurred.

Full disclosure of Directors' emoluments, share options and pension entitlements, which form part of their remuneration packages, and their interests in the Company's share capital are disclosed in the Directors' remuneration report for the year ended 31 January 2022.

9 Finance income and expense

	2022 £'000	2021 £'000
Continuing operations		
Finance income		
Interest on bank deposits	2	29

	2022 £'000	2021 £'000
Continuing operations		
Finance expense		
Interest on loans and bank overdrafts	217	289
IFRS 16 discounting	193	214
Total	410	503

10 Income tax expense

	2022 £'000	2021 £'000
Continuing operations		
Current tax:		
UK corporation tax	452	778
Foreign tax	1,860	2,580
Current tax adjustments in respect of prior years (UK)	34	(108)
Current tax adjustments in respect of prior years (overseas)	(218)	235
	2,128	3,485
Deferred tax (see note 26)	(744)	(738)
Total tax	1,384	2,747
Of which:		
Tax on underlying profit	1,796	3,078
Tax on other items (see note 7)	(412)	(331)
	1,384	2,747

Corporation tax in the UK was calculated at 19.0% (2021: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions was calculated at the rates prevailing in the respective jurisdictions.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

10 Income tax expense (*continued*)

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2022 £'000	2021 £'000
Profit from continuing operations before income tax expense	3,564	8,379
Income tax at the UK corporation tax rate of 19.0% (2021: 19.0%)	677	1,592
Effect of changes in tax rates	214	206
Tax effect of items that are not recognised in determining taxable profit	(198)	(316)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	533	426
Current tax adjustments in respect of prior years	(184)	127
Deferred tax not recognised ¹	112	620
Options deductions	230	92
Total income tax expense	1,384	2,747

1 Deferred tax not recognised in the current year relates to tax losses carried forward in France and Italy that have not been recognised as deferred tax assets. Management has opted not to recognise these assets based on the expected economic impact of COVID-19 and therefore does not expect the losses to be usable in the foreseeable future. The assumption will be reassessed each year.

In the Spring Budget 2021, the government announced that from 1 April 2023 the corporation tax rate will increase to 25.0%. The Group recognised a deferred tax charge of £235,000 due to the change in rates. This primarily related to the balances held in relation to intangibles acquired on acquisition and therefore is included within exceptional items.

11 Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to owners of the parent company		
Final dividend for the year ended 31 January 2021 of 1.60 pence per share	1,016	—
Interim dividend for the year ended 31 January 2022 of 0.85 pence per share	540	—
Interim dividend for the year ended 31 January 2021 of 0.80 pence per share	—	508
	1,556	508

The Directors are not recommending payment of a final dividend following the takeover of the Company (see note 40 – Post-balance sheet events).

The Air Partner Employee Benefit Trust, which held 10,002 ordinary shares of 1 pence each at 31 January 2022 (2021: 47,502 ordinary shares of 1 pence each) representing 0.02% (2021: 0.07%) of the Company's issued share capital, is not entitled to receive dividends.

12 Earnings per share

Earnings per share	2022 Pence	2021 Pence
Continuing operations		
Basic	3.4	9.4
Diluted	3.3	9.3

Earnings per share	2022 Pence	2021 Pence
Excluding exceptional and other items		
Basic	11.1	14.2
Diluted	10.8	14.0

From continuing operations	2022 £'000	2021 £'000
Earnings		
Profit attributable to owners of the parent company	2,180	5,632
Adjustment to exclude exceptional and other items ¹	4,863	2,848
Underlying earnings for the calculation of basic and diluted earnings per share	7,043	8,480

1 The calculation of underlying earnings per share (before exceptional and other items) is included as the Directors believe it provides a better understanding of the underlying performance of the Group. Exceptional and other items are disclosed in note 7 – Exceptional and other items.

The calculation of the basic and diluted earnings per share is based on the following data:

	2022 Number	2021 Number
Weighted average number of ordinary shares		
Issued and fully paid	63,562,601	59,970,013
Less those held by the Air Partner Employee Benefit Trust	(35,897)	(51,898)
Number for the calculation of basic earnings per share	63,526,704	59,918,115
Effect of dilutive potential ordinary shares: share options	1,918,264	697,851
Number for the calculation of diluted earnings per share	65,444,968	60,615,966

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

13 Goodwill

Group	£'000
Cost	
At 1 February 2020	10,526
Additions	—
Foreign currency adjustments	51
At 31 January 2021	10,577
Additions	1,061
Foreign currency adjustments	(16)
At 31 January 2022	11,622
Provision for impairment	
At 1 February 2020	(1,885)
Charge for the year	—
At 31 January 2021	(1,885)
Charge for the year	(1,454)
At 31 January 2022	(3,339)
Net book value	
At 31 January 2022	8,283
At 31 January 2021	8,692
At 1 February 2020	8,641

The additions in the year related to the acquisition of Kenyon International Emergency Service Inc (see note 32 – Acquisition of subsidiaries) for £1,061,000.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs), or group of units that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	2022 £'000	2021 £'000
Air Partner International S.A.S. ¹	929	987
Baines Simmons Limited	1,711	1,711
Cabot Aviation Services Limited	—	787
Clockwork Research Limited	396	396
Kenyon International Emergency Service Inc ¹	1,103	—
Redline Worldwide Limited	3,644	3,644
SafeSkys Limited	500	1,167
	8,283	8,692

1 The goodwill held in respect of Air Partner International S.A.S. and Kenyon International Emergency Services Inc. arose in the local currency of Euros and USD respectively and therefore the amount expressed in Sterling varies depending on exchange rates.

Impairment testing

Goodwill and other intangibles are tested for impairment at least annually or when there is an indication that the carrying value may not be recoverable. Value in use is calculated as the net present value of the projected risk-adjusted cash flows of the CGU. These forecast cash flows are based on the 2023 budget and the five-year strategic plan. The impairment models do include sensitivity testing to ascertain whether a reasonable change in the underlying assumptions could indicate an impairment.

Management reviewed the status of the following CGUs and found no indication of impairments:

- Air Partner International S.A.S.;
- Baines Simmons Limited;
- Clockwork Research Limited
- Kenyon International Emergency Service Inc; and
- Redline Worldwide Limited.

During the year, impairments were recognised against Cabot Aviation Services Limited and SafeSkys Limited. Explanations and sensitivity analysis are provided below. There is no reasonably foreseeable change in assumptions that would give rise to an impairment in value of the other goodwill balances.

Cabot Aviation Services Limited

The Group acquired Cabot Aviation Services Limited ('Cabot') in May 2015, which specialised in aircraft remarketing services. Cabot mandates and employees eventually transitioned to the parent company and the legal entity has since been repurposed for overseas expansion. Goodwill is assessed against the Group's remarketing division.

Remarketing has been one of the sectors most impacted by COVID-19 and is expected to take the longest to fully recover. The former owner of Cabot left the business during the year and has not been replaced yet. There are currently no employees in the Group actively managing current mandates or pursuing new business. The goodwill reflected the assembled workforce and connections held at acquisition, which are no longer held by the business.

The Directors have therefore concluded it is prudent to impair the carrying value of the goodwill associated with Cabot Aviation Services Limited for a total of £787,000.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

13 Goodwill (*continued*)

Impairment testing assumptions

Based on the impairment testing of SafeSkys Limited, management identified a potential impairment as at 31 January 2022. The key assumptions used in the value in use calculation for SafeSkys Limited and all other CGUs were:

- sales: projected sales are built up in line with the strategic business plan;
- margins: reflect the anticipated margins within the strategic business plan;
- discount rate: an exercise has been undertaken to review the discount rate resulting in a post-tax discount rate of 11.00%; and
- long-term growth rates: growth rates for the period after the detailed forecasts are based on the long-term GDP projections, which is 2%.

The assumptions used in the impairment testing model were as follows:

Basis of valuation	Value in use
Discount rate	11.00%
Period covered by management projections	5 years
Long-term growth rates	2.0%

Sensitivity 1

A further reduction on forecasted operating profit of 10% each year to account for non-renewal or cost creep in existing contracts.

Sensitivity 2

The discount rate has been increased by 4.00%. This adjustment is deemed to capture all changes to the trading environment and reflect a tougher trading environment compared to the base case.

The following sensitivities have been provided in relation to SafeSkys Limited, being the only CGU where the Directors believe a reasonable change in assumptions could give rise to a further impairment in value.

Scenario	PV £'000	Goodwill and other intangible assets £'000	Impairment £'000
Base case	1,031	1,686	(655)
Sensitivity 1	927	1,686	(759)
Sensitivity 2	725	1,686	(961)

There have been several key changes to the assumptions in the model compared to the previous year, the most significant of which is the change in WACC from 8.65% to 11.00% (see note 2x – Critical accounting judgements and sources of estimation uncertainty). The business model had assumed additional contract wins, however as the business has struggled to acquire new contracts the forecast now includes more conservative growth assumptions.

Based on the impairment testing performed, the Directors have recognised an impairment to Goodwill of £667,000, broadly in line with the base case scenario.

Notes to the financial statements (continued)

for the year ended 31 January 2022

14 Other intangible assets

Group	Brands £'000	Other mandates £'000	Customer relationships and customer contracts £'000	Training materials £'000	Software £'000	IFRS 16 right of use asset £'000	Total £'000
Cost							
At 1 February 2020	173	171	10,436	414	4,580	104	15,878
Additions	—	—	—	—	231	—	231
Disposals	—	—	—	—	(1,716)	—	(1,716)
Foreign currency adjustments	—	—	—	—	(4)	—	(4)
At 31 January 2021	173	171	10,436	414	3,091	104	14,389
Additions	—	—	—	—	127	—	127
Arising on acquisition	872	—	9,086	—	—	—	9,958
Foreign currency adjustments	1	—	—	—	4	—	5
At 31 January 2022	1,046	171	19,522	414	3,222	104	24,479
Accumulated amortisation and impairment							
At 1 February 2020	84	171	1,354	186	2,189	22	4,006
Charge for the year	16	—	1,896	41	867	21	2,841
Disposals	—	—	—	—	(1,716)	—	(1,716)
Foreign currency adjustments	—	—	—	—	(2)	—	(2)
At 31 January 2021	100	171	3,250	227	1,338	43	5,129
Charge for the year	52	—	2,526	41	861	22	3,502
Foreign currency adjustments	1	—	—	—	1	—	2
At 31 January 2022	153	171	5,776	268	2,200	65	8,633
Net book value							
At 31 January 2022	893	—	13,746	146	1,022	39	15,846
At 31 January 2021	73	—	7,186	187	1,753	61	9,260
At 1 February 2020	89	—	9,082	228	2,391	82	11,872

Customer relationships have a remaining amortisation period of between 0.0 years and 14.5 years.

Company	Software £'000	IFRS 16 right of use asset £'000	Total £'000
Cost			
At 1 February 2020	3,099	104	3,203
Additions	177	—	177
Disposals	(1,700)	—	(1,700)
At 31 January 2021	1,576	104	1,680
Additions	45	—	45
At 31 January 2022	1,621	104	1,725
Accumulated amortisation and impairment			
At 1 February 2020	2,086	22	2,108
Charge for the year	373	21	394
Disposals	(1,700)	—	(1,700)
At 31 January 2021	759	43	802
Charge for the year	364	22	386
At 31 January 2022	1,123	65	1,188
Net book value			
At 31 January 2022	498	39	537
At 31 January 2021	817	61	878
At 1 February 2020	1,013	82	1,095

Other intangible assets comprise software and assets acquired on acquisitions including training materials, customer relationships, mandates to remarket aircraft and brands.

Notes to the financial statements (continued)

for the year ended 31 January 2022

15 Property, plant and equipment

Group	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	IFRS 16 right of use asset £'000	Total £'000
Cost					
At 1 February 2020	1,187	3,302	376	11,988	16,853
Additions	—	284	53	320	657
Disposals	(156)	(889)	(82)	(658)	(1,785)
Foreign currency adjustments	8	16	—	467	491
At 31 January 2021	1,039	2,713	347	12,117	16,216
Additions	32	99	29	651	811
Arising on acquisition	—	92	8	1,389	1,489
Disposals	—	(17)	(5)	(117)	(139)
Foreign currency adjustments	2	18	—	(542)	(522)
At 31 January 2022	1,073	2,905	379	13,498	17,855
Accumulated depreciation and impairment					
At 1 February 2020	901	2,821	113	5,320	9,155
Charge for the year	133	170	81	1,688	2,072
Impairment	—	—	—	81	81
Disposals	(146)	(863)	(62)	(318)	(1,389)
Foreign currency adjustments	5	13	—	232	250
At 31 January 2021	893	2,141	132	7,003	10,169
Charge for the year	65	185	87	961	1,298
Disposals	—	(15)	(5)	(115)	(135)
Foreign currency adjustments	2	24	—	(324)	(298)
At 31 January 2022	960	2,335	214	7,525	11,034
Net book value					
At 31 January 2022	113	570	165	5,973	6,821
At 31 January 2021	146	572	215	5,114	6,047
At 1 February 2020	286	481	263	6,668	7,698

Company	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	IFRS 16 right of use asset £'000	Total £'000
Cost					
At 1 February 2020	881	1,821	56	1,660	4,418
Additions	—	9	—	75	84
Disposals	—	—	(56)	—	(56)
At 31 January 2021	881	1,830	—	1,735	4,446
Additions	—	—	—	329	329
Disposals	—	—	—	(44)	(44)
At 31 January 2022	881	1,830	—	2,020	4,731
Accumulated depreciation					
At 1 February 2020	676	1,676	36	578	2,966
Charge for the year	112	57	3	580	752
Disposals	—	—	(39)	—	(39)
At 31 January 2021	788	1,733	—	1,158	3,679
Charge for the year	47	53	—	390	490
Disposals	—	—	—	(44)	(44)
At 31 January 2022	835	1,786	—	1,504	4,125
Net book value					
At 31 January 2022	46	44	—	516	606
At 31 January 2021	93	97	—	577	767
At 1 February 2020	205	145	20	1,082	1,452

The recognised IFRS 16 right of use assets of the policy relate to the following types of assets:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Short leasehold property and leasehold investments	2,054	822	104	26
Fixtures and equipment	418	566	412	551
Motor vehicles	152	21	—	—
Aircraft	3,349	3,705	—	—
	5,973	5,114	516	577

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

16 Investments

Company	Investments in shares of subsidiaries £'000	Capital contributions to subsidiaries £'000	Total £'000
Cost			
At 1 February 2020	13,734	9,599	23,333
Additions	—	112	112
Disposal of subsidiaries ¹	(37)	(8)	(45)
At 31 January 2021	13,697	9,703	23,400
Additions	8,838	298	9,136
At 31 January 2022	22,535	10,001	32,536
Amounts provided			
At 1 February 2020	60	1,058	1,118
Charge for the year ²	—	—	—
Dissolution of subsidiaries ¹	(37)	(8)	(45)
At 31 January 2021	23	1,050	1,073
Charge for the year	814	956	1,770
At 31 January 2022	837	2,006	2,843
Net book value			
At 31 January 2022	21,698	7,995	29,693
At 31 January 2021	13,674	8,653	22,327
At 1 February 2020	13,674	8,541	22,215

1 Air Partner (Switzerland) AG was dissolved within the prior financial year.

2 Charge for investment in shares of subsidiaries all relates to Air Partner Aviation Services Limited. Charge for capital contributions to subsidiaries is comprised of £192,000 relating to Air Partner Aviation Services Limited and £764,000 relating to SafeSkys Limited.

The Company tests its investments for impairment if there are indications that the investments may be impaired. The Directors have assessed investments and consider there to be potential impairment triggers for three investments:

- Air Partner Aviation Services Limited;
- Redline Worldwide Limited; and
- SafeSkys Limited.

Based on the assumptions detailed in note 13 – Goodwill, the Directors believe that the value in use for SafeSkys Limited and Air Partner Aviation Services Limited (previously Cabot Aviation Services Limited) would result in an impairment of £764,000 and £1,006,000 respectively.

Impairment testing assumptions – Redline Worldwide Limited

Based on the impairment testing of Redline Worldwide Limited ('Redline'), management identified a potential impairment as at 31 January 2022. The key assumptions used are in line with those detail in note 13 – Goodwill.

The assumptions used in the impairment testing model were as follows:

Basis of valuation	Value in use
Discount rate	11.00%
Period covered by management projections	5 years
Long-term growth rates	2.0%

Sensitivity 1

A further reduction on forecasted operating profit of 10% each year to account for non-renewal or cost creep in existing contracts.

Sensitivity 2

The discount rate has been increased by 4.00%. This adjustment is deemed to capture all changes to the trading environment and reflect a tougher trading environment compared to the base case.

The following sensitivities have been provided in relation to Redline, being the only CGU where the Directors believe a reasonable change in assumptions could give rise to a further impairment in value.

Scenario	PV £'000	Investment £'000	Impairment £'000
Base case	11,228	11,419	(191)
Sensitivity 1	10,105	11,419	(1,314)
Sensitivity 2	7,776	11,419	(3,643)

The key change to the assumptions in the model compared to the previous year, the most significant of which is the change in WACC from 8.65% to 11.00% (see note 2x – Critical accounting judgements and sources of estimation uncertainty). The business model was broadly unchanged from the prior year.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

16 Investments (*continued*)

Impairment testing assumptions – Redline Worldwide Limited (*continued*)

The Directors are not recognising the impairment, as:

- The impairment is driven by the increase in WACC which is based on the whole Group rather than the Redline. The increase in WACC is driven by market factors relating to the aviation industry. Redline is less exposed to risks within the aviation industry as it has a more diverse customer base;
- The UK government has made its intentions clear that the increase in the UK tax rate from 19.0% to 25.0% is not intended to be a permanent change. Models have used the 25.0% tax rate for all cash flows beyond April 2023. Once there is a clearer long-term policy in effect this will improve the present value;
- Redline is still recovering post-COVID-19 as airport traffic continues to increase. If recovery increases in line with forecast, it will have reasonable headroom next year; and
- The impairment is partially driven by an additional charge to the profit and loss for the normalised save as you earn share option charge due to high participation from Redline employees. This is not expected to continue under new ownership.

The following is a list of the subsidiaries of which Air Partner plc, incorporated in England and Wales, is the beneficial owner:

Name	Principal activity	Country of incorporation	Company number	Company address
Air Partner International S.A.S.	Air charter broking	France	B398335489	A
Air Partner International GmbH	Air charter broking	Germany	HRB 28279	B
Air Partner Srl	Air charter broking	Italy	3935230262	C
Air Partner Havacilik ve Tasimacilik Limited Sirketi	Air charter broking	Turkey	720099	D
Air Partner Middle East DMCC	Air charter broking	United Arab Emirates	DMCC179270	E
Air Partner Inc.	Air charter broking	US	65-0770487	F
Air Partner Aviation Services Limited (previously Cabot Aviation Services Limited)	Air charter broking	England and Wales	03874833	G
Air Partner Travel Management Company Limited	Travel agency	England and Wales	03767092	G
Aviation Compliance Limited	Aviation safety consultants	England and Wales	06545827	G
Baines Simmons Limited	Aviation safety consultants	England and Wales	04295495	G
Clockwork Research Limited	Aviation safety consultants	England and Wales	05477740	G
SafeSkys Limited	Aviation safety consultants	England and Wales	02833067	G
Air Partner CHS Limited (previously Air Partner Enclave Limited)	Security training	England and Wales	06671502	G
Redline Aviation Security Limited	Security training	England and Wales	05915087	G
Kenyon International Emergency Services Inc.	Emergency planning consultants	US	2569803	H
Kenyon International Emergency Services Limited	Emergency planning consultants	England and Wales	09056220	G
Air Partner Consulting Limited	Holding company	England and Wales	02070950	G
Redline Worldwide Limited	Holding company	England and Wales	09510974	G
Redline Assured Security Limited	Dormant	England and Wales	09802270	G
Redline Assured Security SARL	Dormant	France	878435114	I
Air Partner Group Limited	Dormant	England and Wales	03685545	G
Air Partner Investments Limited	Dormant	England and Wales	06727735	G
Business Jets Limited	Dormant	England and Wales	04146214	G

All of the above are 100.0% owned by Air Partner plc, except for Air Partner Havacilik ve Tasimacilik Limited Sirketi, where 40.0% is held by a subsidiary undertaking. Air Partner plc's holdings are in the ordinary share capital of all the subsidiaries.

During the year the Company acquired 100.0% of the share capital in Kenyon International Emergency Services Inc. for £8,838,000. Kenyon International Emergency Services Inc. has a 100.0% holding in Kenyon International Emergency Services Limited. Details of the acquisition are included in note 32 – Acquisition of subsidiaries.

All other additions in the current year relate to share options in the Company granted to employees of subsidiaries.

Following the year end, Wheels Up Experience Inc. became the ultimate parent company of the Group and the Company. The Group's US subsidiaries, Air Partner Inc. and Kenyon International Emergency Services Inc., (including its subsidiary, Kenyon International Emergency Services Limited) were sold to Wheels Up UK Limited. Please see note – 40 Post-balance sheet events, for more details.

Notes to the financial statements (continued)

for the year ended 31 January 2022

16 Investments (continued)

The registered company addresses as at year end were as follows:

A	89/91 Rue du Faubourg Saint-Honoré, 75008 Paris, France
B	Im Mediapark 5b, 50670 Köln, Germany
C	Via Valtellina 67, 20159 Milano, Italy
D	Halil Rifatpaşa Mh Yüzer Havuz Sk No.1 Perpa Ticaret Merkezi ABlok Kat.12 No.1773, Istanbul, Turkey
E	Cluster X, Building X3, Office 606, Jumeirah Lake Towers, Dubai, UAE
F	1100 Lee Wagener Blvd, Suite 328, Fort Lauderdale, FL 33315, US
G	2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA, UK
H	The Prentice-Hall Corporation System, Inc, 251 Little Falls Drive, Wilmington, New Castle, DE, 19808
I	27 Boulevard Saint-Martin, 75003 Paris, France

In the opinion of the Directors the recoverable amount of the Company's subsidiary undertakings is considered to be in excess of the carrying value.

17a) Inventories

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Finished goods	163	—	—	—
	163	—	—	—

There were no significant differences between the replacement costs and the values disclosed for the inventories. The cost of inventories recognised in the financial statements was £20,000 (FY21: £nil).

Finished goods are stated net of any provision for obsolete or slow-moving stock. The provision included in the financial statements was £294,000 (FY21: £nil) for the Group. The Company holds no stock.

17b) Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Gross trade receivables	7,417	6,731	1,864	1,661
Loss allowance	(1,038)	(1,114)	—	(29)
Trade receivables	6,379	5,617	1,864	1,632
Amounts owed by Group undertakings	—	—	6,826	7,278
Social security and other taxes	392	593	350	185
Other receivables	949	422	96	126
Prepayments and accrued income ¹	4,617	3,276	1,283	1,100
	12,337	9,908	10,419	10,321

1 Prepayments and accrued income are relatively high compared to trade receivables due to the impact of IFRS 15 and cash flow implications. The Group will often need to make payments in advance of the service performed to enable it to secure the resources required. However, the customer will not pay until nearer or after the flight date. As a result under IFRS 15 the trade debtor and matching deferred revenue are not recognised but the cash outflow and prepayment are.

Amounts owed by Group undertakings are interest free, unsecured and repayable on demand.

Prepayments and accrued income include £2,726,000 of operator prepayments (2021: £1,551,000) and accrued income of £389,000 (2021: £647,000). All accrued income is in relation to known invoices not issued at the year end. All accrued income will be converted within the 12 months. The remainder of the prepayments and accrued income is for prepayments relating to overheads.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days of becoming due.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

All trade and other receivables have been reviewed for indicators of impairment. The movement in impaired receivables in the year is shown below:

	Group £'000	Company £'000
At 1 February 2020	854	—
Charge for the year	810	90
Receivables written off during the year	(571)	(58)
Foreign currency adjustments	21	(3)
At 31 January 2021	1,114	29
Charge for the year	9	(21)
Receivables written off during the year	(35)	(8)
Foreign currency adjustments	(50)	—
At 31 January 2022	1,038	—

Notes to the financial statements (continued)

for the year ended 31 January 2022

17b) Trade and other receivables (continued)

Classification as trade receivables (continued)

Of the amounts impaired during the year, £38,000 (2021: £153,000) was for an amount past due by less than one year with the remainder being all overdue by more than one year. The total charge of £35,000 includes credits for recovery of previously written off balances.

An analysis of these financial assets at the statement of financial position date is as follows:

Group	Gross trade receivables 2022 £'000	Allowance for bad and doubtful debts 2022 £'000	Trade receivables 2022 £'000
Current	4,486	—	4,486
Aged:			
– By not more than three months	1,902	(9)	1,893
– By more than three months but not more than six months	129	(129)	—
– By more than six months but not more than one year	32	(32)	—
– By more than one year	868	(868)	—
	7,417	(1,038)	6,379

Group	Gross trade receivables 2021 £'000	Allowance for bad and doubtful debts 2021 £'000	Trade receivables 2021 £'000
Current	2,081	—	2,081
Aged:			
– By not more than three months	3,268	—	3,268
– By more than three months but not more than six months	399	(131)	268
– By more than six months but not more than one year	37	(37)	—
– By more than one year	946	(946)	—
	6,731	(1,114)	5,617

Company	Gross trade receivables 2022 £'000	Allowance for bad and doubtful debts 2022 £'000	Trade receivables 2022 £'000
Current	1,286	—	1,286
Aged:			
– By not more than three months	504	—	504
– By more than three months but not more than six months	72	—	72
– By more than six months but not more than one year	2	—	2
– By more than one year	—	—	—
	1,864	—	1,864

Company	Gross trade receivables 2021 £'000	Allowance for bad and doubtful debts 2021 £'000	Trade receivables 2021 £'000
Current	534	—	534
Aged:			
– By not more than three months	1,001	—	1,001
– By more than three months but not more than six months	81	—	81
– By more than six months but not more than one year	10	—	10
– By more than one year	35	(29)	6
	1,661	(29)	1,632

18 Cash, borrowings and net cash

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash				
JetCard cash	20,668	17,805	13,011	11,611
Non-JetCard cash	16,127	9,916	2,506	5,751
Cash and cash equivalents	36,795	27,721	15,517	17,362

Notes to the financial statements (continued)

for the year ended 31 January 2022

18 Cash, borrowings and net cash (continued)

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Borrowings	—	—	—	—
Secured bank loans	—	—	—	—

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Net cash	—	—	—	—
Cash	36,795	27,721	15,517	17,362
Borrowings	—	—	—	—
Net cash	36,795	27,721	15,517	17,362

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Net cash/(debt) excluding JetCard cash	—	—	—	—
Non-JetCard cash	16,127	9,916	2,506	5,751
Borrowings	—	—	—	—
Net cash/(debt) excluding JetCard cash	16,127	9,916	2,506	5,751

All borrowings are in Sterling.

The Group has no borrowings outstanding at 31 January 2022 (2021: £nil).

During the year, the Group had access to a revolving credit facility (RCF) of £12.0m (2021: £13.0m) with an interest rate of 2.6% above LIBOR, expiring in February 2023. The loan was secured by a floating charge over the Company's assets. On the date of the takeover of the business by Wheels Up (see note 40 – Post-balance sheet events) the RCF was cancelled.

19 Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	4,954	2,713	1,915	1,061
Other taxation and social security payable	1,785	1,574	295	239
	6,739	4,287	2,210	1,300

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

20 Other liabilities

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Accruals	7,475	6,536	3,702	2,847
Other liabilities	292	367	218	123
Amounts owed to Group undertakings	—	—	5,848	5,883
	7,767	6,903	9,768	8,853

Amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

The Directors consider that the carrying amount of other liabilities approximates to their fair value.

21 Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

All leases recognised are as a result of the adoption of IFRS 16.

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Gross lease liability – minimum lease payments	—	—	—	—
No later than one year	4,698	4,916	367	362
Later than one year and no later than five years	1,832	1,111	228	316
Later than five years	411	—	—	—
	6,941	6,027	595	678
Future finance charges on lease liabilities	(292)	(158)	(22)	(23)
	6,649	5,869	573	655

	£'000	£'000	£'000	£'000
Present value of lease liabilities	—	—	—	—
No later than one year	4,556	4,809	352	346
Later than one year and no later than five years	1,697	1,060	221	309
Later than five years	396	—	—	—
	6,649	5,869	573	655

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

22 Deferred consideration

	Group		Company	
Within current liabilities	2022	2021	2022	2021
£'000	£'000	£'000	£'000	£'000
Deferred consideration in respect of Kenyon International Emergency Services Inc. (note 32)	1,043	—	1,043	—
	1,043	—	1,043	—

	Group		Company	
Within non-current liabilities	2022	2021	2022	2021
£'000	£'000	£'000	£'000	£'000
Deferred consideration in respect of Redline Worldwide Limited	—	991	—	991
	—	991	—	991

23 Provisions

	Group		Company	
Within current liabilities	2022	2021	2022	2021
£'000	£'000	£'000	£'000	£'000
Onerous contracts ¹	159	—	159	—
Prior year indirect tax charges ²	281	298	—	—
Dilapidations ³	200	200	200	200
Other	309	237	24	23
	949	735	383	223

- Onerous contracts relate to contracts for the provision of IT services that the Group is no longer able to utilise effectively. See note 2X – Critical accounting judgements and sources of estimation uncertainty.
- The provision for prior year indirect tax charges is in respect of indirect tax charges for a prior year tax reassessment in France. The figure represents the best estimate of the liability after taking expert legal advice. Final resolution of the matter is expected during the coming financial year.
- The dilapidation provision is in relation to the potential costs of making good any dilapidations which may occur during the course of the lease of property.

	Group		Company	
Within non-current liabilities	2022	2021	2022	2021
£'000	£'000	£'000	£'000	£'000
Onerous contracts ¹	167	—	167	—
Dilapidation costs ²	430	149	—	—
Other	19	19	—	—
	616	168	167	—

- The onerous contracts relate to contracts for the provision of IT services that the Group is no longer able to utilise effectively.
- The dilapidation provision is in relation to the potential costs of making good any dilapidations which may occur during the course of the lease of property.

For the provisions no discounting has been included as it would be immaterial.

The range of potential outcomes is not materially different to the amounts included with the exception of the provision for prior year indirect tax charges. The Directors consider the probability of a materially different outcome as remote. The provision represents a best estimate of the probable outflow and a material difference is considered a remote possibility. See note 2x – Critical accounting judgements and sources of estimation uncertainty.

Movement in each class of provision for the Group during the financial year is set out below:

	Onerous contracts	Dilapidation costs	Prior year indirect tax charges	Other	Total
£'000	£'000	£'000	£'000	£'000	£'000
Carrying amount at 1 February 2021	—	349	298	256	903
Charged to profit or loss:					
– Additional provisions recognised	326	—	—	134	460
Provision recognised on acquisition	—	281	—	—	281
Amounts used during the year	—	—	—	(52)	(52)
Foreign exchange	—	—	(17)	(10)	(27)
Carrying amount at 31 January 2022	326	630	281	328	1,565

Movement in each class of provision for the Company during the financial year is set out below:

	Onerous contracts	Dilapidation costs	Other	Total
£'000	£'000	£'000	£'000	£'000
Carrying amount at 1 February 2021	—	200	23	223
Charged to profit or loss:				
– Additional provisions recognised	326	—	—	326
Amounts used during the year	—	—	—	—
Foreign exchange	—	—	1	1
Carrying amount at 31 January 2022	326	200	24	550

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

24 Financial instruments

The objectives of the Group's treasury activities are to manage financial risk, minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities and ensure that the working capital requirements fit the needs of the ongoing business.

The Group has various financial instruments such as cash, trade receivables, trade payables and borrowings that arise directly from its operations, along with forward currency contracts undertaken to minimise risk on future business.

a) Interest rate risk

The Group's policy is to manage interest rate risk and to maximise its return from its cash balances. The Group's main interest rate risk is related to variable rates on cash held at the bank and borrowings. Certain cash balances are deposits on fixed interest terms but are never lodged for more than three months to ensure that the Group does not suffer unduly from the risk of interest rate variation.

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash held at year end without interest rates	29,966	24,157	15,134	17,027
Cash held at year end on variable interest rates	6,829	3,564	383	335
	36,795	27,721	15,517	17,362

The following table illustrates the sensitivity of cash held on variable interest rates on profit before tax for the year to a reasonably possible change in interest rates, with effect from the beginning of the year. There was no additional impact on shareholders' equity. These changes are considered to be reasonably possible based on observation of current market conditions. The rate range on which interest was receivable during the year was 0.00% to 0.05% (2021: 0.00% to 1.32%).

Group	Effect on profit/(loss) before tax			
	100 basis points increase		100 basis points decrease	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash held at year end on variable interest rates	68	36	(68)	(36)

Company	Effect on profit/(loss) before tax			
	100 basis points increase		100 basis points decrease	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash held at year end on variable interest rates	4	3	(4)	(3)

The Group historically had been further exposed to interest rate risk due to variable interest owed on its borrowings through its revolving credit facility, linked to LIBOR. The full balance was repaid during the prior year.

b) Credit risk

The carrying amount of financial assets recognised at the reporting date, as summarised below, represents the Group's maximum exposure to credit risk:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash and cash equivalents	36,795	27,721	15,517	17,362
Trade and other receivables	7,717	6,686	1,982	1,909
	44,512	34,407	17,499	19,271

The Group constantly monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. It is the Group's policy that all counterparties which wish to trade on credit terms are subject to an external credit verification process.

The Directors consider that all of the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk to commercial customers, as credit risk is predominantly government based.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Refer to note 17 – Trade and other receivables, for details of impairment losses for financial instruments.

c) Liquidity risk

The Group faces liquidity risks in paying operators before a flight occurs or before payment is received from the customer. The Group aims to mitigate liquidity risk by, where possible, making payments to operators only once payment from the customer has been received.

The Group manages cash within its operations and ensures that cash collection is efficiently managed. Any excess cash is placed on low risk, short-term interest-bearing deposits or distributed to shareholders through dividends, although the Group retains enough working capital in the business to ensure that the business operations can run smoothly.

Notes to the financial statements (continued)

for the year ended 31 January 2022

24 Financial instruments (continued)

c) Liquidity risk (continued)

As at 31 January 2022, the Group and Company's undiscounted financial liabilities had contractual maturities which are summarised below:

	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Group								
Trade and other payables	33,389	27,421	—	—	—	—	—	—
Lease liabilities	3,308	3,439	1,390	1,477	1,832	1,111	411	—
	36,697	30,860	1,390	1,477	1,832	1,111	411	—
	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Company								
Trade and other payables	24,694	21,525	—	—	—	—	—	—
Lease liabilities	210	203	157	159	228	316	—	—
	24,904	21,728	157	159	228	316	—	—

Trade and other payables in the table above includes £20,668,000 of JetCard deposits (2021: £17,805,000). JetCard deposits can be used at any time by the customer and are therefore treated as maturing within six months. Other deferred income of £10,469,000 (2021: £3,618,000) which relates to services that have been invoiced but not yet completed has not been included in the credit risk table. All other deferred income is expected to be converted within the next 12 months.

d) Foreign currency risk

The Group has invested in foreign operations outside the UK and also buys and sells goods and services denominated in currencies other than Sterling. As a result the value of the Group's non-Sterling revenue, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and in US Dollar and Euro rates in particular. The Group's policy on foreign currency risk is not to enter into forward contracts until a firm contract has been signed.

The Group considers using derivatives where appropriate to hedge its exposure to fluctuations in foreign exchange rates. The purpose is to manage the currency risks arising from the Group operations. It is the Group's policy that no trading in financial instruments will be undertaken.

Foreign currency denominated financial assets and liabilities, translated into Sterling at the closing rate, are as follows:

Group	2022				2021			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Financial assets	17,765	18,991	7,504	253	18,684	8,175	7,492	56
Financial liabilities	(19,112)	(10,157)	(8,409)	(268)	(19,158)	(7,129)	(5,880)	(171)
Short-term exposure	(1,347)	8,834	(905)	(15)	(474)	1,046	1,612	(115)
Financial assets	—	—	—	—	—	—	—	—
Financial liabilities	(20)	(250)	(1,822)	—	(103)	—	(1,008)	—
Long-term exposure	(20)	(250)	(1,822)	—	(103)	—	(1,008)	—
	(1,367)	8,584	(2,727)	(15)	(577)	1,046	604	(115)
Company	2022				2021			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Financial assets	17,259	927	5,695	444	17,406	1,355	7,423	364
Financial liabilities	(13,824)	(3,256)	(7,982)	—	(12,285)	(3,351)	(6,153)	(100)
Short-term exposure	3,435	(2,329)	(2,287)	444	5,121	(1,996)	1,270	264
Financial assets	—	—	—	—	—	—	—	—
Financial liabilities	—	—	(228)	—	—	—	(316)	—
Long-term exposure	—	—	(228)	—	—	—	(316)	—
	3,435	(2,329)	(2,515)	444	5,121	(1,996)	954	264

The following table demonstrates the sensitivity of financial instruments to a reasonably possible change in the Euro and US Dollar exchange rates, with all other variables held constant, on profit before tax and equity. It assumes a 10.0% change of the Sterling/Euro exchange rate for the year ended 31 January 2022 (2021: 10.0%). A 10.0% change is also assumed for the Sterling/US Dollar exchange rate (2021: 10.0%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

24 Financial instruments (*continued*)

d) Foreign currency risk (*continued*)

If Sterling had strengthened against the Euro and US Dollar by 10.0% (2021: 10.0%) and 10.0% (2021: 10.0%) respectively, the impact would have been as follows:

Group	2022			2021		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(1,777)	(1,899)	(3,676)	(1,868)	(818)	(2,686)
Financial liabilities	1,913	1,041	2,954	1,926	713	2,639
Effect on profit before tax/equity	136	(858)	(722)	58	(105)	(47)

Company	2022			2021		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(1,726)	(93)	(1,819)	(1,741)	(136)	(1,877)
Financial liabilities	1,382	326	1,708	1,228	335	1,563
Effect on profit before tax/equity	(344)	233	(111)	(513)	199	(314)

If Sterling had weakened against the Euro and US Dollar by 10.0% (2021: 10.0%) and 10.0% (2021: 10.0%) respectively, the impact would have been as follows:

Group	2022			2021		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	1,777	1,899	3,676	1,868	818	2,686
Financial liabilities	(1,913)	(1,041)	(2,954)	(1,926)	(713)	(2,639)
Effect on profit before tax/equity	(136)	858	722	(58)	105	47

Company	2022			2021		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	1,726	93	1,819	1,741	136	1,877
Financial liabilities	(1,382)	(326)	(1,708)	(1,228)	(335)	(1,563)
Effect on profit before tax/equity	344	(233)	111	513	(199)	314

e) Forward contracts

These derivative financial instruments are not traded in active markets. Their fair value has been determined by using valuation techniques which maximise the use of observable market data, namely the contract exchange rate and the bank's forward rate. The derivatives are therefore categorised as level 2 using the fair value hierarchy.

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is a party to foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and any change in their fair value determined as the mark-to-market value at the statement of financial position date is recognised in the income statement. No derivatives qualified for hedge accounting during the year (2021: none).

At the reporting date, there were no outstanding forward foreign exchange contracts (2021: no outstanding foreign exchange forward contracts).

Changes in the fair value of derivative financial instruments amounting to £nil have been credited to the Group income statement in the year (2021: credit of £39,000).

Changes in the fair value of derivative financial instruments amounting to £nil have been credited to the Company income statement in the year (2021: credit of £39,000).

f) Capital risk management

The Group's (and by implication the Company's) objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. This will guide the Group's decisions in relation to dividends and whether to raise additional funds required through debt or equity. There is no formal policy nor target regarding the gearing ratio.

The Group's primary tool in managing risk is cash flow analysis. In addition to strategic cash flow management the Group performs frequent cash flow modelling.

The schedule of matters reserved for Board decision includes approval of any financial instruments or bank borrowings in excess of £2,000,000.

The capital structure of the Group consists of net debt (borrowings and other long-term liabilities disclosed in note 18 – Cash, borrowing and net cash, after deducting non-JetCard cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings disclosed in notes 28 to 31).

The Group is not subject to any externally imposed capital requirements. The Group is subject to covenant testing in relation to its borrowing. The Group is compliant with these at the year end and they are factored into the assessment of going concern.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

24 Financial instruments (*continued*)

f) Capital risk management (*continued*)

Excluding JetCard cash the Group's gearing ratio at year end is as follows:

	2022 £'000	2021 £'000
Debt	—	—
Cash and cash equivalents	16,127	9,916
Net cash/(net debt)	16,127	9,916
Equity	23,244	21,082
Net cash/(net debt) to equity ratio	69.38%	47.04%

Debt is defined as long and short-term borrowings and other long-term liabilities as detailed in note 18 – Cash, borrowing and net cash.

Equity includes all share capital and reserves of the Group that are managed as capital.

g) Financial assets by category

Group	2022 £'000	2021 £'000
Cash and bank balances	36,795	27,721
Trade and other receivables and accrued income	8,956	7,502
Current assets which are not financial assets	4,782	3,222
Total current assets	50,533	38,445

Company	2022 £'000	2021 £'000
Cash and bank balances	15,517	17,362
Trade and other receivables and accrued income	9,534	9,186
Current assets which are not financial assets	1,611	1,135
Total current assets	26,662	27,683

h) Financial liabilities by category

Group	2022 £'000	2021 £'000
Financial liabilities measured at amortised cost	(38,988)	(32,230)
Current liabilities which are not financial liabilities	(14,280)	(6,102)
Total current liabilities	(53,268)	(38,332)

Company	2022 £'000	2021 £'000
Financial liabilities measured at amortised cost	(24,121)	(21,179)
Current liabilities which are not financial liabilities	(4,831)	(2,201)
Total current liabilities	(28,952)	(23,380)

Group	2022 £'000	2021 £'000
Financial liabilities measured at amortised cost	(2,093)	(2,051)
Long-term liabilities which are not financial liabilities	(616)	(168)
Total non-current liabilities¹	(2,709)	(2,219)

Company	2022 £'000	2021 £'000
Financial liabilities measured at amortised cost	(221)	(1,300)
Long-term liabilities which are not financial liabilities	(167)	—
Total non-current liabilities¹	(388)	(1,300)

1 Total non-current liabilities does not include deferred tax liability.

The Directors consider that the carrying amount of the financial assets and liabilities approximates to their fair value.

Notes to the financial statements (continued)

for the year ended 31 January 2022

25 Share based payments

The Company operates a share option scheme under which options may be granted to certain staff of the Group to subscribe for ordinary shares in the Company. The scheme rules cover grants under an approved and an unapproved section of the scheme. The vesting period is three years. With certain exceptions, options are forfeited if an employee leaves the Group and outstanding options expire if they remain unexercised after a period of 4 to 10 years from the date of grant.

Details of the share options outstanding during the year are as follows:

	2022		2021	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding as at start of year	2,658,611	1.8	1,336,759	7.2
Granted during the year	1,882,152	25.9	1,700,636	—
Forfeited/lapsed during the year	(352,207)	14.3	(265,448)	16.3
Exercised during the year	(37,500)	55.5	(113,336)	4.2
Outstanding at year end	4,151,056	11.2	2,658,611	1.8
Exercisable at year end	50,000	55.5	87,500	55.5

The weighted average remaining contractual life of share options outstanding at the year end was 1.55 years (2021: 2.13 years).

The exercise prices of share options outstanding at year end ranged from nil pence to 55.5 pence (2021: nil pence to 55.5 pence). The total charge for the year relating to employee share based payment plans was £1,172,000 (2021: £451,000).

The following table shows the number of shares within ranges of exercise price:

	2022		2021	
	Number of share options	Cash which may be received upon exercise £'000	Number of share options	Cash which may be received upon exercise £'000
Nil pence	3,306,211	—	2,571,111	—
From 50.0 pence to 55.0 pence	794,845	437	—	—
From 55.0 pence to 65.0 pence	50,000	28	87,500	49
Total	4,151,056	465	2,658,611	49

In the current year, options were granted on 9 February 2021 and 13 May 2021. The estimated fair value of the options granted on those dates is £1,528,448. In the prior year, options were granted on 11 July 2019. The estimated fair value of the options granted on those dates is £1,196,293. Inputs into the Monte Carlo model were as follows:

	February 2021 options	May 2021 options	July 2020 options
Weighted average share price	0.73p	0.85p	0.89p
Weighted average exercise price	0.55p	0.00p	0.00p
Expected volatility	73.00%	74.45%	77.00%
Expected life	3 years	3 years	3 years
Risk-free rate	0.03%	0.16%	0.04%
Discount for lack of marketability ¹	n/a	22.07%	24.00%
Expected dividend yields	2.40%	n/a	n/a

¹ Discount for lack of marketability is in relation to a mandatory holding period for any share received from the exercise of options. The discount is only applicable for options for the Directors.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

Following the year end, Wheels Up Experience Inc purchased 100.0% of the Group's shares and became the ultimate parent company. The outstanding share options were settled prior to the acquisition and no further shares will be issued. Further details of the settlements are provided in note 40 – Post-balance sheet events for more information.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

26 Deferred tax

Deferred tax has been calculated at 19.0% (2021: 19.0%) in respect of UK companies and at the prevailing tax rates for the overseas subsidiaries. The following are the major deferred tax liabilities and assets recognised by the Group and the Company with movements thereon during the current and prior reporting periods.

Group	IFRS 3 intangibles £'000	Net accelerated tax depreciation £'000	Share based payment £'000	Other temporary differences £'000	Total £'000
At 1 February 2020	(1,826)	(62)	46	307	(1,535)
IFRS 16 adjustment ¹	—	—	—	5	5
Credit/(charge) to the income statement	257	(79)	51	509	738
Exchange differences	—	—	—	(19)	(19)
At 31 January 2021	(1,569)	(141)	97	802	(811)
Arising on acquisition	(2,312)	2	—	105	(2,205)
Credit/(charge) to the income statement	350	103	270	21	744
Exchange differences	—	4	—	6	10
At 31 January 2022	(3,531)	(32)	367	934	(2,262)

1 Adjustment to reflect movement on finalisation of adjustments in UK subsidiaries.

Company	Net accelerated tax depreciation £'000	Share based payment £'000	Other temporary differences £'000	Total £'000
At 1 February 2020	(142)	46	58	(38)
Credit to the income statement	26	44	10	80
At 31 January 2021	(116)	90	68	42
Credit to the income statement	64	246	(16)	294
At 31 January 2022	(52)	336	52	336

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Deferred tax liabilities	(3,480)	(1,511)	—	—
Deferred tax assets	1,218	700	336	42
	(2,262)	(811)	336	42

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Deferred tax assets to be recovered after more than 12 months	103	128	—	90
Deferred tax assets to be recovered within 12 months	1,269	804	388	68
	1,372	932	388	158
Deferred tax liabilities to be recovered after more than 12 months	(2,763)	(1,232)	(52)	(116)
Deferred tax liabilities to be recovered within 12 months	(871)	(511)	—	—
	(3,634)	(1,743)	(52)	(116)
Deferred tax liability net	(2,262)	(811)	336	42

The ageing analysis grosses up deferred tax balances within entities to reflect the expected timing of recognition and therefore the Group has not offset assets and liabilities where the Group has a legally enforceable right to do so.

At the statement of financial position date the Group had undistributed earnings in respect of overseas subsidiaries that would be subject to overseas withholding taxes on remission to the UK. No liability has been recognised in respect of these earnings because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At the statement of financial position date the Group had unused tax losses of £5.3m (2021: £4.4m) resulting in a potential deferred tax asset of £1,311,000 (2021: £1,394,000). The Group has not recognised £1,311,000 (2021: £1,394,000) of this asset as it is not expected that the losses will be used in the foreseeable future.

In the Spring Budget 2021, the UK government announced that from 1 April 2023 the corporation tax rate will increase to 25.0%. The Group recognised a deferred tax charge of £235,000 due to the change in rates. This all related to the balances held in relation to intangibles acquired on acquisition and therefore is included within exceptional items.

27 Employee benefits

In the UK, the Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held in individual personal pension schemes which are fully transferable if the employee leaves the Company.

Similar schemes operate across the rest of the Group depending on local regulations and individual social contribution levels. The amount of expense related to such pension contributions is disclosed in note 8.

Notes to the financial statements (*continued*)

for the year ended 31 January 2022

27 Employee benefits (*continued*)

In other subsidiaries, the employees are members of state-managed retirement funds operated by respective governments, with contributions payable being a specified percentage of payroll costs. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. The total cost charged of £710,000 (2021: £662,000) represents contributions payable to these various schemes by the Group. As at the statement of financial position date the Group owed £149,000 (2021: £149,000) to pension schemes.

Air Partner International S.A.S. operates a defined benefit pension scheme. The French pension system is operated on a 'pay as you go' basis. Each employee is entitled to receive a basic complementary pension through monthly payroll social security deductions from the defined contribution schemes ARRCO and AGIRC (AGIRC being solely for management) as well as a complementary pension through AG2R La Mondiale. When the employee retires, the company will have no further liability to the employee.

All permanent employees are covered by this scheme. The official retirement age in France is 62; however, the full pension benefit may not be available at this age. Benefit rights do not vest before the normal retirement age.

Before 70 years of age, the employer may request the employee to retire but cannot in any way oblige them to do so. On the other hand, when the employee has reached the age of 70, the employer can unilaterally decide to retire them. Retirement in this case is then considered initiated by the employer.

If it is deemed that the employee's retirement is not the employee's choice, then a lump sum retirement allowance must by law be paid by the employer when the employee retires.

In this case, the lump sum allowances to be paid on retirement are calculated as follows:

- 25% of the base salary by years of seniority until 10 years; and
- 33% of the base salary by years of seniority from the 11th year.

If it is deemed that the employee's retirement is the employee's decision, the lump sum allowance must by law be paid by the employer when employee retires:

- 50% of 1 month's salary after 10 years of seniority;
- 1 month's salary after 15 years;
- 1.5 months' salary after 20 years; and
- 2 months' salary after 30 years.

The salary to be considered to calculate the compensation is according to the formulas below; the most advantageous result for the employee is to be applied:

- 1/12th of the gross remuneration of the last 12 months preceding your retirement; or
- 1/3rd of the last 3 months (in this case, any bonus or other element of annual or exceptional salary paid to the employee during this period is recalculated over 3 months).

The Group recognises a provision for retirement assuming voluntary retirement by the employee with additional calculation assumptions as per below:

Defined benefit pension

The risks of the scheme are as follows:

a) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities.

b) Life expectancy

The external scheme's obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities and the company's payments required on retirement. The risk is limited due to the low number of people remaining in the scheme.

c) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

A comprehensive actuarial valuation of the company pension scheme, using the projected unit basis, was carried out at 31 January 2018 by an independent consulting actuary. In the absence of the 31 January 2022 actuarial report, the pension liability has been based on the assumptions below and updated for the movements in employees during the year. The valuations at these dates are based on the following assumptions:

	2022	2021
Expected rate of salary increases	2.00%	2.00%
Discount rate	0.40%	0.40%
Rate of inflation	1.50%	1.50%
Retirement age – management	65–67	65–67
Retirement age – others	65–67	65–67

Annual staff turnover rates in both years are as follows:

	2022	2021
All ages	10.32%	10.32%

Notes to the financial statements (continued)

for the year ended 31 January 2022

27 Employee benefits (continued)

Defined benefit pension (continued)

c) Inflation risk (continued)

Reconciliation of scheme liabilities:

	2022 £'000	2021 £'000
At 1 February	19	44
Current service charge / (credit)	1	(25)
Foreign exchange	(1)	—
At 31 January	19	19

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

Impact on defined benefit obligation

	Increase in assumption	Decrease in assumption
2022		
More leavers than new joiners	—	—
2021	Increase in assumption	Decrease in assumption
More leavers than new joiners	Yes	—

Total cost recognised as an expense:

	2022 £'000	2021 £'000
Current service charge / (credit) – within administrative expenses	1	(25)

28 Share capital

	2022 £'000	2021 £'000
Authorised		
Unlimited ordinary shares of 1 pence each	636	—
Issued and fully paid		
63,562,601 ordinary shares of 1 pence each	636	636

The Company has one class of ordinary shares which carries no right to fixed income and entitles holders to one vote per share at general meetings of the Company.

In June 2020, the Group completed a cash box placing for 10,037,308 new ordinary shares of 1 pence each in the capital of Air Partner plc, the Company. The cash box placing allowed the Group to quickly issue shares by bypassing the pre-emption requirements required for the issue of shares, provided they are issued for a non-cash consideration. This was achieved through the use of shares in a subsidiary company created specifically for the cash box placing. The placing price was 75p per share. The placing raised gross funds of £7,527,981 incurring fees of £475,789, resulting in a net increase in equity of £7,052,192.

In accordance with section 612 of the Companies Act 2006, merger relief has been applied resulting in an increase to retained earnings of £6,895,576. The remainder of the increase in equity comes from:

- share capital of £100,373; and
- share premium of £56,243, which relates to an offer through PrimaryBid as part of the placing. Shares issued through this offer did not qualify for merger relief.

29 Share premium account

	Group and Company £'000
Balance at 1 February 2020	5,895
Issue of shares (see note 28)	56
Balance at 31 January 2021	5,951
Issue of shares	—
Balance at 31 January 2022	5,951

30 Merger reserve

	Group and Company £'000
Balance at 31 January 2021 and 31 January 2022	295

The opening and closing merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued as part of the acquisition consideration for Cabot Aviation Services Limited.

Movements within the reserve during the prior year relate to the cash box placing for 10,037,308 shares. See note 28 – Share capital for further detail.

Notes to the financial statements (continued)

for the year ended 31 January 2022

31 Own shares reserve

	Group and Company £'000
Balance at 1 February 2020	(158)
Disposed on exercise of options	91
Balance at 31 January 2021	(67)
Disposed on exercise of options	53
Balance at 31 January 2022	(14)

The own shares reserve represents the cost of shares in Air Partner plc purchased in the market and held by the Air Partner Employee Benefit Trust, which was established to satisfy the future exercise of options under the Group's share option schemes (see note 25 – Share based payments). The number of ordinary shares held by the Air Partner Employee Benefit Trust at 31 January 2022 was 10,002 ordinary shares of 1 pence each (2021: 47,502 ordinary shares of 1 pence each). At 31 January 2020 a further 90,910 ordinary shares of 1 pence each were held by the Trust in a nominee capacity for one beneficiary of the Trust. No further shares were held at 31 January 2021 or January 2022. The cost of the shares in the own share reserve represents the total cost of both the ordinary shares held by the Air Partner Employee Benefit Trust and those held by the Trust in a nominee capacity.

32 Acquisition of subsidiaries

On 26 August 2021, Air Partner plc acquired 100.0% of the issued share capital of Kenyon International Emergency Services Inc. ('Kenyon'), obtaining control of the company and its subsidiary (Kenyon International Emergency Services Limited) on that date.

The headline price was \$11.7m (£8.5m), on a debt free, cash free basis, with an initial cash consideration of \$10.3m (£7.4m) and deferred consideration of \$1.4m (£1.0m) due after one year post acquisition. The Group holds a liability for the full \$1.4m (£1.0m) deferred consideration as of 31 January 2022.

Kenyon is a world leading emergency planning and incident response company. Established as Kenyon Emergency Services in 1906, Kenyon has built a world-class reputation over the last 115 years as a leading provider of specialised support to the private and public sectors during and post emergency incidents. The company has responded to more than 350 incidents worldwide, working for and with local and national governments, regulatory bodies, emergency services, blue-chip corporates and other parties. Incidents have been varied in nature and have included human error, humanitarian relief, acts of terrorism, pandemics and climate-related extreme events.

The acquisition of Kenyon adds specialist consulting expertise and knowledge to Air Partner as well as offering significant growth opportunities and furthering the Group's relationships with a diverse range of customers around the world.

	£'000
Fair value of net assets acquired at date of acquisition	
Financial assets (excluding cash and cash equivalents)	1,248
Cash and cash equivalents	2,051
Property, plant and equipment	100
Property, plant and equipment recognised under IFRS 16	1,389
Intangible assets – revenue under customer contracts	588
Intangible assets – customer relationships	8,498
Intangible assets – brand	872
Provisions recognised on acquisition	(281)
Deferred tax liability on acquisition	(2,205)
Financial liabilities	(2,897)
Finance leases recognised under IFRS 16	(1,586)
Goodwill	1,061
Total net assets acquired	8,838
Satisfied by	
Cash	7,446
Deferred consideration ¹	1,014
Working capital adjustment agreed post acquisition ²	64
Total consideration on cash free, debt free basis	8,524
Net cash adjustment agreed post acquisition²	314
Total consideration	8,838
Net cash outflow arising on acquisition	
Cash consideration	7,446
Less actual cash and cash equivalents acquired	(2,051)
Net cash outflow	5,395

1 Deferred consideration of \$1,400,000 (£1,043,000 at closing exchange rate) has been recognised in the year end financial statements, which is due on the first anniversary of the acquisition.

2 The £64,000 adjustment for the working capital and £314,000 adjustment for estimated net cash were agreed and paid before the year end.

No goodwill is deductible for tax purposes.

The goodwill of £1,061,000 arising from the acquisition is attributable to the value of the assembled workforce.

Notes to the financial statements (continued)

for the year ended 31 January 2022

32 Acquisition of subsidiaries (continued)

Kenyon contributed revenue of £1,992,000 and profit before tax of £301,000 during the current year, being the result between the date of acquisition and 31 January 2022.

If the acquisition of Kenyon had been completed on the first day of the financial year, it would have contributed £4,781,000 to Group revenue and £722,000 to Group profit before tax.

Acquisition related costs amounted to £293,000 covering adviser fees, legal fees and external financial and tax due diligence.

33a Net cash inflow from operating activities

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Profit for the year				
Continuing operations	2,180	5,632	1,840	8,093
Adjustments for:				
Finance income	(2)	(29)	—	(2)
Finance expense	410	522	234	317
Income tax	1,384	2,747	265	943
Depreciation, amortisation and profit/loss on disposal	4,799	4,888	875	1,142
Impairments	1,454	81	1,771	—
Fair value movement on derivative financial instruments	—	(39)	—	(39)
Share option cost for year	1,172	451	874	339
(Decrease)/increase in provisions	(554)	42	(635)	(1)
Foreign exchange differences	806	(1,388)	814	(555)
Operating cash flows before movements in working capital	11,649	12,907	6,038	10,237
Change in receivables	(1,575)	9,945	(297)	2,210
Change in inventory	(21)	—	—	—
Change in payables	11,110	(3,436)	4,378	947
Cash generated from operations	21,163	19,416	10,119	13,394

Cash generated from operations is stated net of a cash outflow at the Group level of £511,000 (FY21: £625,000) relating to exceptional items.

Cash generated from operations is stated net of a cash outflow at the Company level of £391,000 (FY21: £251,000) relating to exceptional items.

33b Net cash/(debt) reconciliation

This section sets out an analysis of net cash/(debt) and the movements in net cash/(debt) for each of the periods presented.

Group

At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash	27,721	2,051	—	—	7,773	—	(750)	—	36,795
Lease liabilities	(5,869)	(1,586)	(688)	114	1,333	(193)	240	—	(6,649)
Net cash	21,852	465	(688)	114	9,106	(193)	(510)	—	30,146

	At 1 February 2020	At 1 February 2020	At 1 February 2020	At 1 February 2020	At 1 February 2020	At 1 February 2020	At 1 February 2020	At 1 February 2020	At 1 February 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash	21,375	—	—	—	5,887	—	459	—	27,721
Debt	(11,500)	—	—	—	11,500	—	—	—	—
Lease liabilities	(7,308)	(277)	357	1,831	(214)	(258)	(5,869)	—	(5,869)
Net cash	2,567	(277)	357	19,218	(214)	201	21,852	—	21,852

Company

	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021	At 1 February 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash	17,362	—	—	(1,031)	—	(814)	—	—	15,517
Lease liabilities	(655)	(328)	429	(19)	—	—	—	—	(573)
Net (debt)/cash	16,707	(328)	(602)	(19)	(814)	—	—	—	14,944

Notes to the financial statements (continued)

for the year ended 31 January 2022

33b Net cash/(debt) reconciliation (continued)

Company (continued)

	At 1 February 2020 £'000	Additions £'000	Cash flow movements £'000	Interest £'000	Foreign exchange £'000	At 31 January 2021 £'000
Cash	12,128	—	4,679	—	555	17,362
Debt	(11,500)	—	11,500	—	—	—
Lease liabilities	(1,271)	(75)	724	(33)	—	(655)
Net (debt)/cash	(643)	(75)	16,903	(33)	555	16,707

34 Short-term and low value lease commitments

All leases included within this note fall outside of the scope of IFRS 16, either due to low value or the lease being for less than 12 months.

	2022 Land and buildings £'000	2021 Land and buildings £'000	2022 Other £'000	2021 Other £'000	2022 Total £'000	2021 Total £'000
The Group as lessee						
Minimum lease payments under operating leases recognised as costs for the year	26	61	11	3	37	64

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 Land and buildings £'000	2021 Land and buildings £'000	2022 Other £'000	2021 Other £'000	2022 Total £'000	2021 Total £'000
The Group as lessee						
Within one year	9	11	5	2	14	13
In the second to fifth year inclusive	—	—	3	3	3	3
After five years	—	—	—	—	—	—
	9	11	8	5	17	16

Operating lease payments represent rentals payable by the Group for certain office properties, motor vehicles and office equipment it uses. Leases are negotiated in isolation, dependent on the trading conditions in the country concerned.

35 Government grants

Government grants of £1,209,000 (2021: £43,000) relating to lost income in France resulting from COVID-19 are included in other operating income. There are no unfulfilled conditions or other contingencies attached to these grants.

During the year the Group utilised the Coronavirus Job Retention Scheme implemented by the government of the United Kingdom, where those employees designated as being 'furloughed workers' are eligible to have 80% of their wage costs paid up to a maximum amount of £2,500 per month. The Group utilised similar schemes provided by governments in France, Germany, Austria, Italy and the United States. The total amount of such relief received was £406,000 (2021: £1,703,000), which has been offset against the relevant staff costs in the financial statements. There are no unfulfilled conditions or other contingencies attaching to these grants.

36 Profit for the financial year

The Group financial statements do not include a separate income statement for Air Partner plc (the parent undertaking) as permitted by Section 408 of the Companies Act 2006. The parent company profit after tax for the financial year was £1,840,000 (2021: £8,093,000) including dividends from subsidiary companies of £1,998,000 (2021: £3,876,000). The parent company had no other comprehensive income during the year (2021: no other comprehensive income).

37 Related party transactions

The Company had the following transactions with related parties in the ordinary course of business during the year under review.

	2022 £'000	2021 £'000
Trading transactions		
Subsidiaries		
Sales to subsidiaries	—	—
Purchases from subsidiaries	—	—
Amounts owed by subsidiaries at year end	6,826	7,278
Amounts owed to subsidiaries at year end	(5,848)	(5,883)

Outstanding balances that relate to trading balances are placed on inter-company accounts with no specific credit period.

	2022 £'000	2021 £'000
Compensation of key management personnel (being the Executive Directors)		
Short-term employee benefits	1,186	955
Post-employment benefits	60	54
Share based payments	540	191
	1,786	1,200

In addition to the above amounts, key management personnel who were also shareholders received £20,822 of dividends in respect of their shareholdings in the year ended 31 January 2022 (2021: £6,668).

Notes to the financial statements *(continued)*

for the year ended 31 January 2022

37 Related party transactions *(continued)*

The Board of Directors' remuneration in accordance with Schedule 5 of the Accounting Regulations was as follows:

	2022 £'000	2021 £'000
Aggregate Directors' remuneration (restated)¹		
Emoluments	1,353	1,119
Company contributions to money purchase pension contributions ²	58	54
	1,411	1,173

1 Paul Dollman's salary was misstated in the prior year financial statements by £3k. Comparatives have been amended to reflect correct amount.

2 Due to an administrative error in a prior year, pension contributions were overpaid by £3,479. The full amount was repaid during the prior year. This has been included in the payments above but not in the Directors' remuneration for the year ended 31 January 2021.

Two Directors (2021: two Directors) were members of money purchase pension schemes during the year.

Further information about the remuneration of individual Directors is provided in the audited part of the Directors' remuneration report on pages 14 to 25.

38 Contingent liabilities

As at the date of signing the financial statements, the Company's banker holds a free and floating charge over the Company's assets resulting from the overdraft facility of £1.5m held by the Company.

39 Parent company and ultimate parent company

During the year and prior year, the Company was a publicly listed company limited by shares with no individual shareholder holding a controlling interest.

On 1 April 2022, Wheels Up UK Limited acquired 100.0% of the share capital in the Company (see note 40). Wheels Up UK Limited is incorporated in the United Kingdom and registered in England and Wales.

The Directors view Wheels Up Experience Inc. as the ultimate parent company, incorporated in the United States. This is the largest Group which consolidates the results of this company. Wheels Up Experience Inc. is a publicly listed company limited by shares. Copies of the consolidated financial statements of Wheels Up Experience Inc., which incorporate the results of the Company, may be obtained from the parent company's registered office (220 West 42nd Street New York, NY 10036 United States) and on its website (<https://investors.wheelsup.com/financials/quarterly-results/default.aspx>).

40 Post-balance sheet events

On 1 April 2022, Wheels Up Experience Inc. ('Wheels Up') became the ultimate parent company of the Group and the Company following purchase of 100.0% of the share capital in the Company through its subsidiary, Wheels Up UK Limited, for £1.25 a share.

Following the acquisition:

- the Company was de-listed from the London stock exchange and will now operate as a limited company;
- Kenneth Dichter, CEO of Wheels Up, was appointed as a Director of the Company. Mark Briffa and Joanne Estell remain on the Board;
- all Non-executive Directors resigned;
- the Group's revolving credit facility was cancelled; and
- the Group's US subsidiaries, Air Partner Inc. and Kenyon International Emergency Services Inc., (including its subsidiary, Kenyon International Emergency Services Limited), were sold to Wheels Up UK Limited and ultimately transferred to Wheels Up Partners Holdings LLC (a subsidiary of Wheels Up). The consideration for these entities is being finalised as part of the acquisition accounting being completed by Wheels Up but will be no less than the fair value of the assets transferred.

The Group will continue to trade as normal under the Air Partner brand for the immediate future. Integration with Wheels Up is planned to be incremental in order to avoid unnecessarily disruption to the business.

The professional fees incurred by the Company in relation to the sale have been included within exceptional items. The total professional fees relating to the takeover were £1,938,000, of which £831,000 are included within the current financial year.

Share options

On the eve of the takeover, the Directors issued shares to the Group's employees who held share options through Long Term Incentive Plans, save as you earn schemes or other company share option plans. This is in line with change of control clause within the share option agreements. All charges relating to this decision have been included in the results for the current year within exceptional items, as the decision was made prior to the year end.

A total of 2,835,262 shares were granted to employees under the various share options schemes. A further 2,825,260 new shares were issued, with the remaining amount being the 10,002 shares held by the Employee Benefit Trust. The number of the shares issued to employees was calculated based on the following:

Long Term Incentive Plans (LTIPs)

LTIP share options issued in 2019, 2020 and 2021 were outstanding at the takeover date. The options issued in 2019 had a performance period ended 31 January 2022. Based on the best available financial forecast available at the date Wheels Up publicly announced the takeover offer (27 January 2022), it was calculated that performance would result in vesting conditions of 100.0% for earnings per share and 85.0% for total shareholder return. The Remuneration Committee decided to grant shares for these options in line with the forecast performance.

Notes to the financial statements *(continued)*

for the year ended 31 January 2022

40 Post-balance sheet events *(continued)*

Share options *(continued)*

Long Term Incentive Plans (LTIPs) *(continued)*

Options issued in 2020 and 2021 had not completed their performance period and it was not possible to make a reasonable assessment of whether the performance conditions would be achieved. The Remuneration Committee decided that options would be pro-rated based on how much of the performance period had been completed and assumed 100.0% of vesting conditions achieved.

Under the scheme, the options accrue dividend equivalents. The total number of shares issued was adjusted to account for this. 2,499,138 shares were issued in relation to LTIP options.

Save as you earn (SAYE)

Under the SAYE scheme, employees saved money each month which could be used to buy shares at a fixed price. The scheme began in February 2021 with the earliest date employees could buy shares in 2024. The Remuneration Committee and Wheels Up agreed that employees could use funds saved by the takeover date to purchase shares in advance of the original scheme date. 286,124 shares were purchased by employees through the SAYE scheme.

Furthermore, it was agreed that in addition to the settlement of the SAYE options, employees in the scheme would receive a bonus payment for the profit they would have made on shares they would have been able to purchase over the next six months.

Company share option plans (CSOP)

Some employees held options under legacy CSOP schemes. These options had completed their performance period and employees were able to buy shares at a fixed price. All employees who held these options exercised them prior to the takeover. 50,000 shares were issued in relation to CSOP options.

Sale of subsidiaries

The sale of Air Partner Inc. and Kenyon International Emergency Services Inc. (Kenyon) will have a significant impact on the Group, especially following the strong performance by Air Partner Inc. in the previous two financial years. Although the Directors will maintain management control of these two entities, their results will not be included in the consolidated statutory accounts.

Excluding the aforementioned entities contribution to the Group, the results would have been as follows:

	Air Partner Inc £'000	Kenyon £'000	Consolidation adjustments ¹ £'000	Discontinued operations £'000	Continuing operations £'000	Total £'000
Year ended 31 January 2022						
GTV	151,682	1,992	(145)	153,529	130,363	283,892
Gross profit	16,815	1,400	(145)	18,070	26,905	44,975
Administrative expenses, other operating income and net impairment losses on financial assets	(11,089)	(1,078)	100	(12,067)	(23,661)	(35,728)
Operating profit before exceptional and other items	5,726	322	(45)	6,003	3,244	9,247
Exceptional and other items	(154)	—	(908)	(1,062)	(4,213)	(5,275)
Operating profit	5,572	322	(953)	4,941	(969)	3,972
Finance cost (net)	(1)	(21)	—	(22)	(386)	(408)
Profit before income tax	5,571	301	(953)	4,919	(1,355)	3,564
Profit before income tax and exceptional and other items	5,725	301	(45)	5,981	2,858	8,839

	Air Partner Inc £'000	Kenyon £'000	Consolidation adjustments ¹ £'000	Discontinued operations £'000	Continuing operations £'000	Total £'000
Year ended 31 January 2021						
GTV	150,527	—	(39)	150,488	124,297	274,785
Gross profit	17,845	—	(39)	17,806	27,064	44,870
Administrative expenses, other operating income and net impairment losses on financial assets	(9,676)	—	29	(9,647)	(23,191)	(32,838)
Operating profit before exceptional and other items	8,169	—	(10)	8,159	3,873	12,032
Exceptional and other items	—	—	—	—	(3,179)	(3,179)
Operating profit	8,169	—	(10)	8,159	694	8,853
Finance cost (net)	19	—	—	19	(493)	(474)
Profit before income tax	8,188	—	(10)	8,178	201	8,379
Profit before income tax and exceptional and other items	8,188	—	(10)	8,178	3,380	11,558

1 Consolidation adjustments reflect the intercompany transactions and amortisation of acquired intangibles that would not be required once the entities are not in the Group.

The Group will no longer have a geographic presence in the USA following the sale.