

AeroMobile Communications Limited

Registered Number: 07129922

Report and Financial Statements

For the year ended 31 March 2022



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Directors and Advisors

Directors

S Tada
J Sare (resigned 6 May 2022)
K Rogers
J Hartney

Secretary

A-M Mullan

Auditor

KPMG LLP
1 Forest Gate
Brighton Road
Crawley RH11 9PT

Bankers

MUFG Bank Ltd, London Branch,
Ropemaker Place,
25 Ropemaker Street,
London. EC2Y 9AN

NatWest Bank Plc,
Slough Trading Estate Branch,
PO Box 1070,
Slough, Berks.
SL1 1AL

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 2022.

Results

The profit for the year after taxation amounted to \$4,285,000 (2021 – loss of \$48,000).

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>2022</i>	<i>2021</i>	<i>Change</i>
	<i>\$000</i>	<i>\$000</i>	<i>%</i>
Turnover	9,538	4,922	93.8%
EBITDA*	5,121	337	1,419.6%
Profit/(Loss) before taxation	4,495	(284)	1,582.7%
Profit/(Loss) after taxation	4,285	(48)	8,927.1%
* 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)

Our financial performance during the year was positive and continued the recovery seen towards the end of the last fiscal year. Our revenue exceeded expectations and was up by 93.8% compared to the previous year. This increase in revenue alongside the Company maintaining its cost-saving measures to keep operating and administration costs within expectations, resulted in a healthy profit for the year.

Despite the ongoing challenging 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 continues to be 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 and beyond with no adverse impact on operations.

The start of fiscal year 2022/23 has been encouraging as revenues continue to recover.

The Company's roaming partners are large multinational network operators who remain largely unaffected 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.

As the global economy, in particular the aviation industry, emerges from the impact of the pandemic the Company is anticipating strong growth over the coming months and continues to work alongside PAC in developing new and innovative connectivity solutions for its airline customers.

The Company has also been monitoring the war in Ukraine. Whilst it has no operations in Ukraine and, therefore no direct impact on the business, it is taking guidance from PAC's compliance team in managing its Russian roaming partners who maybe under sanctions.

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 but this is beginning to ease.

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:

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 2022. 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 established 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 2022, 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: 2022.09.28
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Ann-Marie Mullan
Company Secretary

Date: 28 September 2022

Directors' report

The Directors present their report and the financial statements for the year ended 31 March 2022.

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 \$2,372,000 (\$0.15 per share) (2021 – \$155,000, \$0.01 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 (2021: \$nil).

Directors

The Directors who served during the year were as follows:

S Tada
J Sare (resigned 6 May 2022)
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: 2022.09.28
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Ann-Marie Mullan
Company Secretary
Two Pegasus Place
Gatwick Road
Crawley
West Sussex RH10 9AY

Date: 28 September 2022

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 UK-adopted international accounting standards;
- 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 2022 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 2022 and of its profit 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.

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

29 September 2022

Statement of comprehensive income
for the year ended 31 March 2022

		<i>31 March</i>	<i>31 March</i>
		<i>2022</i>	<i>2021</i>
	<i>Notes</i>	<i>\$000</i>	<i>\$000</i>
Revenue	4	9,538	4,922
Cost of sales		<u>(924)</u>	<u>(1,307)</u>
Gross profit		8,614	3,615
Administrative expenses		<u>(4,107)</u>	<u>(3,921)</u>
Operating profit/(loss)	5	4,507	(306)
Financial income	8	1	37
Financial expenses	8	<u>(13)</u>	<u>(15)</u>
Profit/(loss) before taxation		4,495	(284)
Taxation	9	<u>(210)</u>	236
Profit/(loss) for the year		<u>4,285</u>	<u>(48)</u>
Total comprehensive income for the year		<u>4,285</u>	<u>(48)</u>

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

Statement of financial position

at 31 March 2022

	<i>Notes</i>	<i>31 March 2022 \$000</i>	<i>31 March 2021 \$000</i>
Non-current assets			
Intangible assets	10	380	316
Property, plant and equipment	11	646	1,023
Right-of-use assets	12	243	368
Investments	13	130	130
Deferred tax asset	14	3,050	2,856
		<u>4,449</u>	<u>4,693</u>
Current assets			
Trade and other receivables	15	33,339	32,597
Cash at bank and in hand		12,552	12,717
		<u>45,891</u>	<u>45,314</u>
Total assets		<u>50,340</u>	<u>50,007</u>
Current liabilities			
Trade and other payables	17	(8,621)	(12,277)
Lease liabilities	12	(91)	(132)
Provisions	18	-	-
		<u>(8,712)</u>	<u>(12,409)</u>
Non-current liabilities			
Lease liabilities	12	(157)	(260)
Provisions	18	(177)	(174)
		<u>(334)</u>	<u>(434)</u>
Total liabilities		<u>(9,046)</u>	<u>(12,843)</u>
Net assets		<u>41,294</u>	<u>37,164</u>
Capital and reserves			
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		9,909	5,779
Total equity		<u>41,294</u>	<u>37,164</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 28 September 2022. They were signed on its behalf on by Seigo Tada:

Seigo Tada
Director

Digitally signed by Seigo Tada
Date: 2022.09.28 12:22:19
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Company Registered Number 07129922

Statement of changes in equity
for the year ended 31 March 2022

	<i>Share capital</i> \$000	<i>Share premium account</i> \$000	<i>Retained earnings</i> \$000	<i>Foreign exchange reserve</i> \$000	<i>Total</i> \$000
At 1 March 2020	23,817	6,490	12,330	1,078	43,715
Loss for the year	-	-	(48)	-	(48)
Dividends	-	-	(6,503)	-	(3,231)
At 31 March 2021	23,817	6,490	5,779	1,078	37,164
Profit for the year	-	-	4,285	-	4,285
Dividends	-	-	(155)	-	(155)
At 31 March 2022	<u>23,817</u>	<u>6,490</u>	<u>9,909</u>	<u>1,078</u>	<u>41,294</u>

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

Statement of cash flows
for the year ended 31 March 2022

		<i>31 March</i>	<i>31 March</i>
		<i>2022</i>	<i>2021</i>
	<i>Notes</i>	<i>\$000</i>	<i>\$000</i>
<i>Operating activities</i>			
Profit/(loss) before tax for the year		4,495	(284)
Adjustments to reconcile operating profit/(loss) for the year to net cash flow from operating activities:			
Depreciation of property, plant and equipment	11	364	400
Depreciation of right-of-use asset	12	125	120
Amortisation of intangible assets	10	124	124
Loss on disposal of fixed assets	11	13	-
Foreign exchange (gains)/losses		58	(62)
Financial income	8	(1)	(37)
Financial expense	8	13	15
Movement in provisions		3	3
Working capital adjustments:			
(Increase)/Decrease in trade and other receivables		(836)	(7,847)
(Decrease)/Increase in trade and other payables		(3,728)	(4,658)
Income tax (paid)/refunded		(240)	369
<i>Net cash flow from operating activities</i>		390	(11,857)
<i>Investing activities</i>			
Acquisition of property, plant and equipment	11	-	(120)
Acquisition cost in respect of right-of-use asset	12	-	-
Acquisition of intangible assets	10	(188)	-
Interest received	8	1	37
<i>Net cash flow from investing activities</i>		(187)	(83)
<i>Financing activities</i>			
Interest paid	8	(13)	(15)
Principal paid on lease liabilities	12	(142)	(111)
Dividends paid		(155)	(6,503)
<i>Net cash flow from financing activities</i>		(310)	(6,629)
<i>Net (decrease)/increase in cash and cash equivalents</i>		(107)	(18,569)
<i>Effect of exchange rate on cash and cash equivalents</i>		(58)	62
Cash and cash equivalents at 1 April		<u>12,717</u>	<u>31,224</u>
Cash and cash equivalents at 31 March		<u>12,552</u>	<u>12,717</u>

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

Notes to the financial statements

at 31 March 2022

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

The financial statements of AeroMobile Communications Limited for the year ended 31 March 2022 were authorised for issue by the Board of Directors on 28 September 2022 and the balance sheet was signed on the Board's behalf by Seigo Tada. 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 UK-adopted international accounting standards. 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:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) (effective 1 June 2020).
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: *Interest Rate Benchmark Reform – Phase 2* (effective date 1 January 2021).

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.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) (effective 1 April 2021).
- Onerous Contracts – *Cost of Fulfilling a Contract* (Amendments to IAS 37) (effective 1 January 2022).
- Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022).
- Property, Plant and Equipment: *Proceeds before Intended Use* (Amendments to IAS 16) (effective 1 January 2022).
- Reference to the Conceptual Framework (Amendments to IFRS 3) (effective 1 January 2022).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective 1 January 2023).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts (effective 1 January 2023).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective 1 January 2023).
- Definition of Accounting Estimates (Amendments to IAS 8) (effective 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective 1 January 2023).

Notes to the financial statements

at 31 March 2022

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 2022 the Company had net assets of \$41million, including cash balances of \$45m of which a proportion is held in the Panasonic cash pool. There have been no material changes to this position since the year end.

The Directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due during the going concern assessment period. The Directors' assessment reflects the continued recovery of business volumes since the year end 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.

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 2022

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 2022

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 2022

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 2022

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 2022

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 2022

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 2022

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 2022

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 2022

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 2022, the amount of tangible fixed assets included in the balance sheet was \$889,211 (2021 – \$1,391,101). These assets are depreciated over periods ranging between 3 and 5 years.

As at 31 March 2022, the amount of intangible fixed assets included in the balance sheet was \$380,155 (2021 – \$315,768). These assets are amortised over periods ranging between 3 and 5 years.

Notes to the financial statements

at 31 March 2022

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 2022</i>	<i>Network revenues \$000</i>	<i>Other revenues \$000</i>	<i>Total \$000</i>
Middle East and Asia	2,575	168	2,743
USA	660	-	660
UK	350	-	350
Europe	3,716	672	4,388
Other	1,397	-	1,397
	8,698	840	9,538

<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
	4,911	11	4,922

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 2022 \$000</i>	<i>1 April 2021 \$000</i>
Receivables	15	756	36
Contract assets	15	-	-
Contract liabilities		-	-

Receivable balances reported above include amounts owed by group undertakings under common control of \$nil (2021: \$29,636).

Notes to the financial statements

at 31 March 2022

4. Revenue (continued)

The amount of revenue to be recognised in future periods from performance obligations unsatisfied at 31 March 2022 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>2022</i>	<i>2021</i>
	<i>\$000</i>	<i>\$000</i>
Auditor's remuneration:		
Audit of the Company's annual financial statements	<u>109</u>	<u>110</u>
Depreciation of property, plant and equipment (note 11)	364	400
Depreciation of right-of-use assets (note 12)	125	120
Amortisation of intangible assets (note 10) – Internally generated	-	-
– Other	124	124
Net foreign exchange (gain)/loss	(13)	2
Research and development expensed as incurred	<u>-</u>	<u>-</u>

Notes to the financial statements
at 31 March 2022

6. Directors' remuneration

	<i>31 March</i> <i>2022</i> <i>\$000</i>	<i>31 March</i> <i>2021</i> <i>\$000</i>
Directors' remuneration	476	350
Company contributions to money purchase pension plans	62	59
	<u>538</u>	<u>409</u>

The aggregate of remuneration of the highest paid director was \$280,507 (2021: \$202,022) and company pension contributions of \$32,942 (2021: \$30,896) were made to a money purchase scheme on his behalf.

7. Staff costs

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.

The staff costs recharged by PAC and the average monthly number of employees are shown below.

	<i>31 March</i> <i>2022</i> <i>\$000</i>	<i>31 March</i> <i>2021</i> <i>\$000</i>
Wages and salaries	1,354	1,243
Social security costs	148	149
Other pension costs	183	193
	<u>1,685</u>	<u>1,585</u>
	<i>No.</i>	<i>No.</i>
Administration	4	5
Roaming	4	5
Network Operations	2	2
Commercial	3	4
	<u>13</u>	<u>16</u>

Notes to the financial statements
at 31 March 2022

8. Finance income and expenses

	<i>31 March</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>
	<i>\$000</i>	<i>\$000</i>
<i>Finance income</i>		
Bank interest receivable	-	(1)
Interest on deposits held with group undertakings	1	38
	<u>1</u>	<u>37</u>
<i>Finance expenses</i>		
Interest expense on lease liabilities	10	12
Unwind of discount on provisions	3	3
	<u>13</u>	<u>15</u>

Notes to the financial statements
at 31 March 2022

9. Taxation

(a) Tax charged in the income statement

	<i>31 March</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>
	<i>\$000</i>	<i>\$000</i>
<i>Current tax:</i>		
UK corporation tax on the profit for the year	(404)	(12)
Adjustments for prior years	-	181
Current tax (expense)/credit	<u>(404)</u>	<u>169</u>
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	(531)	(8)
Impact of change in tax rate	<u>725</u>	<u>75</u>
Deferred tax expense	<u>194</u>	<u>67</u>
Total tax (expense)/credit	<u>(210)</u>	<u>236</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% (2021 – 19%). The differences are explained below:

	<i>31 March</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>
	<i>\$000</i>	<i>\$000</i>
Profit/(loss) before taxation	<u>4,495</u>	<u>(284)</u>
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	854	(54)
<i>Effects of:</i>		
Permanent differences	-	-
Temporary differences on which no deferred tax asset is recognised	81	74
Impact of change in tax rate	(725)	(75)
Over provided in prior years	<u>-</u>	<u>(181)</u>
Total tax expense/(credit)	<u>210</u>	<u>(236)</u>

Notes to the financial statements

at 31 March 2022

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.

(d) Deferred tax

The Company has deferred tax assets of approximately \$3.0 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 2020	1,659	3,813	5,472
Additions	-	-	-
At 31 March 2021	1,659	3,813	5,472
Additions	-	188	188
At 31 March 2022	1,659	4,001	5,660
Accumulated amortisation:			
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
Charge for the year	-	124	124
At 31 March 2022	1,659	3,621	5,280
Net book value:			
At 31 March 2022	-	380	380
At 31 March 2021	-	316	316

Notes to the financial statements
at 31 March 2022

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 2020	1,313	150	1,045	2,508
Additions	94	14	12	120
At 31 March 2021	1,407	164	1,057	2,628
Additions	-	-	-	-
Disposals	(23)	(24)	(2)	(49)
At 31 March 2022	1,384	140	1,055	2,579
Accumulated depreciation:				
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
Charge for the year	229	24	111	364
Disposals	(10)	(24)	(2)	(36)
At 31 March 2022	1,018	134	781	1,933
Net book value:				
At 31 March 2022	366	6	275	646
At 31 March 2021	608	30	385	1,023

Notes to the financial statements
at 31 March 2022

12. Leases

	<i>Land and buildings</i>	
	<i>\$000</i>	
Right-of-use Assets		
Cost:		
At 31 March 2020		488
Amortisation		(120)
At 31 March 2021		368
Amortisation		(125)
At 31 March 2022		243
	<i>31 March</i>	<i>31 March</i>
	2022	2021
	<i>\$000</i>	<i>\$000</i>
Lease liabilities		
Current lease liability	91	132
Non-current lease liability	157	260
At 31 March 2021	248	392
At 31 March 2020		450
Additions		-
Interest expense		12
Lease payments		(111)
Foreign exchange movements		41
At 31 March 2021		392
Interest expense		10
Lease payments		(142)
Foreign exchange movements		(12)
At 31 March 2022		248

Notes to the financial statements
at 31 March 2022

12. Leases (continued)

Maturity analysis	31 March 2022	31 March 2021
	\$000	\$000
Less than one year	91	132
Year 2	113	96
Year 3	44	118
Year 4	-	46
Year 5	-	-
	<u>248</u>	<u>392</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
2021/22 - Leases under IFRS 16	
Interest expense on lease liabilities	10
Expenses relating to short-term leases	-
	<u>10</u>

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

Amounts recognised in statement of cash flows

	\$000
Total cash outflow for leases	<u>142</u>

Total cash outflow for leases consists of \$142,162 paid in respect of the principal on lease liabilities (2021: \$111,247).

Notes to the financial statements
at 31 March 2022

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>Assets</i>	<i>Liabilities</i>	<i>Liabilities</i>	<i>Net</i>	<i>Net</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Property, plant and equipment	447	238	-	-	447	238
Tax value of loss carry-forwards	2,603	2,618	-	-	2,603	2,618
Net deferred tax asset	<u>3,050</u>	<u>2,856</u>	-	-	<u>3,050</u>	<u>2,856</u>

Movement in deferred tax during the year

	<i>1 April</i>	<i>Recognised</i>	<i>31 March</i>
	<i>2021</i>	<i>in income</i>	<i>2022</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Property, plant and equipment	238	209	447
Tax value of loss carry-forwards utilised	2,618	(15)	2,603
	<u>2,856</u>	<u>194</u>	<u>3,050</u>

Notes to the financial statements

at 31 March 2022

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 2022, the Company had around \$11.0 million (2021: \$13.8 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>2022</i>	<i>2021</i>
	<i>\$000</i>	<i>\$000</i>
Trade receivables	756	6
Amounts owed by group undertakings under common control	32,434	31,629
Prepayments and accrued income	91	101
Corporation tax receivable	-	94
VAT and other taxes receivable	58	767
	<u>33,339</u>	<u>32,597</u>

Trade receivables are non-interest bearing and are shown net of a provision for impairment. As at 31 March 2022, trade receivables at nominal value of \$194,394 (2021 – \$198,696) 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 2022.

At the balance sheet date, included in amounts owed by group undertakings was \$32,434,018 (2021: \$31,599,124) 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 2020	179
Charge for the year	20
Utilised	<u>-</u>
At 31 March 2021	199
Charge for the year	(5)
Utilised	<u>-</u>
At 31 March 2022	<u><u>194</u></u>

Notes to the financial statements

at 31 March 2022

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>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>Total</i>	<i>\$000</i>				
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
31 March 2022	756	84	-	-	672	-
31 March 2021	6	-	-	-	-	6

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>2022</i>	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Pound Sterling	187	837	151	835
Euro	29	-	67	-
Norwegian Kroner	-	-	-	-

Notes to the financial statements

at 31 March 2022

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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Pound Sterling	(65)	(68)	(65)	(68)
Euro	3	6	3	6
Norwegian Kroner	-	-	-	-

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 2022

17. Trade and other payables

	<i>31 March</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>
	<i>\$000</i>	<i>\$000</i>
Trade payables	753	430
Amounts owed to group undertaking under common control	4,928	7,577
Corporation tax payable	70	-
Other taxation and social security	-	-
Accruals	2,870	4,270
	<u>8,621</u>	<u>12,277</u>

18. Provisions

	<i>Dilapidation</i>
	<i>provision</i>
	<i>\$000</i>
At 1 April 2021	174
Provisions made during the year	-
Provisions used during the year	-
Unused amounts reversed	-
Unwinding of discounted amount	3
	<u>177</u>
At 31 March 2022	177
Of which:	
Current portion	-
Non-current portion	177
	<u>177</u>
Total provisions	<u>177</u>
	<i>Dilapidation</i>
	<i>provision</i>
	<i>\$000</i>
<i>Expected outflow of resources</i>	
Two to three years	<u>177</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 2022

19. Issued share capital

	<i>31 March</i> <i>2022</i>	<i>31 March</i> <i>2022</i>	<i>31 March</i> <i>2021</i>	<i>31 March</i> <i>2021</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	<u>16,043</u>	<u>23,817</u>	<u>16,043</u>	<u>23,817</u>

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>related</i> <i>parties</i> <i>\$000</i>	<i>Purchases</i> <i>from related</i> <i>parties</i> <i>\$000</i>	<i>Amounts</i> <i>owed by</i> <i>related</i> <i>parties</i> <i>\$000</i>	<i>Amounts</i> <i>owed to</i> <i>related</i> <i>parties</i> <i>\$000</i>
Panasonic Avionics Corporation	2022	74	3,417	-	4,059
	2021	72	2,452	30	5,679
Panasonic Finance (Europe) Plc	2022	-	-	32,434	-
	2021	-	-	31,599	-
Panasonic Europe B.V.	2022	-	20	-	2
	2021	-	31	-	3
Panasonic Business Support (UK)	2022	-	39	-	3
	2021	-	29	-	11
AeroMobile AS	2022	-	98	-	863
	2021	-	70	-	1,885

The Company received bank interest from PFI amounting to \$673 during the year (2021: \$37,860). The bank interest receivable at the balance sheet date was \$nil.

Notes to the financial statements

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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 3347 Michelson Drive, Suite 100, Irvine, California 92612, USA.