Air Safety Support International Limited

Annual Report and Financial Statements

Year ended 31 March 2023

Company Registration No: 04104063

Air Safety Support International Limited
Report and Financial Statements

Contents

Air Safety Support International Limited
Report and Financial Statements

Officers and Advisors

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise noted, were:

Chairman
Mr G Copeland

Directors
Mr B Alcott
Ms M Boyle
Mr G Copeland
Mr D Harding
Mr A Pile

Company Secretary & General Counsel
Ms L Milton - Resigned 14 December 2022
Mr M Bennett - Appointed 14 December 2022

Registered Office
Aviation House
Beehive Ring Road
Crawley, West Sussex
RH6 0YR

Advisors

Independent Auditors
BDO LLP
55 Baker Street
London W1U 7EU

Bankers
National Westminster Bank PLc
PO Box 158
214 High Holborn
London WC1V 7BX

Strategic Report

Air Safety Support International's purpose

Air Safety Support International Limited (ASSI), a not-for-profit organisation, is a wholly owned subsidiary company of the Civil Aviation Authority (CAA). ASSI's purpose is to provide a cohesive system of civil aviation safety and security regulation in the UK's Overseas Territories (OT) thereby providing assurance that the UK's obligations under the Chicago Convention are upheld across the territories. Our remit is defined in the Directions from the Secretary of State to the UK CAA and can be broadly summarised into four main areas: policy and rulemaking; direct regulation; training and support; and, assessment of the effectiveness of safety regulation in those OTs that have their own Civil Aviation Authorities (OTAA).

There are eight[1] OTs with active civil aviation industries and our relationship with them differs according to the OT's level of civil aviation regulation maturity and capability. Four territories have their own regulator, three of which have the competence and resources to regulate across all the technical areas relating to safety. The remaining territory has partial capability. In this case, we regulate in those areas where the local authority does not have competence. The remaining four territories do not have any regulatory capability and so we fulfil this role in its entirety. Additionally, across all eight OTs with active civil aviation industries, we are the regulator for Aviation Security (Av Sec).

Strategic intent

Our strategic intent is to enhance aviation safety and security performance and build greater regulatory autonomy in the territories through positive safety leadership. We aim to build competence through training, advice and coaching. Our strategy drives our efforts in progressing towards risk and performance-based oversight, in line with requirements within Annex 19, Safety Management, to the Chicago Convention as set out by the International Civil Aviation Organisation (ICAO). Allied to this, our strategy also includes the development of our support and advisory role to build greater competence within the industry that ASSI regulates so that service providers are proactive in identifying and mitigating their own risks. In time this will enable the identification of meaningful Safety Performance Indictors (SPIs) to measure the effectiveness of their risk management. In this way, industry's SPIs, will dovetail into our SPIs, which in turn will feed into the UK State SPIs.

The three key areas of focus for the year were: building our own resilience and optimising our governance process; enhancing our oversight system to progress towards a performance-based approach; and, promoting aviation best practice through targeted influencing and support of stakeholders. We have made progress in all of these areas and will be building on this as we refresh our strategy during 2023 to cover the next 3-to-5-year period.

Post COVID-19

The impact of the COVID-19 pandemic on the aviation industry has been well-documented with large declines in global passenger traffic and an estimated 46 million job losses in travel and tourism. However, with the success of the vaccination programme and the subsequent lifting of travel restrictions by most countries, the industry has made significant progress towards full recovery. While there are still challenges in, for example, recruiting aviation professionals following the pandemic-induced lay-offs, the North America market, an important factor for the Caribbean region, performed strongly in 2022 with its domestic market returning to pre-COVID levels. Experts expect the Caribbean region to return to pre-COVID traffic levels by 2025.

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1 Anguilla, Bermuda, British Virgin Islands (BVI), Cayman Islands, Falkland Islands, Montserrat, St Helena and Turks and Caicos Islands (TCI).

Strategic Report (continued)

Post COVID-19 (continued)

All territory airports remained operational during the pandemic, as did the airline operators. Historically, these small operators have been particularly resilient considering the many natural disasters that they encounter, particularly in the Eastern Caribbean. Because they are small, with relatively low overheads, they appear to have the agility to change their business models quickly to respond to environmental changes. While aviation activity in the territories may have reduced slightly through the pandemic, there was no wholesale grounding of the aircraft as was the case in other regions. This meant that the industry that ASSI regulates did not have the same restart challenges faced elsewhere in terms of the availability of personnel and recency/training issues.

The impact of the Russia/Ukraine conflict on the OTs

Russia's invasion of Ukraine on 24th February 2022 has had a very significant impact on Bermuda which has a large offshore register with the majority of aircraft operating in Russia. The regulatory oversight of these aircraft was conducted under an Article 83bis agreement between the Bermuda CAA and the Russian regulator. Under the Bermuda/Russia agreement, Bermuda had responsibility for the regulatory oversight of the airworthiness of aircraft.

Since the invasion, extensive work has been done by ASSI to support the BCAA in helping to repatriate aircraft to lessors. This has required significant liaison with the UK Government's sanctions teams to clarify the legal implications of supporting the repatriation efforts. While relatively few aircraft have been recovered to their rightful owners, the work was critical in establishing the protocols for such recovery efforts.

For Bermuda CAA, the conflict has had a profound impact on its business model. While there are still hundreds of aircraft on the Bermuda register, latest information indicates that a significant number of these have been illegally re-registered in Russia. Dual registration is not permitted under the Chicago Convention and ICAO publicly condemned Russia's actions in October 2022.

Direct regulation

Remote audits were necessary during the pandemic, when lockdowns prevented our team from travelling. However, we found that while remote audits have their place, they should not be a substitute for on-site auditing and should, instead, be used to supplement in-person audits rather than replace them. We found specific challenges around the reliability and capability of IT (particularly within the OTs), the need for additional time to obtain and send evidence of compliance, and the skills and experience of both the auditor and auditee in the remote audit technique. The remote audits gave inspectors far fewer opportunities to look beyond what was being shown and to 'follow their nose'.

Regulatory oversight trips have now taken place to all OTs during the last year. Data obtained from these audits shows that industry compliance levels had decreased over the period of remote auditing even though the number of audits completed remotely, and the number of findings raised, were broadly similar. This further supports our assertion that remote audits should complement, rather than replace, onsite audit activity. We have also resumed our safety promotion activity in the OTs.

Following several low flying incidents reported in Anguilla and the subsequent challenges we faced due to a lack of direct regulatory enforcement powers when dealing with foreign-registered operators, aircraft and pilots, we have put in place several workstreams to mitigate risks arising from such incidents. These include enhancing existing processes and relationships, improving awareness and formalising cooperative arrangements with the local enforcement agencies. Our aim is to demonstrate to transgressors that action will be taken through working with partners to hold pilots to account, thereby mitigating risk to the to the public and upholding the UK's responsibilities under the Chicago Convention.

Strategic Report (continued)

Assessment of local Aviation Authorities

Due to the restrictions with travel, there were no formal assessment visits of the OTAAs during the pandemic. Instead, ASSI has focussed on assisting OTAAs with the answering and provision of evidence to ICAO's Protocol Questions (PQs) which form the basis of the Universal Safety Oversight Audit Programme (USOAP). The USOAP tests the State's regulatory system and compliance with ICAO's Eight Critical Elements of a Safety Oversight System through the set of over 700 PQs.

As a result of the work on the PQs and the ongoing need to keep the ICAO Online Framework (OLF) (the repository of data) up to date, we took the opportunity to revamp our assessment process to make better use of the information gleaned through our work on the PQs. The revised process was trialled in Cayman in January 2023 with positive results.

Policy and rulemaking

While ASSI and the OTs were not in scope for the ICAO USOAP of the UK in November 2022, we have continued to address any gaps identified in our answers to the PQs and have been encouraging the OTAAs to do likewise. We are at an advanced stage in our work to establish a system for ongoing maintenance of the ICAO OLF and the associated PQs.

We have recently completed work on a new authorisation system for our inspectorate team. A new plastic card has replaced the paper authorisation document and we have simplified the authorisation numbers. The new cards include a QR code which links to the ASSI website. This works with any smartphone and will enable potential challenges to be resolved by providing evidence that the holder is a legitimate member of staff.

We have made good progress in revamping our internal process for the review of controlled documents. We have over 200 controlled documents which require review either annually or triennially. The new process provides much greater transparency and the workflow ensures that the process is fully documented providing an audit trail.

Training and support

The training and support role is critical in meeting ICAO's requirements concerning maintaining a qualified and competent workforce, both for ASSI and the OTAAs. We have continued to deliver webinars for OTAAs and industry covering dangerous goods, flight operations, airworthiness, aerodromes and air traffic services. One major benefit of the use of webinars is that the numbers attending the training are far higher than would be the case otherwise; they are therefore very cost effective. We have, however, held in-person training for Av Sec instructors and managers; these events are limited to individuals in these particular posts and require the passing of an exam.

Following the delays caused by the pandemic, we have now made good progress with the on-the-job training for our colleagues. With the resumption of international travel over the last year, we have been able to complete the training for several colleagues so that they could be formally authorised. We have also undertaken standardisation exercises.

We have invested in a new Learning Management System which allows industry and the OTAAs to access information and provide feedback on our training. Work continues to enhance this to make it as comprehensive as possible. So far, a single repository for all training materials with links to our other management systems has proven very useful and has received positive feedback from the OTs.

Strategic Report (continued)

Governance

The Board

The ASSI Board is small and comprises an independent Chair, four Directors, and a Company Secretary. One of the Directors is the CEO and another is from the UK CAA. DfT and FCDO provide the other two ex officio Directors. The Company Secretary, the UK CAA's Deputy General Counsel, left in December 2022 and was replaced by an experienced lawyer from the Office of General Counsel. The Board is supported at each meeting by our COO, the OT Assurance Manager, and our Risk Manager, along with CAA Finance (on whom we relay to process financial transactions and provide financial support to management). Other members of the team are called upon to support as and when needed. All meetings have had 100% attendance. Due to the size of ASSI and our relationship with our parent company, the UK CAA, the Board does not have any committees.

Board meetings are quarterly and follow a standing agenda which includes finance, governance, risk management, staff, H&S and Wellbeing, Diversity and Inclusion, quality system/internal audit, progress against Business Plan, key stakeholder engagement, as well as relevant information from our work across the four areas of our remit. There is also a forward agenda to cover items that are discussed by the Board annually/periodically such as succession and resilience planning, review of Director's H&S and wellbeing accountabilities, risk appetite and Board performance. As part of the forward agenda, twice a year, we take the opportunity to discuss strategic matters of interest.

The papers for each Board meeting contain the Board's Register of Interests which Directors are required to review to ensure continued relevance. At each meeting, the Chair also gives Directors the opportunity to declare any conflicts of interests with particular agenda items.

Parent Company (UK CAA) Governance of ASSI

The Directions from the Secretary of State which formed ASSI require the CAA to audit our activities annually. This year the area of focus was on our oversight of aerodromes. Due to the circumstances with working arrangements, this activity was carried out remotely. The CAA internal auditors had full access to our management system, Centrik, and our shared drive so that they could examine our records ahead of and during the audit. The CAA team also took the opportunity to look at our internal quality system. There were two findings raised relating to aerodromes both of which are being addressed.

As well as an audit of a technical area, ASSI is included in the CAA's Internal Audit programme which operates on a 3-year cycle. Due to higher priorities within the CAA, and the annual review of our quality management system as part of the annual technical audit, we were not subject to internal audit this year, however, we expect to be included in the next triennial cycle. Any findings arising through this process are tracked by both the ASSI Board and the CAA Audit Committee.

DfT governance processes of ASSI

DfT is our sponsoring HMG department which provides our funding. DfT recovers part of this from the OT Government's directly through arrangements with them. However, as more than 50% of our budget is provided through the public purse, we are considered an Arms Length Body of central government and are required to take part in DfT's annual management assurance processes for Public Bodies. We find this a very useful exercise in giving us an additional 'health check' on our systems. The reporting tool provided by DfT includes detailed questions requiring a self-assessment answer, along with an accurate and evidenced rating of the efficacy of specific risk control measures across a range of governance processes. Any ratings less than 'substantial' require an action plan to address weaknesses. For FY 2022/23 our self-assessment resulted in one area being rated as 'moderate'. This was in contract management and there is an action plan to address the shortcomings. That said, ASSI has very few contracts and those that do exist are of low value. We also have close contact with these contractors and are able to monitor the delivery and quality of their work very easily. We therefore consider the risk in this area to be low and sufficiently mitigated.

Strategic Report (continued)

Governance (continued)

DfT governance processes of ASSI (continued)

Quarterly sponsorship meetings are held between DfT and ASSI. The purpose of these, as set out in the Terms of Reference, is to manage the budgetary process and monitor budgetary performance, discuss policy issues of relevance to the OTs and to update DfT on our activities and any associated risks.

As part of its oversight of ASSI, DfT colleagues have also accompanied ASSI on regulatory and assessment trips over the last year. We found this invaluable in getting an independent view of our working practices.

Risk management

We follow the UK government's management of risk process which focuses on the risks to achievement of business plan objectives. One of the principal benefits of this process is that it helps distinguish between risks which are actually ours and those that sit elsewhere. Our structures around this process have matured over the years which has helped embed a mindset of proactively considering risk in our day-to-day activities and in response to change. All risks and mitigations are reviewed by risk owners ahead of the monthly risk management meetings which allow discussion and challenge on the risks and the effectiveness of mitigation measures. All activity is tracked within our management system, Centrik, which is available to the team and the Board at any time.

Prior to the Board meeting in October 2021, a review of the risk appetite statements was undertaken with input from the CAA's principal risk manager. We took the opportunity to review the statements against HMG's latest guidance and made changes that aligned with the government's most recent appetite word descriptors. Following discussion with the Board, further changes were made to reflect the views of Directors. We then followed this with a 'deep dive' session in April 2022, testing the statements against scenarios to ensure that they were appropriate and properly reflected the Board's appetite to risk. This 'deep dive' session was facilitated by the CAA's Corporate Planning and Performance Business Partner.

Our principal business risks relate to: our limited regulatory enforcement powers to deal with transgressions by foreign pilots, aircraft and operators, flying within the airspace of an OT; the issuance by some OTAAs of AOCs to operators which may not qualify for an AOC; and, unannounced changes to ICAO systems resulting in significant work for our small team. Work is underway to reduce these risks.

We track safety risk separately from business risk as this is principally owned by our industry and is for them to manage. That said, their risks have a direct influence on how we prioritise our oversight activities and our interactions with our service providers. In line with ICAO's requirements, our industry's risks and how these are managed feed into the OT's safety plans. Currently, our top safety risk areas are controlled flight into terrain (low flying events), third party risks (foreign aircraft/pilots and operators) operating in UK OT's; and airworthiness of aircraft generally. Runway excursion and incursion, wildlife hazard management, rescue and fire fighting resourcing and equipment, and air traffic services equipment also feature.

Succession and resilience planning

Succession and resilience planning is a vital activity for us due to our size and the risks associated with a loss of personnel. With the Board's endorsement to create resilience posts in key areas, we have strengthened our resilience in technical areas over the last few years. We currently have a resilience post in flight operations and another in Av Sec.

Strategic Report (continued)

Succession and resilience planning (continued)

Creating resilience posts can result in over-staffing. One of the effects of the pandemic on our succession and resilience planning, as a direct result of the introduction of more flexible working practices, is that some of the team have now reconsidered their working life plans choosing to continue to work beyond their original expectations. Our average annual churn rate is typically around 10% although this reporting period we have not had any leavers and had one joiner (Av Sec resilience post).

We have made good progress with training in elements of roles where we identified a risk arising from a single point of failure. This gives us additional resilience in non-technical areas while providing development opportunities.

Diversity and inclusion

Being such a small organisation, we recognise that there are relatively few opportunities to change aspects of our diversity profile; however, the Board continues to encourage and support a more inclusive and diverse working environment. Changes to the way external recruitment is done seek to ensure that campaigns reach as wide and diverse an audience as possible. Our recruitment process includes the use of an external consultant to provide a different perspective on the pool of candidates, to challenge our shortlisting and support the interview and selection process, which has proved particularly beneficial.

We have continued to support our team with various training packages and discussions at team meetings focussing on inclusivity. The aforementioned work on single points of failure provided opportunities for colleagues to learn new skills.

Future developments

We will be refreshing our strategy over the coming months. Our statutory remit is well-defined and fairly static and there are no indications that this will change. The refresh to the strategy will give us the opportunity to consider our approach to new technology, the environment and sustainability.

One territory has started an initiative to build its own regulatory authority. Progress has been slow and while a short-list of potential contractors to develop a plan has been produced, the contract has yet to be awarded. A project of this nature is a significant undertaking, and it is essential that we are involved at an early stage to ensure that any future regulatory organisation is properly constructed with competent and experienced staff, is funded appropriately, and can demonstrate that it meets ICAO's eight critical elements of an oversight system.

Key Performance Indicators (KPIs)

KPIs for the company are considered and included within the Annual Report and Accounts of the UK CAA, the company's parent corporation.

Finance

Revenue in the year was £3,162,940 (2022: £3,030,500).

The effective management of finances is required to deliver value for money for DfT, our sponsoring HMG department. The CAA provides support in financial reporting and tracking of performance. Reports are provided monthly to ASSI senior management and quarterly to DfT through our Sponsorship Meetings, as well as to the ASSI Board at each of its meetings. Additionally, a cash flow position and cash flow forecast is produced monthly which enable us to ensure that we have sufficient cash to pay bills as they fall due.

Strategic Report (continued)

Finance (continued)

All ASSI colleagues are employed under the CAA's terms and conditions. The CAA has recently finished consulting on a new reward model which aims to provide greater transparency as well as being sustainable and responsible in the context of the industry in which we work. It seeks to address issues with the challenges in recruiting in what is a very competitive market as well as tackle the pay parity anomalies that have emerged with the current system which have resulted in some colleagues' pay stagnating or falling behind compared with new starters. The new model provides two opportunities each year for pay awards: one in April which is an across the board age uplift for all colleagues, and a second in October designed to reward those colleagues who make a significant contribution to the organisation.

The ongoing Russia/Ukraine conflict and the resultant impacts on energy costs will have an impact on our budgetary needs. The DfT's cost recovery process with the OTs, uses a formula which takes into account the GDP of the Territory as well as the number of aircraft on the OT's register and the number of commercially available aircraft seats into the OTs. While Bermuda still has a significant number of aircraft on its register, a very large number of these have been re-registered illegally in Russia. While Bermuda has been able to pay DfT for ASSI's support during this financial year, the future situation is less clear. We will be working with DfT and Bermuda on this over the coming months when we have more clarity on the situation.

The Strategic Report was approved by the Board on 20 June 2023 and was signed by order of the Board.

Mr M Bennett - Company Secretary
20 June 2023

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2023. A review of business activities is contained within the Strategic Report.

The names of directors who held office for all of the year and up to the date of signing the financial statements are shown within the officers and advisors section.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the year, directors' and officers' liability insurance in respect of itself and its directors.

Going concern basis

The financial statements of Air Safety Support International Limited have been prepared on a going concern basis. The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future (see note 1.1).

Audit information

So far as the directors are aware:
a) there is no relevant audit information of which the company's auditors are unaware; and
b) they have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Directors' Report was approved by the Board on 20 June 2023 and was signed by order of the Board.

Mr M Bennett - Company Secretary
20 June 2023

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with UK adopted international accounting standards. 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 year. In preparing these financial statements, the directors are required to:

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

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 UK adopted international accounting standards. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Air Safety Support International Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its result for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Air Safety Support International Limited ("the Company") for the year ended 31 March 2023 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Members of Air Safety Support International Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of Directors

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

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

Independent Auditor's Report to the Members of Air Safety Support International Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and industry, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax. The Company is also 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. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of relevant applicable legislation in the countries where the Company operates.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue, management bias in accounting estimates and the adoption of inappropriate accounting policies.

Audit procedures performed by the engagement team included:

- Inspecting correspondence with tax authorities and lawyers;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Discussions among the engagement team on how and where fraud might occur in the financial statements;
- Inspecting legal and professional fees for indications of non-compliance with laws and regulations;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, journal entries posted to revenue, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Air Safety Support International Limited (continued)

Use of our report

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.

DocuSigned by:
Michael Simms
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Michael Simms (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 20 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Air Safety Support International Limited
Income Statement

For the years ended 31 March

	Note	2023 £	2022 £
Revenue	2	3,162,940	3,030,500
Operating costs			
Employment costs	3	(1,867,246)	(1,788,950)
Services and materials		(153,570)	(121,461)
Repairs and maintenance		(14,814)	(38,251)
Depreciation	6,9	(83,618)	(99,553)
Other losses	5	(365)	(5,290)
Other expenses	6	(659,570)	(591,400)
Intra group charges	17	(379,590)	(383,333)
Net operating costs		**(3,158,773)**	**(3,028,238)**
Operating profit		**4,167**	**2,262**
Finance costs	7	(4,167)	(2,262)
Finance costs - net		**(4,167)**	**(2,262)**
Result before income tax		-	-
Income tax charge		-	-
Result for the financial year, transferred to reserves		-	-

There is no other comprehensive income for the year.

The supporting notes on pages 19 to 37 are an integral part of these financial statements.

Air Safety Support International Limited
Statement of Financial Position

As at 31 March

	Note	2023 £	2022 £
Non-current assets			
Property, plant and equipment	9	292,541	376,159
Trade and other receivables	10	1	1
Total non-current assets		**292,542**	**376,160**
Current assets			
Trade and other receivables		1,152,189	1,050,150
Cash and cash equivalents	11	897,233	1,377,874
Total current assets		**2,049,422**	**2,428,024**
Total assets		**2,341,964**	**2,804,184**
Capital and reserves			
Share capital	12	1	1
Retained earnings		-	-
Total capital and reserves		**1**	**1**
Total equity		**1**	**1**
Non-current liabilities			
Trade and other payables	13	271,022	327,898
Total non-current liabilities		**271,022**	**327,898**
Current liabilities			
Trade and other payables	13	2,070,941	2,476,285
Total current liabilities		**2,070,941**	**2,476,285**
Total liabilities		**2,341,963**	**2,804,183**
Total equity and liabilities		**2,341,964**	**2,804,184**

The supporting notes on pages 19 to 37 are an integral part of these financial statements.

These financial statements were authorised for issue by the Board on 20 June 2023 and were signed on its behalf.

Mr G Copeland
Chairman

Company Registration No: 04104063

Air Safety Support International Limited
Statement of Changes in Equity

For the years ended 31 March

	Share Capital	Retained Earnings	Total Equity
	£	£	£
Balance as at 1 April 2021	1	-	1
Result for the year	-	-	-
Balance as at 31 March 2022	1	-	1
Balance as at 1 April 2022	1	-	1
Result for the year	-	-	-
Balance as at 31 March 2023	1	-	1

The supporting notes on pages 19 to 37 are an integral part of these financial statements.

Air Safety Support International Limited
Statement of Cash Flows

For the years ended 31 March

	Note	2023 £	2022 £
Cash flows (used in)/generated from operating activities			
Cash (used in)/generated from operations	14	(396,938)	666,484
Net cash (used in)/generated from operating activities		**(396,938)**	**666,484**
Cash flows used in financing activities			
Lease payments	16	(83,703)	(46,734)
Lease interest expense		-	(2,228)
Net cash used in financing activities		**(83,703)**	**(48,962)**
Net (decrease)/increase in cash and cash equivalents		(480,641)	617,522
Cash and cash equivalents at beginning of year		1,377,874	760,352
Cash and cash equivalents at end of year	11	**897,233**	**1,377,874**

The supporting notes on pages 19 to 37 are an integral part of these financial statements.

1. General information and significant accounting policies

Air Safety Support International Limited is a private company incorporated in England, United Kingdom, and is limited by shares. The principal business activity, under the direction of the Secretary of State for Transport, is the enhancement of regulatory oversight of aviation safety and aviation security (thereby providing further assurance of safety standards) in the UK's OTs.

Company Registration No: 04104063
The address of the company's registered office is shown on page 1.

1.1 Basis of preparation

These financial statements have been prepared in accordance with UK adopted international accounting standards.

The financial statements have been prepared under the historical cost convention on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.15.

The financial statements, prepared on the going concern basis, assume that the company will generate sufficient working capital to continue operational existence for the foreseeable future. The directors have, at the time of approving the financial statements, an expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The aviation industry has seen a strong recovery during the year ended 31 March 2023 following the lifting of travel restrictions by most countries. The company is funded by the UK's Overseas Territories (OT) and grants from the Department for Transport (DfT). Based on the company's plans and cash flow projections the directors believe that the company will have sufficient cash flows available to continue to operate for at least twelve months from the approval of these financial statements.

The impact of the Russian-Ukraine conflict on OTs is outlined in the Strategic Report. It is not anticipated that this conflict will impact on the going concern of the company.

1.1.1 Changes in accounting policies and disclosures

Adoption of new and revised standards

New standards impacting the company that have been adopted in the financial statements for the year ended 31 March 2023 are:

- onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16);
- annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- references to Conceptual Framework (Amendments to IFRS 3).

The above amendments had a transition date of 1 January 2022. There has been no impact on the financial statements as a result of these amendments, nor is there expected to be any impact in the coming financial year.

1. General information and significant accounting policies (continued)

1.1.1 Changes in accounting policies and disclosures (continued)

New standards, interpretations and amendments not yet effective

1.2 Segment reporting

The Board of Directors has determined that there are no operating segments within the company for strategic decision making purposes.

1.3 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The company's financial statements are presented in pounds sterling which is also the functional currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

All foreign exchange gains and losses are presented in the Income Statement within 'Other losses'.

1.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount, or recognised as separate assets, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance costs are charged to the Income Statement during the financial year in which they are incurred.

Right of use assets are initially measured at the total value of the remaining lease obligations, including lease instalments, provisions for expenditure and net of any inducements. Right of use assets are depreciated using the straight-line method from the start of the lease to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

1. General information and significant accounting policies (continued)

1.4 Property, plant and equipment (continued)

The estimated useful lives of right of use assets are determined on the same basis as those of similar plant and equipment. In addition, the carrying amount of the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Depreciation is calculated using the straight-line method to allocate asset costs or revalued amounts to their residual values over their estimated useful lives, as follows:

- Plant and equipment	3-10 years
- Furniture, fixtures and fittings	5-10 years
- Right of use assets	Length of lease (5 years)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Depreciation' in the Income Statement.

1.5 Government grants

Government grants are recognised in the Income Statement on a systematic basis over the years in which the entity recognises as expenses the related costs for which the grant is intended to compensate.

1.6 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are separately distinguished at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Assets in the course of construction are reviewed for impairment at each balance sheet date. Impairment losses are recognised in the Income Statement where required. Assets that are subject to impairment are reviewed at each balance sheet date to ensure the impairment continues to be appropriate. If necessary, the value of any impairment is reduced or extended through the Income Statement.

1.7 Financial instruments

Financial assets and liabilities are initially recognised in the Statement of Financial Position at fair value when the company has become party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets
Financial instruments that meet the following conditions are measured subsequently at amortised cost:

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

1. General information and significant accounting policies (continued)

1.7 Financial instruments (continued)

Classification of financial assets (continued)
Financial instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The company's financial assets are categorised as financial assets held at amortised cost. Such assets are subsequently carried at amortised cost using the effective interest method, if the time value of money may have a significant impact on their value, less allowances for any expected lifetime credit losses.

The company's financial assets measured at amortised cost comprise trade and other receivables, contract assets, receivables from related parties and cash and cash equivalents in the statement of financial position.

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial instruments that are measured at amortised cost including trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company assesses at the reporting date whether there is objective evidence that there has been an increase in the credit risk of its financial assets. The company uses criteria such as significant financial difficulty of the counterparty, the disappearance of an active market for that financial asset because of financial difficulties and breaches of contract as objective evidence.

Definitions of default and write off
The company considers a financial asset in default when contractual payments are 365 days past due. In certain cases, however, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets
The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

1. General information and significant accounting policies (continued)

1.7 Financial instruments (continued)

Financial assets at fair value through profit or loss (continued)
Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Income Statement within 'Other losses' in the year in which they arise.

Trade and other receivables
Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Liquidity risk
The company monitors its liquidity position on a regular basis. The company is exposed to risks relating to the current economic climate, but its cash and cash equivalents are adequate to meet its commitments and finance its operations.

Capital management
The capital structure of the company consists of share capital and retained earnings with a net surplus of £1 (2022: £1). The company's main objective when managing capital is to safeguard its ability to continue as a going concern.
The company reviews its capital structure regularly. The company is not subject to any externally imposed capital requirements.

1.8 Contract balances

Contract asset
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

1.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and other short term highly liquid investments with original maturities of three months or less.

1.10 Current and deferred income tax

The company is not trading with a view to a profit, with all operating costs being met by way of a grant from the UK Department for Transport. The company is deemed not to have any taxable activities and therefore has no taxable profits.

1.11 Employee benefits

(a) Short-term employee benefits
The cost of short-term employee benefits (wages, salaries, social security contributions, annual leave, bonuses and non-monetary benefits) is recognised in the year in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement, or in the case of non-accumulating absences, when the absences occur.

1. General information and significant accounting policies (continued)

1.11 Employee benefits (continued)

(b) Post-employment benefits - pension obligations
The seconded employees of the company are eligible to participate in the UK Civil Aviation Authority's pension scheme.

The Civil Aviation Authority Pension Scheme is a fully funded defined benefit scheme providing benefits based on final pensionable pay. The assets of the scheme are held in a separate trustee administered fund.

The Civil Aviation Authority Pension Scheme was closed to new entrants on 30 November 2012. After that date new entrants have been able to join a defined contribution plan where contributions are paid into an independently administered fund.

The pension cost for Air Safety Support International Limited is restricted to the contributions payable to the scheme for employees seconded to the company (note 3). The ultimate liability for pensions of these employees remains with the UK CAA.

(c) Termination benefits
Termination benefits are payable when employment is terminated by the company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to, either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

1.12 Provisions and dilapidations

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Where a dilapidations provision is included as part of a lease liability recognised under IFRS 16, the value of the provision is included within the right of use asset and lease liability balances in the Statement of Financial Position. These are measured at their present value, discounted by the interest rate implicit in the lease contract. The right of use asset is released to the Income Statement evenly over the lifetime of the lease. An estimate has been made in relation to the dilapidations provision in line with the expected cost to restore the leased building to its original state. The estimate is based on the experience of the estates department and is deemed to be fair and appropriate by management.

1.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value added tax, credits and discounts and after eliminating sales within the company.

1. General information and significant accounting policies (continued)

1.13 Revenue recognition (continued)

The company recognises revenue at the transaction price, in line with progress towards the completion of the performance obligation of the particular service being provided. The company receives a grant from the Department for Transport and uses both input and output methods to assess both the transaction price and the point of revenue recognition, using the most appropriate for each individual service. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1.14 Leases

At the inception of the contract, the company assesses whether the contract contains any element relating to the lease of a specific asset. This is defined by the company obtaining the right to use a specific asset for a period of time, in exchange for consideration. The following exception criteria have been applied when determining whether to recognise a liability for the lease contract:
- Any contract which, at the point of inception, is deemed to be short-term (i.e. expected to expire in the following 12 months) has not been considered.
- Where the contract defines the lease of an asset which is considered to be low-value the lease has not been considered. Low-value in relation to the company is any amount, or aggregate amounts, which are considered immaterial to these Financial Statements. A lease liability value of £5k has been used for this assessment.
- Where the company is not reasonably certain that a short-term lease (less than 12 months) will be extended beyond its non-cancellable term the contract has not been considered.

Any leases in line with the exception criteria above are recognised as incurred through services and materials in the Income Statement.

As a lessee, if the company identifies a contract which contains an identifiable lease in line with the conditions above, a right-of-use asset and a lease liability is recognised. The right-of-use assets are separately identified under property, plant and equipment within the Statement of Financial Position. These are recognised at the value of the remaining lease commitments at the point of commencement of the lease. These assets are depreciated on a straight-line basis over the lifetime of the lease, or the remaining useful economic life of the asset, whichever is shorter. The lease liability is recognised within trade and other payables, with a split between the current and non-current element. The value of this is determined from the remaining lease commitments at the point of commencement of the lease, measured at amortised cost using the effective interest method. The effective interest rate for leases is the company's incremental borrowing rate, which is in line with those advised by HMT for the financial year ended 31 March 2023.

1.15 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Expected credit losses
The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the company's historical credit losses. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers.

Fair value measurement
Assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Revenue

The Board of Directors has determined that there are no operating segments within the company for strategic decision making purposes. A breakdown of income received is given below:

	2023	2022
	£	£
Department for Transport grant	2,234,000	2,226,000
Income from Overseas Territories	1,125,192	1,125,196
Contract liability	(196,252)	(320,696)
Total revenue	**3,162,940**	**3,030,500**

The source of income for the company is by way of a grant from the Department for Transport (DfT).

The DfT provided £2,234,000 of cash resources during the year (2022: £2,226,000). Of this amount £253,500 (2022: £250,000) was in respect of the regulatory oversight of the overseas territories aviation security function.

£107,052 of the DfT funding contract liability from prior years has been deferred this year to be utilised against operating expenditure in future years (2022: £223,117).

£89,200 of the income received from Overseas Territories, via the DfT grant, has been deferred to be utilised against operating expenditure in future years (2022: £97,579).

3. Employment costs

In respect of the employees included in the table below the related employee benefits expenses are as follows:

	2023	2022
	£	£
Wages and salaries	1,415,815	1,376,260
Social security costs	179,347	165,935
Defined benefit pension plan costs	231,548	207,515
Defined contribution pension plan costs	31,758	30,911
Other employee benefits expenses	8,778	8,329
Total employment costs	**1,867,246**	**1,788,950**

Other employee benefits expenses include professional subscriptions, car leasing and allowance costs.

The monthly average number of employees (including directors) during the year was:

	2023	2022
	Employees	Employees
Average number of employees	20	21

The above disclosures represent the number of employees and associated employee benefit expenses of employees that work on Air Safety Support International Limited activities. All of these resources, however, are employed by the company's parent entity, the Civil Aviation Authority. Employee benefit expenses are cross charged through the intercompany accounts from the parent entity, the Civil Aviation Authority.

In addition, for 2023 and 2022 there was one director during the year who was an employee of the parent corporation and who is included in the parent corporation's average number of employees.

4. Directors' emoluments

	2023	2022
	£	£
Salaries and fees	155,175	151,140
Benefits	999	1,037
Directors' emoluments	**156,174**	**152,177**

In addition to the directors' emoluments stated above, a charge of £8,380 (2022: £8,380) was incurred for services of directors who are employees or Board Members of the parent undertaking, the Civil Aviation Authority.

The remuneration of the highest paid director (including pension contributions, other benefits and performance related payments was £133,651 (2022: £129,677).

5. Other losses

	Note	2023 £	2022 £
Net foreign exchange losses on operating activities		365	5,290
Total realised other losses		**365**	**5,290**

6. Result for the year

The result for the year has been arrived at after charging:

	2023 £	2022 £
Audit of company financial statements	9,300	9,300
Total fees payable to company's auditor	**9,300**	**9,300**

All costs are shown within 'Other expenses'.

	Note	2023 £	2022 £
Depreciation:			
Depreciation on property, plant and equipment	9	83,618	99,553
Total depreciation		**83,618**	**99,553**

Other expenses

The growth in other expenses in the year to £659,570 (2022: £591,400) was driven by a continued increase in travel expenses as a result of the ongoing post Covid-19 recovery.

7. Finance costs

		2023	2022
Finance costs:	**Note**	**£**	**£**
Interest payable on inter company trading balances	**17**	877	34
Lease liability interest expense	**16**	3,290	2,228
Total finance costs		**4,167**	**2,262**

8. Income tax expense

The company is not trading with a view to a profit, with the majority of operating costs being met by way of a grant from the UK Department for Transport. The company is deemed not to have any taxable activities and therefore has no taxable profits (2022: no taxable profits).

9. Property, plant and equipment

	Plant and equipment	Furniture, fixtures and fittings	Right of use assets	Total
Cost	£	£	£	£
At 1 April 2021	52,252	133,260	201,829	**387,341**
Additions	-	-	388,614	**388,614**
At 31 March 2022	**52,252**	**133,260**	**590,443**	**775,955**
Disposals	(21,119)	(5,296)	-	**(26,415)**
At 31 March 2023	**31,133**	**127,964**	**590,443**	**749,540**
Depreciation				
At 1 April 2021	33,939	119,208	147,096	**300,243**
Charge for the year	5,708	13,559	80,286	**99,553**
At 31 March 2022	**39,647**	**132,767**	**227,382**	**399,796**
Charge for the year	5,402	493	77,723	83,618
Disposals	(21,119)	(5,296)	-	(26,415)
At 31 March 2023	**23,930**	**127,964**	**305,105**	**456,999**
Net book value				
At 31 March 2023	**7,203**	**-**	**285,338**	**292,541**
At 31 March 2022	**12,605**	**493**	**363,061**	**376,159**

The only asset contained within the category right of use assets at the end of each year is the leased office space used by the company at The Portland Building, Crawley, which is not an investment property. The original lease for Portland Building expired in November 2021, however in March 2022 it was extended for five more years until 17 November 2026. The impact of the lease extension on the carrying value of Right of Use Assets is shown under Right of Use Assets additions in the prior year.

The effective interest rate used for the lease extension was the company's incremental borrowing rate of 0.95%, which is in line with the rate advised by HM Treasury for 31 March 2022.

10. Trade and other receivables

	2023	2022
Current receivables:	**£**	**£**
Trade receivables	143,334	89,969
Prepayments	74,264	86,505
Contract assets	898,292	837,361
Other receivables	35,616	35,616
Social security and other taxes	683	699
Total current receivables	**1,152,189**	**1,050,150**
Non-current receivables:		
Other receivables	1	1
Total non-current receivables	**1**	**1**
Total trade and other receivables	**1,152,190**	**1,050,151**

The carrying amounts of trade and other receivables are all denominated in pounds sterling. As such, there is no exposure to the risk of currency fluctuations.

The carrying amounts of trade and other receivables are deemed to approximate their fair value.

As at 31 March 2023 £143,334 of trade receivables were past their due dates (2022: £89,969). No expected credit loss has been provided as the sole trade debtor to the company is the Department for Transport (DfT). Without the contributions paid by the DfT there would be no purpose for the company to exist, therefore it is not considered relevant to include an adjustment. If an amount were to be calculated based on historical precedent (there has been no loss of receipts from the DfT since incorporation) then any provision would be nominal.

10. Trade and other receivables (continued)

Contract balances:

	Contract assets 2023	Contract assets 2022	Contract liabilities 2023	Contract liabilities 2022
	£	£	£	£
At 1 April	837,361	1,532,640	(1,922,455)	(2,263,588)
Transfers in the year from contract assets to trade	(307,425)	(942,363)	-	-
Excess of revenue recognised over cash (or rights for cash)	368,356	247,084	-	-
Amounts included in contract liabilities that were recognised as revenue during the year	-	-	330,285	486,830
Cash received in advance of performance and not recognised as revenue during the year	-	-	(15,709)	(145,697)
At 31 March	**898,292**	**837,361**	**(1,607,879)**	**(1,922,455)**

11. Cash and cash equivalents

The following cash and cash equivalents are included within the Statement of Cash Flows:

	2023	2022
	£	£
Cash at bank and in hand	897,233	1,377,874
Total cash and cash equivalents	**897,233**	**1,377,874**

The Company is of the opinion that the credit risk on cash and cash equivalents is limited as its counterparties are major European financial institutions with high credit-ratings assigned by credit rating agencies.

The carrying amounts of cash and cash equivalents are deemed to approximate to their fair value.

The company has assessed its exposure to liquidity risk as part of the going concern assessment, details of which can be found in note 1.1. There is no exposure to the risk of currency fluctuations as all amounts are held in pounds sterling.

12. Share capital

	2023	2022
Authorised:	**£**	**£**
50,000 (2022: 50,000) ordinary shares of £1	50,000	50,000
Total authorised share capital	**50,000**	**50,000**
Called up and allocated but not fully paid:		
1 (2022: 1) ordinary share of £1	1	1
Total share capital	**1**	**1**

The company is exposed to risks that arise from its use of financial instruments. Further qualitative and quantitative and information in respect of these risks is presented throughout these financial statements.

13. Trade and other payables

	Note	2023	2022
Current liabilities:		**£**	**£**
Trade payables		42,940	31,533
Accrued expenses		64,468	125,683
Contract liabilities	**10**	1,607,879	1,922,455
Lease liabilities	**16**	75,059	98,596
Amounts due to related parties	**17**	280,595	298,018
Total current trade and other payables		**2,070,941**	**2,476,285**
Non-current liabilities:			
Lease liabilities	**16**	271,022	327,898
Total non-current trade and other payables		**271,022**	**327,898**
Total trade and other payables		**2,341,963**	**2,804,183**

The carrying amounts of trade and other payables are all denominated in pounds sterling. As such, there is no exposure to the risk of currency fluctuations.

The carrying amounts of trade and other payables are deemed to approximate their fair values. The company is expected to meet the debts listed above as they fall due for payment. None of the debt listed above is interest bearing, therefore the company carries no risk in relation to interest rate fluctuations.

The contract liability balance is comprised of deferred funding from the DfT of £1,518,679 (2022: £1,824,876) and contract liabilities from overseas territories of £89,200 (2022: £97,579).

14. Cash (used in)/generated from operations

	Note	2023 £	2022 £
Result before income tax		-	-
Adjustments for:			
Depreciation	9	83,618	99,553
Finance costs - net	7	4,167	2,262
Changes in working capital:			
Trade and other receivables		(102,039)	708,010
Trade and other payables		(382,684)	(143,341)
Cash (used in)/ generated from operations		**(396,938)**	**666,484**

15. Retirement benefit obligation

Employees of the company seconded from the CAA are eligible to participate in the Civil Aviation Authority's pension scheme.

The Civil Aviation Authority Pension Scheme is a fully funded defined benefit scheme providing benefits based on final pensionable pay. The assets of the scheme are held in a separate trustee administered fund.

The pension cost for Air Safety Support International (ASSI) is restricted to the contributions payable to the scheme for employees seconded to ASSI (note 3). The ultimate liability for pensions of these employees remains with the Civil Aviation Authority (CAA).

The CAA is required to contribute to the scheme at the rates agreed at the last scheme specific funding valuation as at 31 December 2021. This rate was set at 28.2% (2022: 28.2%) of pensionable earnings for the year 2022/23 in respect of which the CAA Group paid contributions of £11.7 million (2022: £19.3 million), which included £7m of prepaid contributions which would normally have been paid over the period from April 2023 to May 2024. The expected contribution for the Group in the 2023/24 year is £11.7 million. The expected future benefit payments for 2023/24 are forecast to be £99.5 million for the Group.

The Civil Aviation Authority Pension Scheme was closed to new entrants on 30 November 2012. After that date new entrants have been able to join a defined contribution plan where contributions are paid into an independently administered fund. The income statement charge represents the contributions payable by the company based on a percentage of the employees' pay.

16. Commitments

Capital commitments

At 31 March 2023 and 2022, the company had no material capital commitments that were contracted for but not provided.

Lease liabilities

The original lease for Portland Building expired in November 2021, however in March 2022 it was extended for five more years until 17 November 2026. The effective interest rate used for the lease extension was the company's incremental borrowing rate of 0.95%, which is in line with the rate advised by HM Treasury for 31 March 2022.

The following amounts are included within the Statement of Financial Position for lease liabilities in respect to Portland Building:

	Note	2023 £	2022 £
Brought forward		426,494	84,615
Interest expense	7	3,290	2,228
Lease payments		(83,703)	(48,962)
Lease extension		-	388,613
Total lease liabilities		**346,081**	**426,494**
Analysis of lease liabilities:			
Non-current		271,022	327,898
Current		75,059	98,596
Total lease liabilities		**346,081**	**426,494**

Right of use assets associated with the lease liabilities above of £285,337 were included within the Statement of Financial Position at the end of the current financial year as shown in note 9 (2022: £363,061).

17. Related party transactions

The following expense / (revenue) transactions with fellow group undertakings occurred during the year:

	2023	2022
	£	£
Re-charge of Corporate legal, finance, IT and facilities costs:		
Civil Aviation Authority	341,168	342,506
Re-charge of Corporate Board Member costs:		
Civil Aviation Authority	27,448	27,448
Work carried out by other group entities with regard to technical assistance:		
Civil Aviation Authority	8,639	14,772
Work carried out on behalf of other group entities with regard to commercial aviation related services:		
CAA International Limited	-	(1,393)
Cost of internal training for staff hosted by CAA International Limited for the benefit of group entities:		
CAA International Limited	2,335	-
Total intra group charges	**379,590**	**383,333**

	2023	2022
	£	£
Interest payable on group trading balances (note 7)		
Civil Aviation Authority	877	34
Net interest payable on group trading balances (note 7)	**877**	**34**

In addition, employee benefit costs of £1,867,246 (2022: £1,788,950) were recharged from the Civil Aviation Authority during the year (see note 3).

17. Related party transactions (continued)

The year-end balances owing by the company to group undertakings:

	Note	2023 £	2022 £
Civil Aviation Authority	13	278,260	294,918
CAA International Limited	13	2,335	3,100
Total payable to group undertakings		**280,595**	**298,018**

A number of functions, including payroll and accounts payable, are still carried out and settled by the Authority on behalf of its subsidiaries. These transactions are not included in the above disclosures.

The company has not considered it necessary to include an expected credit loss provision against amounts owing by other Group entities. This is owing to the fact both Group entities have an assessment that they are a going concern, therefore there is no expectation of non-recovery of intra-group debt. Intra-group balances are not interest bearing but are repayable on demand.

18. Ultimate controlling party

The company's ultimate controlling party is the UK Secretary of State for Transport, who is the ultimate controlling party of the company's immediate parent corporation, the UK Civil Aviation Authority (CAA). The CAA is a body governed by the Civil Aviation Act 1982 and the Civil Aviation Act 2012. The CAA's Annual Report and Accounts may be viewed and downloaded from the Civil Aviation Authority's website (www.caa.co.uk). The CAA consolidates the company's financial statements.