

AeroMobile Communications Limited

Registered Number: 07129922

Report and Financial Statements

For the year ended 31 March 2021



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Directors and Advisors

Directors

S Tada
M Jennings (resigned 19 July 2021)
J Sare
K Rogers
J Hartney

Secretary

A-M Mullan

Auditor

KPMG LLP
1 Forest Gate
Brighton Road
Crawley RH11 9PT

Bankers

DnB Bank ASA, London Branch
8th Floor, The Walbrook Building
25 Walbrook
London EC4N 8AF

Solicitors

SNR Denton UK LLP
One Fleet Place
London EC4M 7WS

Registered Office

Two Pegasus Place
Gatwick Road
Crawley
West Sussex RH10 9AY

The Directors present their strategic report for the year ended 31 March 2021.

Results

The loss for the year after taxation amounted to \$48,000 (2020 – profit of \$11,183,000).

Principal activities and review of the business

The principal activity of AeroMobile Communications Limited (the “Company” or “AeroMobile”) is the development and operation of a global mobile phone network on board aircraft.

Headquartered in the UK, AeroMobile provides a solution to airlines and aircraft operators who wish to offer in-flight mobile (cellular) communications services to their passengers and crew. AeroMobile was the first in-flight mobile communications technology to be commercially available. The AeroMobile system interfaces to existing and future aircraft-to-ground communications systems and is designed to be fully compliant with relevant aircraft certification/airworthiness requirements and ground telecommunications regulatory requirements.

The AeroMobile system commercially debuted on an Emirates Airbus A340-300 aircraft on its Dubai – Casablanca service on 20 March 2008. The airline’s passengers were able to make and receive voice calls – the first ever made on a commercial flight and send and receive SMS text messages via their mobile phones.

The system, which has received full STC (supplemental type certificate) approval from EASA, has also been installed on Emirates Boeing 777-300 aircraft and has now been installed on over 100 Emirates aircraft, as well as on many other commercial airlines including Virgin Atlantic, Etihad Airways, Lufthansa, Singapore Airlines, Swiss, SAS, Turkish, Alitalia, EVA, Aer Lingus, Malaysia and TAP Portugal. The service is also operated on a number of Business Aviation aircraft.

The Company is a subsidiary of Panasonic Avionics Corporation (PAC), a company incorporated in the USA, and ultimately owned by Panasonic Corporation (see note 21).

The Company’s key financial and other performance indicators during the financial year were as follows:

	<i>31 March</i>	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>	
	<i>\$000</i>	<i>\$000</i>	<i>Change</i>
			<i>%</i>
Turnover	4,922	24,435	(79.9%)
EBITDA*	337	12,781	(97.4%)
(Loss)/Profit before taxation	(284)	13,060	(102.2%)
(Loss)/Profit after taxation	(48)	11,183	(100.4%)
* Earnings before interest, tax, depreciation and amortisation			

Turnover represents revenue generated from usage of the AeroMobile service on board equipped aircraft, and fees for activating the service.

Turnover and profit before tax are the principal measures that are used to monitor financial performance. EBITDA is used as a supplementary measure to illustrate the cash flow that the business generates before investments and changes in working capital, excluding items affecting comparability between different periods.

Strategic report (continued)

Principal activities and review of the business (continued)

Despite the resilience of our colleagues and network, our financial performance during the year has been impacted by the pandemic. Although in line with expectations, our revenue was down by 79.9% compared to the previous year. The impact on EBITDA, although down 97.4% compared to last year, was minimised as far as possible through the Company implementing cost-saving measures alongside its parent company PAC to keep operating and administration costs within expectations for the year.

Despite facing tough trading conditions, the Company continued working with new and existing roaming partners in developing new and innovative roaming bundles to benefit the end user and drive the business forward.

The integration of staff into PAC which occurred in 2019 has been a success. Both the Company and individuals have benefitted from group synergies such as improved efficiencies with staff gaining greater exposure to opportunities across the group. Staff have continued to work from home during the pandemic with no adverse impact on operations.

The start of fiscal year 2021/22 has been encouraging with revenues continuing to recover albeit slowly.

The Company's roaming partners are large multinational network operators who are not expected to be adversely impacted by the ongoing pandemic albeit there may be some slower-paying network operators. Accordingly, the Company is not expecting any significant bad debts to arise.

The Company's supply chain is relatively stable. It does not procure any physical goods and its operations are managed through a core network which was acquired some years ago.

The Company does not rely on cash from its parent undertaking, PAC. It continues to have significant cash reserves and a relatively small fixed cost base and does not foresee any significant financing risks in the short term.

While the full impact on the Company will depend on the duration of this unique crisis and how deeply it impacts the aviation industry and the economy at large, the Company is currently anticipating continuing recovery over the coming months alongside the rest of the industry.

The Company will continue to evaluate the impact on its revenues as the situation develops further and adapt its response accordingly.

Functional and presentational currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates, which reflects the economic substance of the underlying events and circumstances relevant to the entity.

The Company has concluded that its functional and presentational currency should be US Dollars as its principal revenue streams and cost of sales are invoiced and settled in that currency.

Strategic report (continued)

Future developments

Many airlines continue to show an interest in the AeroMobile system, taking advantage of the Company's associations with Panasonic and Boeing.

Timings of installations continue to be impacted by the COVID-19 crisis.

The Company's core network solution, which went live during the second half of 2018, continues to provide a stable service. The 5G-ready core solution already enables crew and passengers on aircraft to enjoy 2G and 3G connectivity. This experience is expected to be enhanced by the Company investing in a 4G and 5G solution supporting LTE and Wi-Fi connectivity which is expected to result in continued growth in network service revenues in the future.

Despite further investment in the core network solution and potential new installations there is a period of uncertainty created by the COVID-19 crisis.

The Company will continue to monitor the risks and uncertainties arising from this crisis as part of its risk management and control processes described in the next section.

The UK and EU agreed a trade deal which came into force on 1 January 2021. The outcome of the trade deal negotiations has not had any operational impact on the Company.

The Company will continue to monitor the risks and uncertainties arising from Brexit as part of its risk management and control processes described in the next section.

Risk Management

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management team. Compliance with regulation, legal and ethical standards is a high priority for the Company and Board and the management team take on an important oversight role in this regard.

The Company has identified the following principal risks:

COVID-19 Pandemic

COVID-19 is impacting our colleagues, operations, suppliers and customers, with the extent dependent on factors including, but not limited to, length of UK and international lockdowns, levels of employee absence, virus recurrence, insolvency rates, unemployment levels, nature and extent of any government interventions, severity of economic effects and the speed and nature of the recovery.

The pandemic has already adversely impacted the Company's revenues and profitability in the fiscal year 2020/21 and continues to do so in the current fiscal year. If the situation were to continue for an extended period of time, there may be an adverse impact on the Company's cash position and ability to fund investment projects and ongoing operations.

The Company is in continuous dialogue with its owner to identify emerging exposures and review how to manage them, defining and agreeing actions as required. This includes, but is not limited to, cost-saving measures to mitigate the decline in revenues.

The Company has also introduced various measures to protect the health and safety of its personnel ensuring continuity of critical services and which are evaluated and adjusted to reflect World Health Organisation, Public Health England, European Centre for Disease Prevention and Control and UK Government guidelines.

Strategic report (continued)

Risk Management (continued)

Market Disruption

The Company faces increased competition from a variety of new technology providers, new market entrants, evolving customer needs and competitor consolidation. It is necessary to be able to keep pace with new technology and to compete in changing markets.

If this risk is not addressed, the Company's market position and revenues could be damaged by failing to provide the services that its customers want at a fair price.

In order to manage the risk, the aim is to offer a superior customer experience and continually improve its offering through a wide set of innovative products and services. This should be achievable through the investment in the new core network solution.

The Company also monitors the competitor landscape in all markets and reacts appropriately; working to make sure each market has a fair and competitive environment.

Adverse political and regulatory measures

The Company operates under licence in most markets and faces regular changes in regulation, law and operating environments. Significant adverse changes, for example to tax laws or an unfavourable regulatory landscape for multi-national companies, could impact its ability to do business in its preferred manner.

If the cost of operations were to significantly increase, directly or indirectly, this would impact the profitability and returns to its shareholder.

In order to mitigate the risk, the Company maintains constructive but robust engagement with tax authorities, relevant government representatives and non-governmental organisations, as well as active engagement with business organisations with similar issues. The Company also has access to Legal Counsel and the Legal and Compliance Department within PAC to ensure it is updated on legal and regulatory matters.

Technology Failure

If the network or IT systems fail, voice, SMS or data transmissions may be significantly interrupted. The Company needs to ensure that its critical assets are protected, and its systems are resilient, so that the impact on its customers is avoided or minimised.

Major incidents caused by suppliers, natural disasters or an extreme technology failure, although rare, could result in the complete loss of a key technology site causing severe impact on our customers, revenues and reputation.

Unique recovery targets are set for critical sites to limit the impact of service outages. A global policy supports these targets with minimum controls to ensure effective resilience.

The Company monitors the lifespan of critical assets and maintains back-ups where necessary.

Strategic report (continued)

Risk Management (continued)

Non-compliance with legal and regulatory requirements

The Company must comply with a multitude of local and international laws as well as more specific regulation. These include licence requirements, customer registration, data privacy, anti-money laundering, competition law, anti-bribery law and economic sanctions.

Non-compliance with legislation or regulatory requirements could lead to reputational damage, financial penalties and/or suspension of the licence to operate.

The Company has subject matter experts in legal and regulatory teams at a local and global level, and a robust policy compliance framework.

Training and awareness programmes are provided which set out the ethical culture across the organisation and ensure employees understand their role in ensuring compliance.

Credit Risk

The Company is subject to credit risk through the default of a customer or other counterparty.

The Company is generally paid in arrears for its services and invoices are typically payable within 30 to 60 days.

If a customer is unable to pay sums due, this would result in a financial loss to the Company.

The risk is managed by adopting a policy of only dealing with creditworthy customers.

Going concern

The Directors have carried out a review for the year ended 31 March 2021. As part of such review, the Directors have considered the following for a minimum of 12 months from the date of approval of the financial statements (the Review Period):

- the Company's existing liabilities and obligations falling due during the Review Period;
- the additional liabilities and obligations that the Directors currently foresee the Company undertaking during the Review Period;
- what contingent liabilities of the Company (if any) exist or may foreseeably arise during the Review Period under contractual arrangements into which the Company has entered or may foreseeably enter or otherwise;
- the level of risk associated with outstanding payments due to the Company, or which will become or may foreseeably become due to the Company during the Review Period; and
- the Company's exposure to adverse movements in currency exchange rates.

During the Board's review, the Board has considered the fact that the principal activity of the Company is the development and operation of a global GSM mobile phone network on board aircraft, which is a relatively new business. The Company's current cash deposits, alongside expected cash flows from operating activities and the current agreements between PAC and the Company should provide sufficient funds to enable the Company to meet its expenditure requirements as such expenditure falls due.

Strategic report (continued)

Going concern (continued)

The Board has also considered that, as part of the Company's normal business activities in the aviation industry, the Company procures customary insurance policies to insure the Company against customary business risks and claims

As a result of the Board's review, the Board has satisfied itself that:

- the Company's funding requirements during the Review Period are not at risk;
- the Board is not aware of any contingent liabilities, and – in the event that any contingent liabilities should arise during the Review Period – the Company will be able to satisfy such liabilities through its funding arrangements with its investors, its business partners and/or its insurance policies;
- any exposure to currency exchange rate fluctuations is covered by the Company's funding arrangements with its investors and business partners;
- either the Company has received all income due to it for the year ended 31 March 2021, or any outstanding income is due to the Company from its investors and is therefore not at any material risk;
- the Company's financial risk is low by virtue of its funding arrangements with its investors and business partners;
- there is no material risk of default by the investors and business partners under their funding arrangements with the Company.

Accordingly, the Board has concluded that there are no material uncertainties regarding the Company's ability during the Review Period to continue as a going concern.

By order of the Board

AnnMarie Mullan
Digitally signed by
AnnMarie Mullan
Date: 2021.11.30
17:47:58 Z

Ann-Marie Mullan
Company Secretary

Date: 30 November 2021

Directors' report

The Directors present their report and the financial statements for the year ended 31 March 2021.

Future developments

An indication of likely future developments in the business of the Company are discussed in the strategic report on pages 3 to 8.

Dividends

The Directors have proposed a final ordinary dividend in respect of the current financial year of \$155,000 (\$0.01 per share) (2020 – \$6,503,000, \$0.41 per share). This has not been included within creditors as it was not approved before the year end.

Research and development

The Company did not undertake any research and development during the financial year. As discussed in the strategic report, the Company has plans in the future to make further investments in its existing core network.

Use of financial instruments

The Company made no use of derivative financial instruments during the year. The use of non-derivative financial instruments is disclosed in note 16 to the financial statements.

Donations

The Company made no political donations or incurred any political expenditure during the year (2020: \$nil).

Directors

The Directors who served during the year were as follows:

S Tada
M Jennings (resigned 19 July 2021)
J Sare
K Rogers
J Hartney

The Company does not maintain Directors and Officers liability insurance for its Directors and Officers.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report (continued)

Auditor

A resolution to reappoint KPMG LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board

AnnMarie Mullan
Digitally signed by
AnnMarie Mullan
Date: 2021.11.30
17:46:54 Z

Ann-Marie Mullan
Company Secretary
Two Pegasus Place
Gatwick Road
Crawley
West Sussex RH10 9AY

Date: 30 November 2021

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of AeroMobile Communications Limited

Opinion

We have audited the financial statements of AeroMobile Communications Limited ("the company") for the year ended 31 March 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of AeroMobile Communications Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management as to the Company’s high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the value of network revenue invoiced is determined by an independent party used by the majority of the global mobile network operators.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to revenue or cash.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company’s license to operate. We identified the following areas as those most likely to have such an effect: regulations governing cellular transmissions and telecommunications service provision, recognising the nature of the Company’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report to the members of AeroMobile Communications Limited (continued)

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

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

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

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of AeroMobile Communications Limited (continued)

Auditor's responsibilities

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

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Mark Sheppard (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
RH11 9PT

1 December 2021

Statement of comprehensive income
for the year ended 31 March 2021

		<i>31 March</i>	<i>31 March</i>
		<i>2021</i>	<i>2020</i>
	<i>Notes</i>	<i>\$000</i>	<i>\$000</i>
<i>Revenue</i>	4	4,922	24,435
Cost of sales		<u>(1,307)</u>	<u>(6,162)</u>
<i>Gross profit</i>		3,615	18,273
Administrative expenses		<u>(3,921)</u>	<u>(5,994)</u>
<i>Operating (loss)/profit</i>	5	(306)	12,279
Financial income	8	37	791
Financial expenses	8	<u>(15)</u>	<u>(10)</u>
<i>(Loss)/profit before taxation</i>		(284)	13,060
Taxation	9	<u>236</u>	<u>(1,877)</u>
<i>(Loss)/profit for the year</i>		<u>(48)</u>	<u>11,183</u>
<i>Total comprehensive income for the year</i>		<u>(48)</u>	<u>11,183</u>

Notes on pages 20 to 46 form part of the financial statements.

Statement of financial position
at 31 March 2021

		<i>31 March</i>	<i>31 March</i>
		<i>2021</i>	<i>2020</i>
	<i>Notes</i>	<i>\$000</i>	<i>\$000</i>
<i>Non-current assets</i>			
Intangible assets	10	316	440
Property, plant and equipment	11	1,023	1,303
Right-of-use assets	12	368	488
Investments	13	130	130
Deferred tax asset	14	2,856	2,789
		<u>4,693</u>	<u>5,150</u>
<i>Current assets</i>			
Trade and other receivables	15	32,597	24,992
Cash at bank and in hand		12,717	31,224
		<u>45,314</u>	<u>56,216</u>
		<u>50,007</u>	<u>61,366</u>
<i>Current liabilities</i>			
Trade and other payables	17	(12,277)	(17,030)
Lease liabilities	12	(132)	(96)
Provisions	18	-	-
		<u>(12,409)</u>	<u>(17,126)</u>
<i>Non-current liabilities</i>			
Lease liabilities	12	(260)	(354)
Provisions	18	(174)	(171)
		<u>(434)</u>	<u>(525)</u>
		<u>(12,843)</u>	<u>(17,651)</u>
<i>Net assets</i>			
		<u>37,164</u>	<u>43,715</u>
<i>Capital and reserves</i>			
Called up share capital	19	23,817	23,817
Share premium account		6,490	6,490
Foreign exchange reserve		1,078	1,078
Retained earnings		5,779	12,330
		<u>37,164</u>	<u>43,715</u>

Notes on pages 20 to 46 form part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 30 November 2021. They were signed on its behalf on by:

Jeff Sare
Director

Digitally signed by
Jeff Sare
Date: 2021.11.30
09:56:16 -08'00'

Company Registered Number 07129922

Statement of changes in equity
for the year ended 31 March 2021

	<i>Share capital \$000</i>	<i>Share premium account \$000</i>	<i>Retained earnings \$000</i>	<i>Foreign exchange reserve \$000</i>	<i>Total \$000</i>
At 1 March 2019	23,817	6,490	4,378	1,078	35,763
Profit for the year	-	-	11,183	-	11,183
Dividends	-	-	(3,231)	-	(3,231)
At 31 March 2020	23,817	6,490	12,330	1,078	43,715
Loss for the year	-	-	(48)	-	(48)
Dividends	-	-	(6,503)	-	(6,503)
At 31 March 2021	23,817	6,490	5,779	1,078	37,164

Notes on pages 20 to 46 form part of the financial statements.

Statement of cash flows
for the year ended 31 March 2021

		<i>31 March</i>	<i>31 March</i>
		<i>2021</i>	<i>2020</i>
	<i>Notes</i>	<i>\$000</i>	<i>\$000</i>
<i>Operating activities</i>			
(Loss)/profit before tax for the year		(284)	13,060
Adjustments to reconcile operating profit/(loss) for the year to net cash flow from operating activities:			
Depreciation of property, plant and equipment	11	400	306
Depreciation of right-of-use asset	12	120	72
Amortisation of intangible assets	10	124	124
Loss on disposal of fixed assets	11	-	-
Foreign exchange (gains)/losses		(62)	31
Financial income	8	(37)	(791)
Financial expense	8	15	10
Movement in provisions		3	(431)
Working capital adjustments:			
(Increase)/Decrease in trade and other receivables		(7,847)	415
(Decrease)/Increase in trade and other payables		(4,658)	2,638
Income tax refunded/(paid)		369	(1,561)
<i>Net cash flow from operating activities</i>		(11,857)	13,873
<i>Investing activities</i>			
Acquisition of property, plant and equipment	11	(120)	(596)
Acquisition cost in respect of right-of-use asset	12	-	(4)
Acquisition of intangible assets	10	-	-
Interest received	8	37	791
<i>Net cash flow from investing activities</i>		(83)	191
<i>Financing activities</i>			
Interest paid	8	(15)	(10)
Principal paid on lease liabilities	12	(111)	(41)
Dividends paid		(6,503)	(3,231)
<i>Net cash flow from financing activities</i>		(6,629)	(3,282)
<i>Net (decrease)/increase in cash and cash equivalents</i>		(18,569)	10,782
<i>Effect of exchange rate on cash and cash equivalents</i>		62	(31)
Cash and cash equivalents at 1 April		31,224	20,473
Cash and cash equivalents at 31 March		12,717	31,224

Notes on pages 20 to 46 form part of the financial statements.

Notes to the financial statements

at 31 March 2021

1. Authorisation of financial statements and statement of compliance with IFRS

The financial statements of AeroMobile Communications Limited for the year ended 31 March 2021 were authorised for issue by the Board of Directors on 30 November 2021 and the balance sheet was signed on the Board's behalf by Jeff Sare. AeroMobile Communications Limited is a private company limited by shares, incorporated, domiciled and registered in England and Wales. The registered number is 07129922 and the registered address is Two Pegasus Place, Gatwick Road, Crawley, West Sussex, RH10 9AY.

The Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies adopted by the Company are set out in note 2.

The following standards, amendments and interpretations have been adopted for the first time in these financial statements:

- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform* (effective date 1 January 2020)
- Amendments to IFRS 3: *Definition of a Business* (effective 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020)
- Amendments to IAS 1 and IAS 8: *Definition of Material* (effective 1 January 2020)

It is considered that the above standards, amendments and interpretations have not had an impact on the Company results or net assets.

2. Accounting policies

Basis of preparation

The Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis.

Adopted IFRS not yet applied

At the date of approval of these financial statements, the following standards, interpretations and amendments were issued but not yet mandatory and early adoption has not been applied. Their adoption is not expected to have a material effect on the financial statements unless otherwise stated.

- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: *Interest Rate Benchmark Reform – Phase 2* (effective date 1 January 2021).
- IFRS 17 *Insurance Contracts* (effective date to be confirmed).
- Amendments to IAS 1 Presentation of Financial Statements: *Classification of Liabilities as Current or Non-current* (effective date to be confirmed).
- Amendments to IAS 37: *Onerous Contracts—Cost of Fulfilling a Contract* (effective date to be confirmed).
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date to be confirmed).
- Amendments to IAS 16: *Property, Plant and Equipment—Proceeds before Intended Use* (effective date to be confirmed).
- Annual Improvements to IFRS Standards 2018-2020 (effective date to be confirmed).

Notes to the financial statements

at 31 March 2021

2. Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

At 31 March 2021 the Company had net assets of \$37million, including cash balances of \$44m of which a proportion is held in the Panasonic cash pool. There have been no material changes to this position since the year end.

In making their assessment the Directors have prepared projected cash flow information for the period ending 31 March 2023, being more than twelve months from the date of their approval of these financial statements. The projections include the impact of COVID-19 on the Company's plans and future forecasts. Since the year end business volumes have increased steadily as the number of connected commercial flights and passenger loads increase. Based on these projections, the Directors believe they have adequate cash resources to continue to operate throughout the projection period and beyond.

The Directors have also forecast a more severe but plausible downside scenario in which business levels remain at current levels for longer than expected and even in this scenario, the Directors believe they will operate within their existing cash resources.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Group financial statements

These financial statements present information solely on the Company as an individual undertaking and not its group. The Company has taken advantage of the exemption afforded by section 401 of the Companies Act 2006 from preparing group financial statements as the company is itself a subsidiary undertaking of a company established under the laws of a non-European Economic Area state.

Internally-generated intangible assets

An internally-generated intangible asset arising from the Company's development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

All intangible assets have finite lives. Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives of 5 years from the time they are available for use. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred. The carrying value of capitalised development expenditure is reviewed for impairment annually.

Notes to the financial statements

at 31 March 2021

2. Accounting policies (continued)

Other intangible assets

Other intangible assets are stated at cost less estimated residual value less accumulated amortisation and any recognised impairment loss. Amortisation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Purchased software – 3 – 5 years

Property, plant and equipment

Property, plant and equipment is stated at cost less estimated residual value less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Plant and machinery – 5 years

Fixtures and fittings – 5 years

Computer equipment – 3 years

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment 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 in order 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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 as an expense immediately.

For assets other than goodwill, 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 as income immediately.

Investments

Investments in subsidiary undertakings are recorded at cost less provision for impairment.

Notes to the financial statements

at 31 March 2021

2. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Taxation

Tax on the profit or loss for the year comprises 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 or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Notes to the financial statements

at 31 March 2021

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Notes to the financial statements

at 31 March 2021

2. Accounting policies (continued)

Subsequent measurement and gains and losses (continued)

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Notes to the financial statements

at 31 March 2021

2. Accounting policies (continued)

Financial instruments (continued)

Impairment (continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the financial statements

at 31 March 2021

2. Accounting policies (continued)

Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company has presented right-of-use assets and the current and non-current elements of lease liabilities on the face of the balance sheet. Additionally, to support the additional lessee accounting disclosure requirements introduced by IFRS 16 the Company has added a dedicated note (note 12) which explains movements in the right-of-use assets during the year, along with other relevant disclosures, accounting policies and judgements.

The cash flow statement has been revised to present the element of cash lease payments attributable to lease interest expense and the element attributable to repayment of lease liabilities within cash flows from financing activities.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the financial statements

at 31 March 2021

2. Accounting policies (continued)

Revenue

Revenue is derived from two main sources: charges made for the use of the Company's network by users of mobile devices on-board aircraft (network revenues) and fees charged for activating the network service. Most revenue recognised by the Company is in scope of IFRS 15 and is subject to the following revenue recognition policy.

Network Revenues

Network revenues are invoiced by AeroMobile AS, the Company's Norwegian subsidiary undertaking, as it is the contracting party. However, the Company has exposure to the significant risks and rewards associated with the provision of the network services in that it is responsible for providing the service, it establishes the prices and bears a proportion of the credit risk. Accordingly, network revenues are recognised on a gross basis in these financial statements.

Applying the guidance in IFRS 15 to network revenues, customers of the Company's roaming partners will receive and consume the benefits of the network services as they are delivered. This is the single performance obligation and its progress toward complete satisfaction is measured based on the number of voice minutes and calls, SMSs and data used each month by customers of the roaming partner. The inter operator tariffs are applied to each type of usage to arrive at invoiced revenue.

Discounts are applied from the date that the discount agreements come into force and reduce the effective inter operator tariffs based on the usage in the same performance obligation. For a tiered discount structure, the discount is applied prospectively from the date the volume threshold is reached which leads to a change in the effective price from that date.

Invoices for network revenues are typically settled between 30 and 90 days from the date of invoicing. The settlement period for discounts is often greater than 12 months with the settlement being made in cash or offsetting against future revenues.

Activation Fees

Under IFRS 15, the performance obligation is the delivery of the hardware or network service to the airline customer and is recognised at that point in time when control is deemed to pass to the customer. The stand-alone selling prices are the contractually stated prices which are applied to the performance obligations as and when they arise. Invoices for activation fees are typically settled between 30 and 60 days from the date of invoicing.

Contract balances

The contract assets primarily relate to the company's rights to consideration for network service revenues earned but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

The Company does not have any contract liabilities.

All revenue is stated net of VAT and trade discounts.

Notes to the financial statements

at 31 March 2021

2. Accounting policies (continued)

Expenses

Expenses are classified by function between cost of sales and costs of administrative activities. All variable costs directly attributable to generating revenues are included within cost of sales. All other costs not directly variable are included within administrative expenses. These include fees for the operation, monitoring and maintenance of the ground network infrastructure and for the management and support of securing roaming agreements. Whilst these costs are directly linked to driving sales, they are fixed and included in administrative expenses.

Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Provisions

General

Provisions are recognised when the Company has present or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made. If the effect of discounting is material, provisions are discounted to the expected present value of the future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Dilapidation provisions

The Company records a provision for terminal dilapidations under the terms of its property lease. The provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the financial statements

at 31 March 2021

3. Critical accounting judgements and key sources of uncertainty

In the process of applying the Company's accounting policies, the Directors are required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and 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 revision and future periods if the revision affects both the current and future periods.

The following are judgements that have the most significant effect on the amounts recognised in the financial statements:

Estimation of useful economic lives of long-lived assets

The economic life used to amortise intangible fixed assets and depreciate tangible fixed assets relates to the future performance of the assets in question and management's judgement of the period over which the economic benefit will be derived from the asset.

As at 31 March 2021, the amount of tangible fixed assets included in the balance sheet was \$1,391,101 (2020 – \$1,790,917). These assets are depreciated over periods ranging between 3 and 5 years.

As at 31 March 2021, the amount of intangible fixed assets included in the balance sheet was \$315,768 (2020 – \$439,752). These assets are amortised over periods ranging between 3 and 5 years.

Notes to the financial statements

at 31 March 2021

4. Revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

<i>Year ended 31 March 2021</i>	<i>Network revenues \$000</i>	<i>Other revenues \$000</i>	<i>Total \$000</i>
Middle East and Asia	2,069	11	2,080
USA	244	-	244
UK	352	-	352
Europe	1,571	-	1,571
Other	675	-	675
	<u>4,911</u>	<u>11</u>	<u>4,922</u>

<i>Year ended 31 March 2020</i>	<i>Network revenues \$000</i>	<i>Other revenues \$000</i>	<i>Total \$000</i>
Middle East and Asia	8,835	248	9,083
USA	2,693	250	2,943
UK	1,852	-	1,852
Europe	6,765	-	6,765
Other	3,792	-	3,792
	<u>23,937</u>	<u>498</u>	<u>24,435</u>

Network revenues are transferred over time. All other revenues are transferred at a point in time.

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	<i>Note</i>	<i>31 March 2021 \$000</i>	<i>1 April 2020 \$000</i>
Receivables	15	36	206
Contract assets	15	-	-
Contract liabilities		-	-

The contract assets primarily relate to the company's rights to consideration for activation fees earned but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to its customers.

Receivable balances reported above include amounts owed by group undertakings under common control of \$29,636 (2020: \$116,817).

Notes to the financial statements

at 31 March 2021

4. Revenue (continued)

The amount of revenue to be recognised in future periods from performance obligations unsatisfied at 31 March 2021 is \$nil.

The company applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The revenue information above is based on the location of the customer.

The Directors monitor the operating results of the Company as a single operating segment, as defined in IFRS 8, for the purposes of making decisions about resources to be allocated and of assessing performance. The Company's management reporting and controlling systems use accounting policies that are the same as those described at note 2 in the summary of significant accounting policies under IFRS.

On this basis, no additional operating segment disclosures have been deemed necessary as required by IFRS 8 except an analysis of products and services by geographical market as detailed above.

5. Operating (loss)/profit

This is stated after charging/(crediting):

	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>
	<i>\$000</i>	<i>\$000</i>
Auditor's remuneration:		
Audit of the Company's annual financial statements	<u>110</u>	<u>108</u>
Depreciation of property, plant and equipment (note 11)	400	306
Depreciation of right-of-use assets (note 12)	120	72
Amortisation of intangible assets (note 10) – Internally generated	-	-
– Other	124	124
Net foreign exchange loss	2	73
Research and development expensed as incurred	<u>-</u>	<u>-</u>

Notes to the financial statements

at 31 March 2021

6. Directors' remuneration

	<i>31 March</i> <i>2021</i> <i>\$000</i>	<i>31 March</i> <i>2020</i> <i>\$000</i>
Directors' remuneration	350	399
Company contributions to money purchase pension plans	59	48
	<u>409</u>	<u>447</u>

The aggregate of remuneration of the highest paid director was \$202,022 (2020: \$240,835) and company pension contributions of \$30,896 (2020: \$25,876) were made to a money purchase scheme on his behalf.

7. Staff costs

	<i>31 March</i> <i>2021</i> <i>\$000</i>	<i>31 March</i> <i>2020</i> <i>\$000</i>
Wages and salaries	-	290
Social security costs	-	35
Other pension costs	-	33
	<u>-</u>	<u>358</u>

The average monthly number of employees during the period was made up as follows:

	<i>No.</i>	<i>No.</i>
Administration	-	6
Roaming	-	6
Network Operations	-	3
Commercial	-	4
	<u>-</u>	<u>19</u>

Staff costs and average monthly number of employees disclosed above are for the period April 2020 to May 2020. Comparative information is for the period April 2019 to May 2019.

With effect from 1 June 2019, the employment contracts of all the employees were transferred to PAC under the Transfer of Undertaking (Protection of Employment) Regulations.

Under the terms of the Transfer of Services agreement between the Company and PAC effective 1 June 2019, the transferring employees continued to provide services to the Company. In consideration for these services, the Company agreed to pay PAC a Service Charge being the actual cost of providing the services plus an administration fee.

Notes to the financial statements

at 31 March 2021

7. Staff costs (continued)

The staff costs recharged by PAC and the average monthly number of employees are shown below. Comparative information is for the period 1 June 2019 to 31 March 2020.

	<i>31 March</i> <i>2021</i> <i>\$000</i>	<i>31 March</i> <i>2020</i> <i>\$000</i>
Wages and salaries	1,243	1,634
Social security costs	149	198
Other pension costs	193	209
	<u>1,585</u>	<u>2,041</u>
	<i>No.</i>	<i>No.</i>
Administration	5	6
Roaming	5	5
Network Operations	2	3
Commercial	4	5
	<u>16</u>	<u>19</u>

8. Finance income and expenses

	<i>31 March</i> <i>2021</i> <i>\$000</i>	<i>31 March</i> <i>2020</i> <i>\$000</i>
<i>Finance income</i>		
Bank interest receivable	(1)	376
Interest on deposits held with group undertakings	38	415
	<u>37</u>	<u>791</u>
<i>Finance expenses</i>		
Interest expense on lease liabilities	12	8
Unwind of discount on provisions	3	2
	<u>15</u>	<u>10</u>

Notes to the financial statements
at 31 March 2021

9. Taxation

(a) Tax charged in the income statement

	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>
	<i>\$000</i>	<i>\$000</i>
Current tax:		
UK corporation tax on the profit for the year	(12)	(1,222)
Adjustments for prior years	181	629
Current tax expense	169	(593)
Deferred tax:		
Origination and reversal of temporary differences	(8)	(1,308)
Recognition of previously unrecognised tax losses and other temporary differences	75	24
Deferred tax expense	67	(1,284)
Total tax credit/(expense)	<u>236</u>	<u>(1,877)</u>

(b) Reconciliation of tax (credit)/expense

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>
	<i>\$000</i>	<i>\$000</i>
(Loss)/profit before taxation	<u>(284)</u>	<u>13,060</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	(54)	2,481
<i>Effects of:</i>		
Permanent differences	-	-
Temporary differences on which no deferred tax asset is recognised	74	49
Recognition of previously unrecognised tax losses	(75)	(24)
Under/(over) provided in prior years	(181)	(629)
Total tax (credit)/expense	<u>(236)</u>	<u>1,877</u>

Notes to the financial statements
at 31 March 2021

9. Taxation (continued)

(c) Change in corporate tax rate

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future tax charge accordingly and increase the deferred tax asset by approximately \$0.6 million.

(d) Deferred tax

The Company has deferred tax assets of approximately \$2.9 million in respect of tax losses, accelerated capital allowances and other timing differences arising in the United Kingdom that are available indefinitely in the United Kingdom for offset against future taxable profits (see note 14).

10. Intangible assets

	<i>Avionic equipment development costs \$000</i>	<i>Purchased software \$000</i>	<i>Total intangible assets \$000</i>
Cost:			
At 31 March 2019	1,659	3,813	5,472
Additions	-	-	-
At 31 March 2020	1,659	3,813	5,472
Additions	-	-	-
At 31 March 2021	1,659	3,813	5,472
Accumulated amortisation:			
At 31 March 2019	1,659	3,249	4,908
Charge for the year	-	124	124
At 31 March 2020	1,659	3,373	5,032
Charge for the year	-	124	124
At 31 March 2021	1,659	3,497	5,156
Net book value:			
At 31 March 2021	-	316	316
At 31 March 2020	-	440	440

Notes to the financial statements
at 31 March 2021

11. Property, plant and equipment

	<i>Plant and machinery</i> \$000	<i>Computer equipment</i> \$000	<i>Fixtures and fittings</i> \$000	<i>Total</i> \$000
Cost:				
At 31 March 2019	1,290	444	786	2,520
Additions	23	35	538	596
Disposals	-	(329)	(279)	(608)
At 31 March 2020	1,313	150	1,045	2,508
Additions	94	14	12	120
At 31 March 2021	1,407	164	1,057	2,628
Accumulated depreciation:				
At 31 March 2019	343	379	785	1,507
Charge for the year	213	39	54	306
Disposals	-	(329)	(279)	(608)
At 31 March 2020	556	89	560	1,205
Charge for the year	243	45	112	400
At 31 March 2021	799	134	672	1,605
Net book value:				
At 31 March 2021	608	30	385	1,023
At 31 March 2020	757	61	485	1,303

Notes to the financial statements
at 31 March 2021

12. Leases

	<i>Land and buildings</i>	
	<i>\$000</i>	
Right-of-use Assets		
Cost:		
At 31 March 2019		-
Additions		560
Amortisation		(72)
At 31 March 2020		488
Amortisation		(120)
At 31 March 2021		368
	<i>31 March</i>	<i>31 March</i>
	2021	2020
	<i>\$000</i>	<i>\$000</i>
Lease liabilities		
Current lease liability	132	96
Non-current lease liability	260	354
At 31 March 2021	392	450
At 31 March 2019		-
Additions		474
Interest expense		8
Lease payments		(41)
Foreign exchange movements		9
At 31 March 2020		450
Interest expense		12
Lease payments		(111)
Foreign exchange movements		41
At 31 March 2021		392

Notes to the financial statements
at 31 March 2021

12. Leases (continued)

Maturity analysis	31 March 2021	31 March 2020
	\$000	\$000
Less than one year	132	96
Year 2	96	119
Year 3	118	86
Year 4	46	107
Year 5	-	42
	<u>392</u>	<u>450</u>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	\$000
2020/21 - Leases under IFRS 16	
Interest expense on lease liabilities	12
Expenses relating to short-term leases	-
	<u>12</u>

\$000

2019/20 - Leases under IFRS 16	
Interest expense on lease liabilities	8
Expenses relating to short-term leases	78

86

Amounts recognised in statement of cash flows

\$000

Total cash outflow for leases	<u>111</u>
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Total cash outflow for leases consists of \$111,247 paid in respect of the principal on lease liabilities (2020: \$41,156) and \$nil (2020: \$3,715) paid in respect of stamp duty on the lease.

Notes to the financial statements
at 31 March 2021

13. Investments

Shares in group undertakings

	<i>\$000</i>
Balance at the beginning, and the end of the year	<u>130</u>

The Company has one subsidiary undertaking, AeroMobile AS, which is wholly-owned and is incorporated in Norway. The registered office address is C/o DLA Piper, Postboks 1364, Oslo, Norway.

Its fair value was determined to be £87,765, and this was the carrying value assigned to the investment upon acquisition of the business in January 2010. Following the change in functional currency of the Company, the USD equivalent of the carrying value amounted to \$130,300.

AeroMobile AS provides services to the Company and holds telecommunication regulatory approvals and enters into roaming agreements with telecoms providers around the world for the benefit of the Company.

14. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	<i>Assets</i> <i>2021</i> <i>\$000</i>	<i>Assets</i> <i>2020</i> <i>\$000</i>	<i>Liabilities</i> <i>2021</i> <i>\$000</i>	<i>Liabilities</i> <i>2020</i> <i>\$000</i>	<i>Net</i> <i>2021</i> <i>\$000</i>	<i>Net</i> <i>2020</i> <i>\$000</i>
Property, plant and equipment	238	43	-	-	238	43
Tax value of loss carry-forwards	<u>2,618</u>	<u>2,746</u>	-	-	<u>2,618</u>	<u>2,746</u>
Net deferred tax asset	<u>2,856</u>	<u>2,789</u>	-	-	<u>2,856</u>	<u>2,789</u>

Movement in deferred tax during the year

	<i>1 April</i> <i>2020</i> <i>\$000</i>	<i>Recognised</i> <i>in income</i> <i>\$000</i>	<i>31 March</i> <i>2021</i> <i>\$000</i>
Property, plant and equipment	43	195	238
Tax value of loss carry-forwards utilised	<u>2,746</u>	<u>(128)</u>	<u>2,618</u>
	<u>2,789</u>	<u>67</u>	<u>2,856</u>

Notes to the financial statements

at 31 March 2021

14. Deferred tax assets and liabilities (continued)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

At 31 March 2021, the Company had around \$13.8 million (2020: \$14.5 million) of carry-forward tax losses that would be available to offset against future taxable profit.

15. Trade and other receivables

	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>
	<i>\$000</i>	<i>\$000</i>
Trade receivables	6	89
Amounts owed by group undertakings under common control	31,629	24,400
Prepayments and accrued income	101	65
Corporation tax receivable	94	336
VAT and other taxes receivable	767	102
	<u>32,597</u>	<u>24,992</u>

Trade receivables are non-interest bearing and are shown net of a provision for impairment. As at 31 March 2021, trade receivables at nominal value of \$198,696 (2020 – \$179,349) were determined to be impaired because of poor payment history of the debtor and fully provided for. This represented the expected credit loss provision at 31 March 2021.

At the balance sheet date, included in amounts owed by group undertakings was \$31,599,124 (2020: \$23,882,466) representing short term interest-bearing deposits with Panasonic Finance (Europe) Plc (“PFI”). Interest is receivable in arrears on individual deposits placed for one month on which interest is earned at variable rates.

See below for the movements in the provision for impairment of receivables.

	<i>Individually impaired \$000</i>
At 31 March 2019	188
Charge for the year	-
Utilised	<u>(9)</u>
At 31 March 2020	179
Charge for the year	20
Utilised	<u>-</u>
At 31 March 2021	<u>199</u>

Notes to the financial statements

at 31 March 2021

15. Trade and other receivables (continued)

As at 31 March, the analysis of trade receivables that were past due but not impaired were as follows:

	<i>Total</i>	<i>Not past due and not impaired</i>	<i><30 days</i>	<i>30-60 days</i>	<i>60-90 days</i>	<i>>90 days</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
31 March 2021	6	-	-	-	-	6
31 March 2020	89	84	-	-	-	5

16. Financial instruments

The Company's most significant financial instruments are cash deposits and intercompany payables. The main purpose of these financial instruments is to finance the Company's operations through funding product development as well as supporting general working capital requirements.

It is the Company's policy that no trading in financial instruments is undertaken. The Company does not currently hedge any of the financial risks it is exposed to, although this will be kept under review by the Directors as the business develops.

Capital management

The Company manages its capital to ensure that it is able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of cash and cash equivalents and equity comprising issued share capital, reserves and retained earnings, disclosed in note 19 and the Statement of changes in equity.

Categories of financial instruments

The Company's significant financial assets are cash and trade and other receivables which are classified at amortised cost.

Trade and other payables, bank overdrafts and bank loans are all designated as other financial liabilities and held at amortised cost.

Financial instruments – risks

The main risk arising from the Company's financial instruments is foreign currency risk. This is summarised below.

Foreign currency risk

The Company has transactional currency exposures which arise from purchases in currencies other than the entity's functional currency (US Dollar). The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the reporting date are as follows:

	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>
	<i>2021</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Pound Sterling	151	835	54	807
Euro	67	-	39	5
Norwegian Kroner	-	-	8	-

Notes to the financial statements

at 31 March 2021

16. Financial instruments (continued)

Foreign currency sensitivity analysis

The Company is primarily exposed to the Pound Sterling, the Norwegian Kroner and the Euro. These exposures arise predominantly on cash, trade payables and trade receivables.

The following table details the Company's sensitivity to a 10% increase in the US Dollar rate against the Pound Sterling, Euro and Norwegian Kroner in the current period. A 10% movement in exchange rates based on the level of foreign currency denominated monetary assets and liabilities represent management's assessment of a reasonably possible change in foreign exchange rates. A 10% decrease in the US Dollar rate would have the equal but opposite effect.

	<i>Equity</i>	<i>Equity</i>	<i>Profit or loss</i>	<i>Profit or loss</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Pound Sterling	(68)	(75)	(68)	(75)
Euro	6	3	6	3
Norwegian Kroner	-	1	-	1

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

Trade receivables are due from airlines and providers of in-flight services. Ongoing credit evaluation is performed on the financial condition of trade receivables. The Company does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

At the balance sheet date, there were three trade receivable balances past their due credit terms. One of the balances has been provided for in full. All other balances are expected to be recoverable (see note 15).

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow. Ultimate responsibility for liquidity risk management rests with the Board. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Financial assets are cash and trade and other receivables. Cash is held on demand, and trade and other receivables are recoverable in less than one year.

Financial liabilities are trade and other payables and are payable in less than one year. No payables are interest bearing.

Fair value

The Directors consider that the carrying amount of all financial instruments approximates to their fair value.

Notes to the financial statements
at 31 March 2021

17. Trade and other payables

	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>
	<i>\$000</i>	<i>\$000</i>
Trade payables	430	379
Amounts owed to group undertaking under common control	7,577	11,477
Corporation tax payable	-	42
Other taxation and social security	-	-
Accruals	4,270	5,132
	<u>12,277</u>	<u>17,030</u>

18. Provisions

	<i>Dilapidation</i>
	<i>provision</i>
	<i>\$000</i>
At 1 April 2020	171
Provisions made during the year	-
Provisions used during the year	-
Unused amounts reversed	-
Unwinding of discounted amount	3
	<u>174</u>
At 31 March 2021	174
Of which:	
Current portion	-
Non-current portion	<u>174</u>
Total provisions	<u>174</u>
	<i>Dilapidation</i>
	<i>provision</i>
	<i>\$000</i>
<i>Expected outflow of resources</i>	
More than three years	<u>174</u>

Dilapidation provision

This represents an estimate of the cost required to return the Company's leasehold property to the state that existed at the inception of the lease. The provision is expected to be utilised in 2024.

Notes to the financial statements
at 31 March 2021

19. Issued share capital

	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>\$000</i>	<i>No.</i>	<i>\$000</i>
Ordinary shares of £1 each	16,043	23,817	16,043	23,817

20. Related party transactions

The Company considers as its related parties its shareholders and their subsidiaries and members of the Board of Directors as well as their close family members. There have been no transactions with Directors or their close family members.

Transactions between the Company and its related parties are disclosed below.

Trading transactions with shareholders and other group companies

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

		<i>Sales to</i>	<i>Purchases</i>	<i>Amounts</i>	<i>Amounts</i>
		<i>related</i>	<i>from related</i>	<i>owed by</i>	<i>owed to</i>
		<i>parties</i>	<i>parties</i>	<i>related</i>	<i>related</i>
		<i>\$000</i>	<i>\$000</i>	<i>parties</i>	<i>parties</i>
				<i>\$000</i>	<i>\$000</i>
Panasonic Avionics Corporation	2021	72	2,452	30	5,679
	2020	724	6,204	518	4,380
Panasonic Finance (Europe) Plc	2021	-	-	31,599	-
	2020	-	-	23,882	-
Panasonic Europe B.V.	2021	-	31	-	3
	2020	-	31	-	3
Panasonic Business Support (UK)	2021	-	29	-	11
	2020	-	29	-	-
AeroMobile AS	2021	-	70	-	1,885
	2020	-	99	-	7,095

The Company received bank interest from PFI amounting to \$37,860 during the year (2020: \$414,615). The bank interest receivable at the balance sheet date was \$nil.

Notes to the financial statements

at 31 March 2021

21. Ultimate parent undertaking and controlling party

The Directors regard Panasonic Corporation, a company incorporated in Japan, as the ultimate parent undertaking and controlling party. Copies of the financial statements of Panasonic Corporation are available to the public and may be obtained from the Company Secretary, Panasonic Corporation, 1006, Oaza Kadoma, Kadoma-shi, Osaka 571-8501, Japan. Panasonic Corporation is the parent undertaking that heads the largest and smallest group which includes the results of the Company and for which group financial statements are prepared.

The immediate parent undertaking is Panasonic Avionics Corporation (PAC), a company incorporated in the USA, and it owns 100% of the issued share capital of the Company. PAC's registered office is 26200 Enterprise Way, Lake Forest, California 92630, USA.