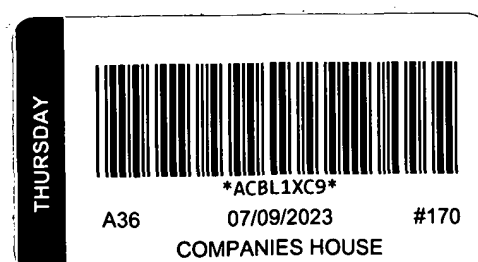


AirTanker Finance Limited
Annual report and financial statements
for the year ended 31 December 2022

Registered number: 06279732



AirTanker Finance Limited

Annual report and financial statements for the year ended 31 December 2022

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AirTanker Finance Limited

Directors and advisors

Directors

Phillip Scott Blundell
Richard Henry Hine
Francisco de Borja Segovia Jaquete
Paul Kimberley
Gordon Francis De Courcy Page
Paul Andrew Jayne
Rodrigo Caminero Garcia
Kashif Rahuf

Alternate directors

Stephen Francis McCann
Stephan Andreas Miegel
Jordan Elliott Field

Company secretary

Janine Broome

Registered office

AirTanker Hub
RAF Brize Norton
Carterton
Oxfordshire
United Kingdom
OX18 3LX

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Chamberlain Square
Birmingham
B3 3AX

Bankers

Lloyds Bank plc
10 Gresham Street
London
EC2V 7AE

AirTanker Finance Limited

Strategic report for the year ended 31 December 2022

The directors present their Strategic report for the year ended 31 December 2022.

Principal activities

The principal activity of the Company during the financial year was that of a financing company whereby third party debt previously raised by the Company was loaned to AirTanker Limited (a fellow subsidiary company of AirTanker Holdings Limited) to support its activities in delivering the Future Strategic Transport Aircraft (FSTA) project for the UK Ministry of Defence. The FSTA project consists of the acquisition, conversion and maintenance of 14 aircraft with air to air refuelling and air transport capabilities. The contract for FSTA commenced on 27 March 2008 and is scheduled to end in 2035.

Results and dividends

The Company's profit for the financial year was £25,000 (2021: £23,000). The directors do not propose a dividend for the year ended 31 December 2022 (2021: £nil).

Review of the business and future developments

The Company has continued to act as a financing company during the year and no changes to this are anticipated. In the year the Company repaid £111,094,000 of principal (2021: £88,321,000) including the remaining balance of mezzanine debt, and also repaid £50,000,000 of intercompany loans as detailed in note 10. At 31 December 2022, the Company has outstanding external borrowings of £1,758,666,000 (2021: £1,869,759,000) and remains in a net asset position.

During the year, revised terms were agreed with external debt counterparties as required by IBOR reform. New rates based on compound SONIA were effective for the September 2022 interest payments, as detailed further in notes 8 and 10. The effective date of transition from LIBOR to SONIA was 21 February 2022 and advantage has been taken of the reliefs offered by the Phase 2 amendments to FRS 102 as outlined in Note 3.

Key performance indicators

Given the nature of the business, the key performance indicators are reviewed as a Group. The nature of key performance indicators for the Group are disclosed in the consolidated financial statements of AirTanker Holdings Limited.

Principal risks and uncertainties

The principal risk and uncertainty of the Company is counterparty risk in relation to debtors owed by AirTanker Limited. AirTanker Limited's interest-bearing liabilities are hedged as part of a structured financing strategy and the directors are comfortable with AirTanker Limited's ability to meet these obligations.

AirTanker Finance Limited

Strategic report for the year ended 31 December 2022 (continued)

Financial risk management

The Company has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets include cash invested with regulated financial institutions. The Company receives a market return for cash invested. It manages the risk and return by diversifying the products and financial institutions. It will only invest in financial institutions that are investment grade ("AA" rated and higher).

Interest-bearing liabilities include only the various forms of debt utilised by the Group. The vast majority of the debt capital held by the Group is hedged as part of a structured financing strategy through the use of floating-to-fixed interest rate swaps which endure until the debt is discharged. Therefore, the directors consider interest rate risk to be adequately mitigated.

No changes have been made to the Company's risk management strategy as a result of the IBOR reforms detailed above.

This report was signed on behalf of the Board by:



Francisco de Borja Segovia Jaquete
Director
23 March 2023

AirTanker Finance Limited

Report of the directors for the year ended 31 December 2022

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022. The following sections which are required in the Report of the directors can be found in the Strategic report on page 2; Principal activities, Results, Future developments and Financial risk management.

Directors

The directors and alternate directors who held office during the financial year, and subsequently up to the date of signing this report, are given below:

Directors

Phillip Scott Blundell
Richard Henry Hine
Francisco de Borja Segovia Jaquete
Paul Kimberley
Paul Andrew Jayne
Gordon Francis De Courcy Page
Kevin John Garvey (resigned 9 February 2022)
Rodrigo Caminero García
Benjamin Palmer (resigned 9 February 2022)
Kashif Rahuf (appointed 9 February 2022)

Alternate directors

Stephan Andreas Miegel
Louise Anne Donaghey (resigned 9 February 2022)
Neal Gregory Misell (resigned 9 February 2022)
Stephen Francis McCann
Jordan Elliott Field (appointed 9 February 2022)

Company secretary

Christopher Adam Brice (resigned 3 January 2023)
Janine Broome (appointed 3 January 2023)

All directors during the year and up until the date of signing were covered by directors' and officers' liability insurance.

Going concern

The Company has net assets as at 31 December 2022, however, the Company's receivables due from AirTanker Limited are dependent on the performance and position of AirTanker Limited (the primary operating entity in the AirTanker Holdings Limited group). The directors have prepared the Company financial statements on the going concern basis. In line with the current contractual circumstances of the AirTanker Holdings Limited group, a financial model has been produced covering the period up to the end of the FSTA contract with the MoD (12 ¼ years remaining). From a review of this model and the financial obligations of the Company and AirTanker Holdings Limited group in the foreseeable future, the directors have a reasonable expectation that the Company and group will generate positive cash flows and profits over the life of the contract, and that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

AirTanker Finance Limited

Report of the directors for the year ended 31 December 2022 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors 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 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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the report of the directors is:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was signed on behalf of the Board by:



Francisco de Borja Segovia Jaqueto
Director
23 March 2023

Independent auditors' report to the members of AirTanker Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion, AirTanker Finance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: balance sheet as at 31 December 2022; profit and loss account and statement of changes in equity for the year then ended for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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.

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.

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

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

Reporting on other information

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

Independent auditors' report to the members of AirTanker Finance Limited (continued)

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Report of the directors

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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 auditors' report to the members of AirTanker Finance Limited (continued)

Report on the audit of the financial statements (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and Group's legal counsel, including consideration of known or suspected instances or non-compliance with laws and regulations and fraud;
- Review of minutes from Board meetings and between those charged with governance;

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

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

Use of this report

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

**Independent auditors' report to the members of AirTanker
Finance Limited (continued)
Other required reporting**

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Neil Philpott (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

23 March 2023

AirTanker Finance Limited

Profit and loss account for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Operating result	4	-	-
Interest receivable and similar income	5	63,486	37,209
Interest payable and similar expenses	5	(63,461)	(37,186)
Profit before taxation		25	23
Tax on profit	6	-	-
Profit for the financial year		25	23

All of the Company's results are derived from continuing operations in the United Kingdom.

The Company has no recognised gains or losses other than the profit for the financial years stated above and therefore no separate statement of comprehensive income has been presented.

AirTanker Finance Limited

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

	Share capital	Profit and loss account	Total
	£'000	£'000	£'000
Balance at 1 January 2021	50	254	304
Profit for the financial year and total comprehensive income for the year	-	23	23
Balance at 31 December 2021	50	277	327
Profit for the financial year and total comprehensive income for the year	-	25	25
Balance at 31 December 2022	50	302	352

AirTanker Finance Limited

Balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Current assets			
Debtors including £1,821,245,000 (2021: £1,972,300,000) falling due after more than one year	7, 8	1,940,288	2,073,048
Cash at bank and in hand		101,814	100,250
		2,042,102	2,173,298
Creditors: amounts falling due within one year	9	(220,544)	(200,705)
Net current assets		1,821,558	1,972,593
Creditors: amounts falling due after more than one year	10	(1,821,206)	(1,972,266)
Net assets		352	327
Capital and reserves			
Called up share capital	11	50	50
Profit and loss account		302	277
Total shareholder's funds		352	327

The notes on pages 13 to 21 are an integral part of these financial statements. The financial statements on pages 10 to 21 were approved by a duly appointed and authorised committee of the Board on 23 March 2023 and signed on its behalf by:



Francisco de Borja Segovia Jaquete
Director
AirTanker Finance Limited
Registered number: 06279732

AirTanker Finance Limited

Notes to the financial statements for the year ended 31 December 2022

Notes to the financial statements for the year ended 31 December 2022

1 General information

AirTanker Finance Limited ('the Company') is a financing company. The Company is used by other companies within the AirTanker Holdings Limited group.

The Company is a private company limited by shares and is registered in England and Wales, and incorporated in the United Kingdom. The address of its registered office is AirTanker Hub, RAF Brize Norton, Carterton, Oxfordshire, OX18 3LX.

2 Statement of compliance

The individual financial statements of AirTanker Finance Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The preparation of the financial statements in conformity with FRS 102 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. There are no areas involving a higher degree of judgement or complexity within these financial statements.

The disclosures within these financial statements are presented in round thousands.

Going concern

The Company has net assets as at 31 December 2022, however, the Company's receivables due from AirTanker Limited are dependent on the performance and position of AirTanker Limited. The directors have prepared the Company financial statements on the going concern basis. In line with the current contractual circumstances of the AirTanker Holdings Limited group, a financial model covering the period up to the end of the 27 year FSTA contract with the MoD has been produced. From a review of this model and the financial obligations of the Company and AirTanker Holdings Limited group in the foreseeable future, the directors have a reasonable expectation that the Company and the AirTanker Holdings Limited group will generate positive cash flows and profits over the life of the contract and that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

AirTanker Finance Limited

Notes to the financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity to take a number of disclosure exemptions, subject to certain conditions which have been complied with. The Company has taken advantage of the exemption in FRS 102 paragraph 1.12 (c) from preparing a statement of cash flows on the basis the cash flows of this entity are included in the consolidated financial statements of AirTanker Holdings Limited (see note 12).

Financial instruments

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets including trade and other receivables, cash and cash equivalents, and loans due from group companies that are classified as debt are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit or loss account.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans due to group companies that are classified as debt are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

The Company adopted 'Amendments to FRS 102 - Interest rate benchmark reform (phase 2)' issued in December 2020 with effect from the effective transition date, 21 February 2022. These amendments enable the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as risk free rates or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

The phase 2 amendments require that, for financial instruments measured using amortised cost, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. This practical expedient has been applied only in relation to changes that were required by interest rate benchmark reform, where the changes were necessary as a direct consequence of those reforms and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

Fees paid on the establishment of loan facilities are recognised as transaction costs and amortised over the life of the loan.

All finance and issue costs (excluding interest costs) which are directly attributable to the debt facilities have been borne by a fellow subsidiary company, AirTanker Limited and not recharged to the Company.

AirTanker Finance Limited

Notes to the financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Included within creditors: amounts falling due after more than one year (Note 10), is an amount due to AirTanker Limited which relates to cash held in a reserve account to be utilised for future repayments of debt interest, debt principal and interest rate swap settlements. Use of this cash for purposes other than those listed above is not permitted.

Related party disclosures

The Company has taken advantage of the exemptions available under section 33.1A of FRS 102 for qualifying entities - Related party disclosures, and has therefore not disclosed any transactions with the parent company, AirTanker Holdings Limited, or with 100% owned subsidiary undertakings within the AirTanker Holdings Limited Group of companies.

Share capital

Ordinary shares are classified as equity.

4 Operating result

The Company did not have any employees in either the current or previous financial year.

None of the directors received any emoluments paid directly from the Company in either the current or previous year. The secondment costs for certain directors are disclosed in the AirTanker Limited financial statements. No amounts were recharged to AirTanker Finance Limited on the basis of the limited time spent undertaking these roles.

The Company audit fee of £6,100 (2021: £5,500), was borne by AirTanker Limited and not recharged. There were no non-audit services provided to the Company in the financial year (2021: £nil).

AirTanker Finance Limited

Notes to the financial statements for the year ended 31 December 2022

5 Net interest expense

a) Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable from fellow group undertakings	63,484	37,209
Bank interest	2	-
	63,486	37,209

b) Interest payable and similar expenses

	2022 £'000	2021 £'000
Bank interest	47,948	22,999
Interest payable to parent company	15,513	14,187
	63,461	37,186

c) Net interest expense

	2022 £'000	2021 £'000
Interest receivable and similar income	63,486	37,209
Interest payable and similar expenses	(63,461)	(37,186)
	25	23

AirTanker Finance Limited

Notes to the financial statements for the year ended 31 December 2022

6 Tax on profit

a) Tax expense included in profit or loss account

There is no tax expenses included in the profit and loss account due to the availability of group relief, see below:

b) Reconciliation of tax charge

The tax for the financial year is lower than (2021: lower) the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%) as explained below.

	2022 £'000	2021 £'000
Profit before taxation	25	23
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	5	4
Effects of:		
Group relief to be claimed from fellow group undertakings for £nil consideration	(5)	(4)
Total tax expense for the financial year	-	-

There is no recognised or unrecognised deferred tax in either the current financial year or prior financial year.

The UK corporation tax rate will increase from 19% to 25% with effect from 1 April 2023.

7 Debtors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed by group undertakings	119,043	100,748

Amounts owed by group undertakings represents accrued loan interest due from AirTanker Limited, which consists of £18,962,000 (2021: £5,942,000) accrued interest on the senior debt on-loan, £3,000 (2021: £208,000) accrued interest on a mezzanine debt on-loan and additional balances to be held in AirTanker Finance Limited reserve accounts from AirTanker Limited prior to payment of £100,078,000 (2021: 94,598,000).

The loans are included within debtors: amounts falling due after more than one year, are unsecured and have fixed dates of repayment (Note 8).

AirTanker Finance Limited

Notes to the financial statements for the year ended 31 December 2022

8 Debtors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Amounts owed by group undertakings	1,821,245	1,972,300

Amounts owed by group undertakings at 31 December 2022 include amounts related to external borrowings that have been on-lent to AirTanker Limited. All accrued interest on balances is presented in debtors: amounts falling due within one year as disclosed in note 7. Amounts owed by group undertakings are unsecured.

A breakdown of the amounts passed to AirTanker Limited is as follows:

- Shareholder loan notes of £162,657,000 (2021: £197,139,000) including £4,219,000 (2021: £3,596,000) of accrued interest. Until 31 March 2022, this attracted interest at LIBOR plus 7.011%, amended to compound SONIA plus margin of 7.011% plus a credit adjustment spread of 0.2766% for the next and following six monthly interest periods. Interest is rolled onto the principal every six months on 31 March and 30 September respectively. The balance is due after one year and will be repaid in full by 2035. Repayments of £20,000,000 and £30,000,000 were made in April 2022 and October 2022 respectively.
- A senior debt loan of £1,777,628,000 (2021: £1,856,095,000) including £18,962,000 (2021: £5,942,000) of accrued interest which is due within one year. Interest accrued at LIBOR plus 1.1% per annum until 31 March 2022 and at compound SONIA plus margin of 1.1% plus a credit adjustment spread of 0.2766% for the next and following six monthly interest periods. Repayments commenced in 2017 and complete in 2033. At 31 December 2022, repayments of £100,078,000 (2021: £91,488,000) were due within one year.

In addition, the balance of mezzanine debt at 30 September 2022 of £16,496,089 was repaid in full. At 31 December 2021, the balance was £19,814,000 which included £208,000 of accrued interest, of which £206,000 was due within one year. Interest accrued at LIBOR plus 4.001% until 31 March 2022, and at compound SONIA plus margin of 4.001% plus a credit adjustment spread of 0.2766% thereafter for the following six monthly interest period.

The Company has completed the transition to the risk-free benchmark rate following the replacement of LIBOR. Revised terms have been agreed with the external debt counterparties which were effective for the September 2022 and future interest payments. The terms of the on-loans from AirTanker Finance Limited to AirTanker Limited reference the relevant external agreements and hence changes to rates are mirrored in the intercompany on-loans as shown above.

AirTanker Finance Limited

Notes to the financial statements for the year ended 31 December 2022

9 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Bank loans	100,078	94,598
Amounts owed to group undertakings	101,753	100,190
Accruals and deferred income	18,713	5,917
	220,544	200,705

The amounts owed to group undertakings relate to cash held in a reserve account by AirTanker Finance Limited on behalf of AirTanker Limited. There is no interest charged between the two entities, and the balance is unsecured.

10 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Bank loans	1,658,588	1,775,161
Amounts owed to parent undertakings	162,618	197,105
	1,821,206	1,972,266

Maturity of financial liabilities

	2022	2021
	£'000	£'000
In one year or less, or on demand	220,544	200,705
In more than one but less than five years	530,240	479,276
In more than five years	1,290,966	1,492,990
	2,041,750	2,172,971

AirTanker Finance Limited

Notes to the financial statements for the year ended 31 December 2022

10 Creditors: amounts falling due after more than one year (continued)

Bank loans at 31 December 2022 consist of senior debt totalling £1,777,379,000 (2021: £1,855,864,000). This includes £18,713,000 (2021: £5,711,000) of accrued interest which is included in accruals and due within one year.

Senior debt is secured via fixed and floating charges over the assets and shares of the Company, AirTanker Limited and AirTanker Holdings Limited, and to 31 March 2022 attracted interest at LIBOR plus 1.05% per annum. For six monthly interest periods commencing 30 September 2022, interest accrues at compound SONIA plus a margin of 1.05% plus a credit adjustment spread of 0.2766%. The change in rates follows the reform of IBOR as detailed in note 8 above.

The senior debt loan is subject to repayment which commenced in 2017 and terminates in 2033. Of the outstanding balance, £1,658,588,000 will be repaid after more than one year (2021: £1,758,666,000).

During the year the balance on the mezzanine debt loan totalling £16,496,089 was repaid in full on 30 September 2022. At 31 December 2021, £19,812,000 was due, including £206,000 of accrued interest which was due within one year and a balance of £16,496,000 to be repaid after one year. Mezzanine debt was unsecured and to 31 March 2022 attracted interest at LIBOR plus 4%. For the six monthly interest periods commencing 30 September 2022, interest accrued at compound SONIA plus 4.2766% as detailed in note 8 above.

Amounts owed to the parent company consists of an intercompany loan balance related to shareholder loan notes of £162,618,000 (2021: £197,105,000) including £4,218,000 (2021: £3,595,000) of rolled up interest which is unsecured and attracts interest at SONIA plus a credit adjustment spread (0.2766%) plus 7.01% per annum. Interest is rolled onto the principal every six months on 31 March and 30 September respectively. The intercompany loan is due after more than one year and will be fully repaid by March 2035.

11. Called up share capital

	2022	2021
	£'000	£'000
Authorised		
50,000 (2021: 50,000) ordinary shares of £1 each	50	50
Allotted and fully paid		
50,000 (2021: 50,000) ordinary shares of £1 each	50	50

AirTanker Finance Limited

Notes to the financial statements for the year ended 31 December 2022

12 Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking of the company is AirTanker Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. AirTanker Holdings Limited is the smallest and largest group to consolidate the results of the Company. Copies of AirTanker Holdings Limited consolidated financial statements can be obtained from the company secretary at its registered office: AirTanker Holdings Limited, RAF Brize Norton, Carterton, Oxfordshire, OX18 3LX.

Rolls-Royce plc and Babcock Southern Holdings Limited agreed to sell their shareholding in AirTanker Holdings Limited during the year to Equitix Jupiter BidCo Limited. At the year end, AirTanker Holdings Limited's ordinary share capital was jointly owned in the following proportions by Airbus SE (46.1%), Equitix Jupiter Bidco Limited (38.5%) and Thales UK Limited (15.4%). In the opinion of the directors there is no ultimate controlling party.