



2025/26

ANNUAL REPORT AND ACCOUNTS

Annual Report and Accounts 2025/26 Civil Aviation Authority

For the Period 1 April 2025 to 31 March 2026.

Presented to Parliament pursuant to section 15(2) of the Civil Aviation Act 1982, as amended by the Civil Aviation Authority (Auditing of Accounts) Order 1984.

16 July 2026

caa.co.uk/CAP3276

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OUR FINANCIAL PERFORMANCE AT A GLANCE

Financial Headlines

Group Revenue

£221.8m  **8.1%**

Regulatory Sector Operating Profit¹

£4.4m  **33.3%**

Regulatory Sector Rate of Return²

7.4% **vs Target** **3.5%**

Net Cash

£49.0m  **95%**

¹ The Regulatory Sector represents the organisation’s core statutory activities, including safety and airspace regulation, consumers and markets, aviation security and space regulation. Operating profit is calculated before IAS 19 accounting adjustments for the Defined Benefit Obligation Pension Scheme.

² The financial target set by the Secretary of State for Transport is defined as achieving the higher of a 3.5% rate of return on average current cost of capital employed, or break-even after interest and tax.

Group five-year summary

Income Statement

	2026	2025	2024	2023	2022
	£m	£m	£m	£m	£m
Revenue	221.8	205.1	185.8	163.6	142.3
Operating costs	(215.1)	(195.7)	(179.7)	(160.8)	(139.1)
Operating profit	6.7	9.4	6.1	2.8	3.2
Finance income - net	2.0	3.6	5.1	6.9	4.2
Income tax charge	(2.2)	(3.4)	(3.0)	(2.6)	(2.0)
Profit for the financial year	6.5	9.6	8.2	7.1	5.4

Statement of Financial Position

	2026	2025	2024	2023	2022
	£m	£m	£m	£m	£m
Non-current assets	17.0	18.8	43.0	87.6	246.2
Current assets	91.6	57.1	62.4	49.3	56.9
Total assets	108.6	75.9	105.4	136.9	303.1
Reserves	38.1	32.0	42.5	67.1	181.0
Equity	38.1	32.0	42.5	67.1	181.0
Non-current liabilities	5.4	5.8	12.8	25.0	64.3
Current liabilities	65.1	38.1	50.1	44.8	57.8
Total liabilities	70.5	43.9	62.9	69.8	122.1
Total equity and liabilities	108.6	75.9	105.4	136.9	303.1

Rate of Return

Outturn against 3.5% financial target set by the Department for Transport based on current cost accounting:

	2026	2025	2024	2023	2022
CAA Regulatory Sector	7.4%	12.8%	6.5%	3.5%	3.6%

OUR WORLD AT A GLANCE



ATOL licences granted

2,266 | 2,282

Through 2025/26 | Through 2024/25



Licensed air traffic controllers

2,443 | 2,209

As at end 2025/26 | As at end 2024/25



Air Operator Certificate holders

106 | 109

As at end 2025/26 | As at end 2024/25



Air traffic service providers

67 | 70

As at end 2025/26 | As at end 2024/25



Training organisation

465 | 463

As at end 2025/26 | As at end 2024/25



Flight crew licensing applications completed for private pilots

5,976 | 4,941

Through 2025/26 | Through 2024/25



Flight crew licensing applications completed for commercial pilots

6,331 | 6,543

Through 2025/26 | Through 2024/25



UK-registered aircraft

18,555 | 18,652

As at end 2025/26 | As at end 2024/25



Airspace change request applications

85 | 90

Through 2025/26 | Through 2024/25



Passenger complaint cases received

7,242 | 7,602

Through 2025/26 | Through 2024/25



Foreign carrier permits granted

13,660 | 11,515

Through 2025/26 | Through 2024/25



Pilot licence holders

41,263 | 39,558

As at end 2025/26 | As at end 2024/25



Active remotely piloted aircraft Operational Authorisations holders

2,196 | 2,768

As at end 2025/26 | As at end 2024/25



ATOL claims received

350 | 494

As at end 2025/26 | As at end 2024/25



Active aerodromes

132 | 130

As at end 2025/26 | As at end 2024/25



Licensed maintenance engineers

13,775 | 13,946

As at end 2025/26 | As at end 2024/25



Space orbital licences issued

403 | 385

As at end 2025/26 | As at end 2024/25



Aeromedical examiners

125 | 124

As at end 2025/26 | As at end 2024/25



Active Part 145 maintenance organisations

1,548 | 1,354

As at end 2025/26 | As at end 2024/25



Active drone Flyer ID holders

603,015 | 470,321

As at end 2025/26 | As at end 2024/25



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Summary:
This section introduces our Annual Report and Accounts with messages from the Chair and Chief Executive to set the context for the year. It outlines key themes, operating environment, priorities and explains how we have responded to sector challenges and delivered against our remit and purpose.

Statement by the Chair

Sir Stephen Hillier

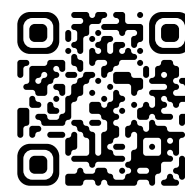
This has been another busy and effective year for the organisation. Against the backdrop of a constantly growing volume of aerospace activity from the existing sector and a diverse range of new users, we have maintained our relentless focus on safety, security and consumer interests. A number of tragic accidents around the world have provided a stark reminder that safety cannot be taken for granted; of the need for us constantly to be learning and improving in aerospace; and of the need for us always to have the capacity to respond rapidly and effectively to emerging events.

The most noteworthy new activity this year has been in reaction to the Government's drive for regulators to recognise their part in generating growth and investment. This includes Heathrow expansion, future flight, and airspace modernisation. But the underlying themes are around accelerating regulatory processes; improving services to those that we regulate; exploring ways to scale up our existing operations; and considering further our risk appetite and proportionality.

We were well-placed to respond to this challenge and the associated Regulatory Action Plan, not least as we set a course five years ago towards becoming an 'enabling regulator', with that strategy framed explicitly in 2024 with our 'Protecting People, Enabling Aerospace' mission statement. It is encouraging to see that the effectiveness of our response is being recognised as part of the overall Government confidence that the UK aerospace sector offers strong opportunities to deliver wider economic growth. But much hard work still lies ahead in the delivery of future flight, airspace modernisation and, perhaps especially, Heathrow expansion. Here our remit to act in the interests of consumers operates within the wider context of a nationally significant project, with particularly close scrutiny being paid to the quality and timeliness of our processes and decision-making.

In setting the framework for this work, the Board has had a range of important conversations in areas such as calibrating our regulatory risk appetite, mitigating any risk of regulatory capture, moving at greater pace, and the need to maintain organisational balance – ensuring that new work does not diminish in any way our crucial and enduring role of protecting people. A recent externally led Board effectiveness review, which reported in January 2026, had a very welcome positive outcome, confirming that the Board has the skills, experience and strategies necessary to deliver on its purpose and to guide our expanding and evolving remit. I also recognise the importance of our Consumer and Environmental Sustainability Panels, which continue to provide excellent insight and advice. The Consumer Panel has played an important role in guiding our 2024 Consumer Strategy and supporting the associated expansion this year of our resources and capability to further the consumer interest. And I place on record my enormous thanks and appreciation for the skill and dedication with which Ruth Mallors-Ray, our recently retired Chair of the Sustainability Panel, established this key function.

The Board has also continued this year to engage directly with the sector through visits across the UK to enhance stakeholder relationships and to ensure that we understand at first-hand current issues. We have now embedded the CAA Annual Address in our annual business cycle. This offers us the opportunity to explain in person our strategy and annual objectives as part of demonstrating value to those that pay for our services and our focus on delivering to the commitments which we make. The Address is one aspect of our increased focus on transparency and the service which we provide, whether that be in relation to quality, pace, cost or communication.



Scan QR Code or click [here](#) to watch **Sir Stephen Hillier** summarise the Chair's Statement.

Others include our service offer increasingly being enabled by digitisation through our Customer Experience and Modernisation programme, a multi-year plan paid for by re-invested efficiencies which we have found within the business. We have progressed the use of Artificial Intelligence (AI) for some limited areas of our business and published an initial strategy to guide how we think this capability could be rolled out within the organisation and across our regulatory remit. The combination of these and other measures are the means by which we are addressing the Government's commitment to reducing administrative costs of regulation on industry by 25% by the end of the current Parliament.

During the year we have welcomed two new Non-Executive Directors to the Board – Charmion Pears as Audit and Risk Committee Chair, and Crispin Orr as Non-Executive Director (Safety) – and we bid farewell with sincerest thanks to Anne Lambert, after more than six years of invaluable service to the organisation. We now have our full complement of Executive and Non-Executive Board members. I'm extremely grateful to all of them for their leadership, energy, and commitment to creating and sustaining our success.

Our values, purpose and mission are clear, and I am extraordinarily proud of what colleagues across the organisation are achieving, both in support of our vital day-to-day remit, and in preparing us for the future.

I also sincerely thank colleagues in the Department for Transport, and the increasing number of other Government departments with which we now engage, for their great support to us during the year, not least through the Grant In Aid funding which is pivotal to our ability to support new entrants and expand the sector.

We have delivered on our expanded remit through continued operational efficiency and Government support, meeting the increasing demand and enabling the aerospace sector to realise its full potential.

The coming year will bring significant challenges, but I am confident that we have the capability to continue responding, adapting and delivering success.

Sir Stephen Hillier, Chair

8 July 2026



Statement by the Chief Executive

Rob Bishton

Introduction

As we complete this year's report and accounts the world is assessing the impacts of the ongoing conflict in the Middle East. As an industry based on international travel and reliant on the region for fuel, aviation is significantly impacted. Our prime concern is to make sure passengers that are affected are both protected and aware of their consumer rights.

This is especially important, as in 2025 we saw record numbers of people flying, with UK airports handling 302 million passengers. This was achieved with high levels of safety, security and resilience.

Protecting consumers

We exist to protect consumers. In doing so our impact is not measured by the number of decisions we make or documents we publish. Rather it is measured by whether the aviation system is safer, more secure, fairer for consumers and better prepared for the future.

So, we will continue to push for the best possible outcomes for consumers across the board. To support this our inspectors and compliance teams use their skills, knowledge and experience to offer expert support alongside robust enforcement to hold industry to the highest standards.

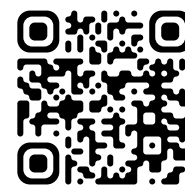
This all plays a part in providing the high levels of confidence that the travelling public continues to have in our industry. No one takes that for granted.

Enabling innovation and the growth mission

We actively seek to enable innovation and growth in aerospace. This includes the regulation of airport expansion, spaceflight and drones, but also in some less visible, but equally important, subjects like airspace modernisation and future engines and fuels.

The need to update our airspace to increase efficiency and deliver growth is one of the most important but less known elements of our work. A combination of changes and new processes means we are now set to enable industry, working with stakeholders including the public, to efficiently deliver modernised airspace.

This is a key requirement to service new runway capacity. We absolutely recognise the importance of the efficient and effective expansion of capacity at Heathrow Airport to the wider economy, airlines and consumers. We are currently developing the regulatory framework to both deliver the best outcomes for consumers and support the Government's timetable for the delivery of this expansion.



Scan QR Code or click [here](#) to watch **Rob Bishton** summarise the Chief Executive's Statement.

Value for money

In undertaking all these roles, we must always show the very best value for money, efficiency and transparency. We must make the correct and just regulatory decisions. How we go about reaching those decisions and how stakeholders can engage with us is a vitally important part of the process. If we do it correctly it helps provide confidence in, and acceptance of, our decisions. Our Customer Experience and Modernisation project is focussing on improving how stakeholders transact and generally engage with us.

Building together for the future

We cannot tackle these challenges without support and partnerships. Once again, we have seen a year where we have worked incredibly closely with colleagues throughout Government. I would like to particularly thank those in the Department for Transport for their supportive engagement.

Within the organisation I would like to thank Stephen and the Board for their support and constructive challenges. Their work helps us to focus our efforts across the spectrum of responsibilities and issues.

I am incredibly proud to lead this organisation. A huge part of that feeling is driven by the efforts, skills and integrity of the colleagues I work with every day. I am confident that we will continue to be a regulator that fulfils our mission of not only protecting the public but also enabling aviation and aerospace to thrive.

Rob Bishton, Chief Executive

8 July 2026

in 2025 we saw record numbers of people flying, with UK airports handling 302 million passengers





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Summary:

This section explains what we do and how we deliver against our mission of **‘Protecting People, Enabling Aerospace’**. It covers our strategy, business model and performance, providing a detailed review of our activities in the year, approach to risk management, financial performance, efficiency strategy and corporate environmental sustainability.

Our Strategy

Our strategy sets out our enduring mission **‘Protecting People, Enabling Aerospace’** alongside our vision of the future for the organisation and our sector, and the strategic focus areas and values that guide our work. This core foundation then supports an agile and flexible annual approach of considering the key objectives under each of our focus areas to deliver our mission and realise our vision.

Our core statutory role of protecting people remains unchanged and continues to account for the most significant part of our

functions and activities. During the year, we have increased emphasis on those activities that support the Government’s economic growth priority, both where they relate to our core functions and for other activities where Government has provided funding to support their delivery. As we look ahead to 2026/27, our strategy will continue to guide our work. Delivering these core strategic programmes will enable us not only to move towards realising our vision, but also to support passengers, the sector, and Government in achieving their own ambitions.



Our Mission

Protecting people, enabling aerospace



Our vision

Safe, secure and sustainable aviation and aerospace working for consumers and the public



Our Values



Do the right thing



Never stop learning



Build collaborative relationships



Respect everyone

Our Strategic Focus Areas



Protecting consumers and the public



Enabling aviation and aerospace to innovate and grow



Developing relationships to improve standards globally



Supporting aviation to improve environmental sustainability



Enhancing our organisation to deliver this strategy

Annual Strategic Objectives for 2025/26



Protecting consumers and the public

- > Deliver CAA-focused recommendations from the **independent review into the NATS technical IT failure** and drive industry engagement with full set.
- > **Reform** CAA legislative frameworks to enable more flexible, agile regulation.
- > Embed the **State Safety Objectives** into our work and promote collaboration to achieve them.
- > Improve **industry compliance** with passenger rights during delays and cancellations and ensure they effectively communicate with consumers.
- > Ensure appropriate **regulation of Heathrow** including the delivery of H8 price control and support for Heathrow expansion to protect consumers and users.
- > Enhance our **aviation security regulation** with technology and data.



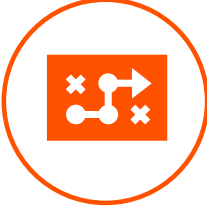
Enabling aviation and aerospace to innovate and grow

- > Produce accessible regulatory pathways to enable **Beyond Visual Line of Sight** operation of remotely piloted aircraft systems.
- > Produce accessible regulatory pathways to enable **commercial piloted electric vertical take-off and landing** operations.
- > Implement UK **Airspace Design Service** to progress delivery of airspace modernisation.



Supporting aviation to improve environmental sustainability

- > Develop regulations to safely enable **hydrogen-powered flight**.
- > Enable greater accountability through enhanced **environmental information**.



Enhancing our organisation to deliver this strategy

- > Improve customer experience of our **People Licencing** Systems for Commercial Pilots and Air Traffic Controllers.
- > Embed our CAA competencies and develop leadership **competencies, job families and career pathways**.
- > Develop a framework to ensure the **CAA is financially and operationally sustainable**.



Developing relationships to improve standards globally

- > Define and deliver our ambitions for the **ICAO General Assembly**.

Our Business Model

Our Stakeholders

Those we PROTECT

- > Aviation consumers
- > The overflown

Those we REGULATE

- > Airlines and airports
- > Aircraft maintenance organisations
- > Approved training organisations
- > Air navigation service providers
- > Individual licence holders
- > General aviation
- > Remotely piloted aircraft systems
- > Commercial space industry

Those who WORK WITH us

- > Competition and Markets Authority
- > The Emergency Services
- > The Health and Safety Executive
- > National Cyber Security Centre
- > UK Space Agency
- > Regulatory Innovation Office
- > Consumer Groups
- > Other regulators, nationally and internationally

Those who OVERSEE our work



Our Statutory Functions

- > Regulating civil aviation safely, participating in the design of UK airspace, and considering all factors, including access and environmental impact
- > Advising and assisting the Secretary of State for Transport on all civil aviation matters, including policy on the use of UK airspace to meet the needs of all users, having regard for national security, economic and environmental factors, while maintaining a high standard of safety
- > The licensing of airlines and airports, including assuring their financial fitness
- > The economic regulation of airports with significant market power and the provision of en route air traffic services
- > Concurrent competition powers (with the Competition and Markets Authority) over airports and air traffic control
- > Oversight of the design, maintenance, and repair of aircraft
- > The licensing of pilots, air traffic controllers, aircraft maintenance engineers, and remotely piloted aircraft system operators
- > The licensing of air travel organisers, and management of the Air Travel Organisers' Licensing protection scheme
- > Enforcing general consumer protection and aviation specific legislation, such as denied boarding compensation and persons with reduced mobility
- > The inspection of UK outbound aviation security and drafting of regulations as directed by the Secretary of State for Transport
- > Oversight of Cyber Security resilience
- > Overseeing satellite licensing, commercial and large rocket permissions

Regulatory Principles

Understanding and addressing risk

We will understand and address safety, security, and consumer protection risks across the sector, for the benefit of consumers and the general public. We will be clear that primary responsibility lies with those delivering the activity and require them to show us how they manage their own risk. We will work with partners where they are best placed to deliver better outcomes.

Delivering unique value

We will take a proactive and collaborative approach to the functioning and development of the regulatory system in the UK and worldwide. We will facilitate and nurture innovation and help others to do the same. We will deliver independent regulatory oversight within the legislative and policy framework set by Parliament and Government.

Acting proportionately

We will explore different ways of achieving desired outcomes, regulating only where we have to. The benefits expected from our regulation will outweigh any burden or cost we impose. We will maintain a strong understanding of the differences among the organisations and individuals we regulate and will tailor regulatory approaches accordingly.

Engaging proactively and transparently

We will constantly look outwards and challenge ourselves to prepare for sectoral and technological innovation and new challenges. We will draw on a wide range of evidence, ideas, and feedback from those we regulate and wider society to inform our decisions. We will be clear about how our actions and decisions may affect our stakeholders. We will publish appropriate information in a clear and accessible manner to ensure transparency.

Acting on our combined insight

We will value the collective insights of the CAA and continually encourage innovative approaches in our work. We will draw on evidence, data, best practice and external insights, particularly when balancing competing interests or considering trade-offs.

Our Review of Business

Who we are and what we do

We are a public corporation established by Parliament in 1972 and now constituted under the Civil Aviation Act 1982 (as amended). Our functions are set out in legislation, including the Civil Aviation Act 1982, the Aviation Security Act 1982, the Airports Act 1986, the Transport Act 2000, the Civil Aviation Act 2012, the 2018 Space Industry Act, the UK Basic Regulation, and secondary legislation made under those Acts, such as the Air Navigation Order and Implementing Regulations.

As the United Kingdom's aerospace regulator, our statutory role is to ensure:

- > The aviation and aerospace industry meets the highest safety standards;
- > consumers have choice, are protected and are treated fairly when they fly;
- > that the UK's airspace is efficiently used and, in its design, appropriate account is taken of the requirements of users and the impact on other persons; and
- > the aviation industry manages security risks effectively.

An effective and proportionate regulatory framework for aerospace is a key part in giving passengers confidence in travelling and investors confidence in investing in the UK system. In undertaking these statutory roles, we take account of the Government's policy priorities, including its emphasis on regulators being proportionate and efficient so they can support economic growth.

We use our mission '**Protecting People, Enabling Aerospace**' to ensure that our decisions deliver value by properly balancing the need to protect the public and the operational needs of the industry. The strategic section sets out our business model, strategy, priorities, objectives, and key enablers. These

form the bedrock of our work and additional detail on the purpose of each is set out before each graphic. The section 'Our Strategy' included a list of 2025/26 Board Priorities with Annual Strategic Objectives linked to our strategic focus areas. Later in this report we also cover our 2026/27 Annual Strategic Objectives.

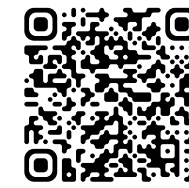
Earlier in this section our business model set out the framework within which we operate and how our role and remit fit in with the wider aviation and aerospace sectors. It also set out our statutory functions and duties which define our powers to act and guide our decision making.

In setting our strategy and plans, we also take into account priorities set out for us by the Secretary of State for Transport, including those elements relating to Government policy. These include supporting growth in the industry (this is partly set out in our separate growth report), modernising the UK's airspace and facilitating skills. The full set of the Government's priorities for us are published on our website.

Business review

We strive to be one of the world's leading aviation and aerospace regulators. We aim to protect passengers, consumers and the general public, while enabling industry to push the boundaries of aerospace innovation.

This review provides a snapshot of how we have achieved this in the past 12 months, while also setting out how we seek to be an effective regulator, guided by our values and principles in all that we do. We also follow the legislative and policy frameworks set by Parliament and the Government.



Scan QR Code or click [here](#) to read more about the CAA's UK aviation consumer survey

Safety and security first

Safety and security are at the forefront of what we do.

It is clear that primary responsibility for safety lies with those directly involved in the operation and provision of aerospace activities. Our work is to hold those organisations and individuals to the highest possible safety standards. This ranges from someone flying a drone for fun to a full-scale commercial space launch.

Thanks to the work of all involved in aerospace the UK's safety record in the year under review was once again generally positive with no fatal accidents involving large UK commercial aircraft.

Security is equally important, and protecting the public from the threat of attacks against aviation remains a key part of our work. This covers both the maintenance of an appropriate regulatory framework within the UK and oversight of its effective implementation by industry.

We regulate proportionately to the risks involved and the impact on consumers. We therefore adapt our requirements in proportion to the type of aviation. The commercial aviation sector, appropriately, receives the highest level of attention, while private flying is subject to comparatively lower requirements and oversight.

Protecting consumers

Our UK aviation consumer survey, published in February 2026, found that:

- > Consumers continue to fly in the highest numbers since our survey began in 2016, with 62% having flown in the last 12 months;
- > recent flyers are younger than before the COVID-19 pandemic, with younger people also remaining much more likely to fly frequently;
- > looking ahead, consumers plan to increase their flying in 2026;

- > affordability remains the most frequently cited barrier to flying, with 36% of non-flyers referencing financial limitations as the main reason for not flying in the last 12 months.
- > Our work to directly protect consumers covers several areas. When passengers face disruption to their journeys we believe it is key that they are fully aware of their rights, including to compensation. We seek to empower them by helping them to understand their options in these cases. We provided timely advice to passengers on their rights and consumer protection options when the operators Blue Islands and Eastern Airways suspended operations.

Passengers flying on any form of package holiday also benefit from our Air Travel Organisers' Licensing (ATOL) financial protection. If an ATOL travel company fails when customers are abroad we help consumers to continue their trip and bring them home. If the company fails before the holiday takes place, then we arrange a full refund. Over 1,600 travel businesses are licensed under the ATOL scheme.

With record numbers of passengers travelling through our airports, this year also saw the highest ever number of requests for assistance from disabled and less mobile passengers. Our airports accessibility report showed that the majority of airports rated positively in providing this service, but three, Heathrow, Edinburgh and Prestwick needed improvement.

We want all passengers to be confident when travelling through UK airports and we believe the entire industry should be behind the goal of making aviation accessible to all. We will therefore continue to monitor and advise on this issue. We believe reporting like this is key to both informing consumers and holding industry to the highest levels of compliance.

KEY SAFETY PERFORMANCE INDICATORS

FATAL ACCIDENT RATES

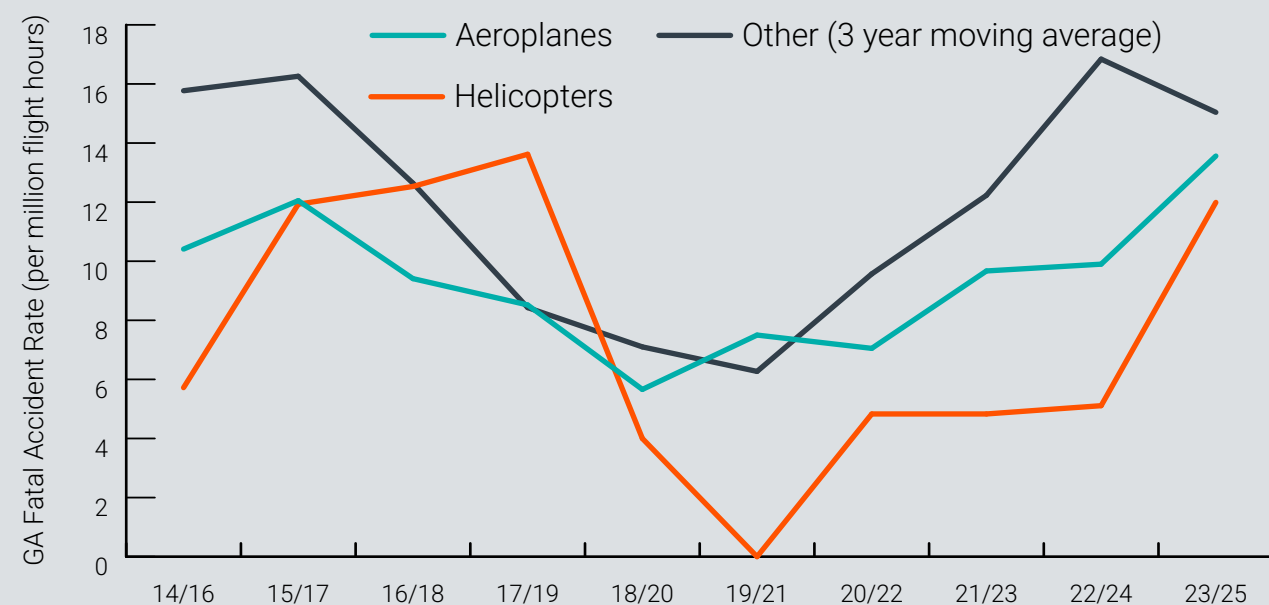
The following safety performance indicators are for UK-registered or operated passenger aircraft, using a three-year moving rate (based upon the preceding calendar years) of fatal accidents per million flights. A fatal accident is defined as an accident that results in fatal injury to any person in or upon the aircraft, by direct contact with any part of the aircraft or by direct exposure to jet blast.

"While we have maintained our relentless focus on safety, security and consumer interests a number of tragic accidents around the world this year have provided a stark reminder that safety cannot be taken for granted."

Sir Stephen Hillier, Chair



UK General Aviation (GA)



This accident rate is segmented into fixed wing aeroplanes, helicopters and other (which includes balloons and airships, gliders, gyroplanes and microlights). The rates have been calculated using aircraft utilisation (e.g. annual flight hours) from a portion of GA activity. The utilisation data for 2025 is therefore likely to be incomplete. Fatal accidents are shown as the rate per one million flying hours, which has then been aggregated into a three-year moving average.

Analysis

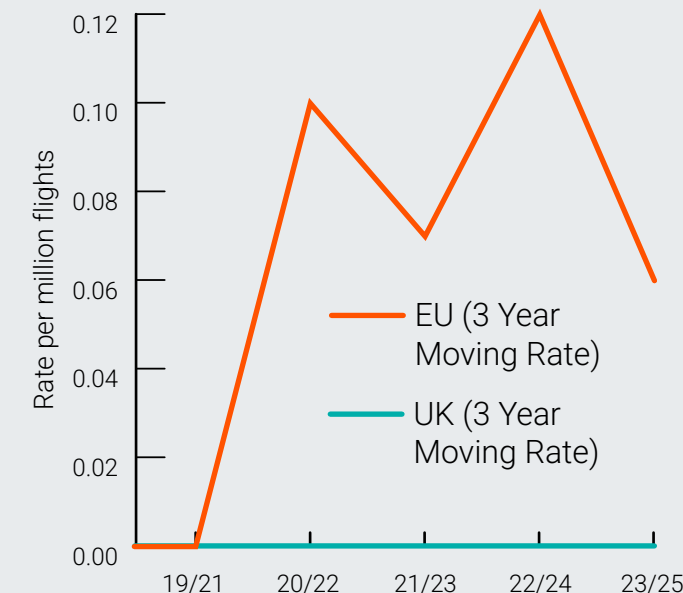
As lower levels of flying hours mean a small increase in accidents can impact the three-year average figure, the long term accident rate trend remains stable.

Aeroplanes: There were six fatal accidents in 2025 resulting in six fatalities. Loss of control inflight remains the biggest cause of fatal accidents.

Helicopters: There were two fatal accidents in 2025 resulting in four fatalities.

Other: There were 9 reported fatal accidents involving other sector aircraft reported between 2023-2025, with 2 fatal accidents reported during 2025.

UK & EASA Passenger flights on Commercial Air Transport (CAT) aeroplanes*

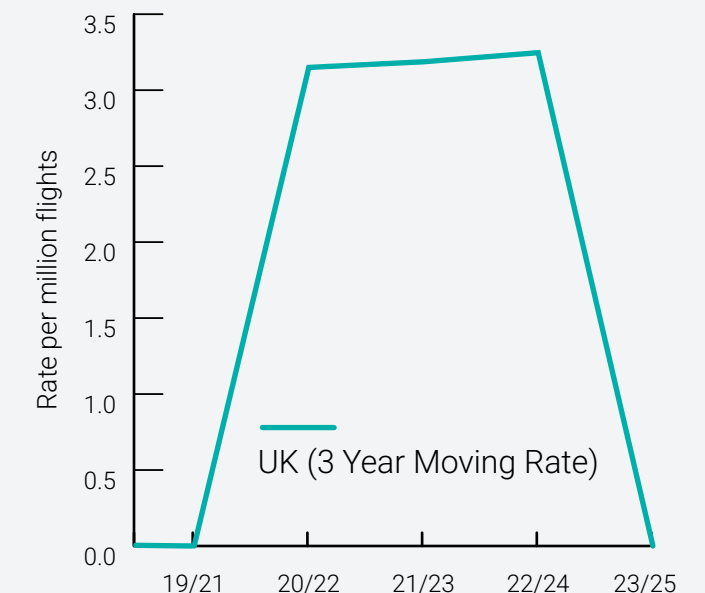


Analysis

During the three-year period between 2023-2025 there were no fatal accidents involving UK operators. The last fatal accident in this category occurred in 1999 when a Boeing 757 experienced a heavy landing in Girona, Spain, resulting in one fatality.

* UK & EASA registered fixed-wing aircraft above 5,700kg maximum take-off weight conducting passenger public transport flights.

UK Public Air Transport Helicopters*



Analysis

Although now zero, the fatal accident rate remained above three for the three-year period to 2024 due to a fatal accident on 4 March 2022. The accident involved a Sikorsky S92-A which was landing with a patient at Derriford Hospital, Plymouth. The downwash from the arriving helicopter fatally injured one pedestrian and injured another. Prior to this, the last fatal accident was in 2013, when an AS332 Super Puma crashed into the North Sea with four fatalities.

* UK-registered helicopters above 3,175kg maximum take-off weight conducting public transport flights.

CONSUMER ACCESSIBILITY

We strongly believe that everyone should have access to air travel, regardless of disability or limited mobility. We work with the aviation industry to promote assisted travel and improve the consistency of the services provided by airports and airlines.

In 2025 5.9 million passengers requested assistance at UK airports, more than ever seen before. That's approximately 2.01 percent of total passengers, an increase from 0.94 percent in 2010.

We believe it's important that passengers have accurate information on these services. To help with this we publish an annual Airport Accessibility Report. This ranks the performance of UK airports on the assistance services they provide to disabled and less mobile passengers.

This report assesses all UK airports that handle more than 150,000 passengers in a calendar year against a key set of standards for airports.

The framework details the minimum expectations for the provision of assistance for passengers with disabilities and reduced mobility and commits to publishing accessibility results annually in order to hold the aviation industry to account.

Since it was launched in 2014 this initiative has facilitated significant improvements in accessibility, including millions of pounds of investment in improved service and facilities in airports across the UK. Wider improvements have also been made to include assistance for passengers in other areas such as neurodiversity.

Using the framework, airports are assessed in three areas: Performance against waiting time targets for arriving and departing passengers including accuracy and robustness of data collection; a satisfaction survey of users of the assistance service; and consultation with disabled individuals and organisations, through access forums.

2025 results

The report shows that 11 airports achieved a 'very good' rating:

Belfast City, East Midlands, Newcastle and Teesside: retained their 'very good' rating.

Aberdeen, Belfast International, Bournemouth, Exeter, and London Luton: all improved on last year's 'Good' rating.

Cardiff and London Gatwick both improved significantly after being ranked as 'needs improvement' last year.

The majority of airports, 14 in total, received a 'good' ranking:

Bristol, Liverpool and Norwich showed major improvement after being rated as 'needs improvement' last year.

Birmingham, Inverness, London City and Manchester all retained a 'good' rating this year.

City of Derry, Cornwall Newquay, Glasgow, Leeds Bradford, London Stansted, London Southend and Southampton were also rated as 'good' in this year's assessment.



Three airports were rated in the 'needs improvement' category:

London Heathrow – The airport failed to assure us that the data it provided on waiting time standards at Terminal 3 was an accurate reflection of the provision of service, meaning it is not clear that waiting time standards were met. Otherwise it had generally good service levels at Terminals, 2,4 and 5.

Edinburgh - did not meet the standards for the provision of assistance in a timely manner, primarily due to operational issues caused by

a change of contractor for its service provider earlier in the year, which now appears to be resolved.

Glasgow Prestwick - failed to meet the standards to consult with disabled groups and individuals, although it has now committed to putting in place an access forum.

All of the airports rated as 'needs improvement' last year are all now rated good (**Bristol, Liverpool and Norwich**) or very good (**Cardiff and London Gatwick.**)

Our Review of Business continued

Supporting growth in aviation

We support growth across all areas of aerospace. Airport expansion is a key element of this and we recognise the importance of the efficient and effective expansion of capacity at Heathrow Airport to the wider economy, airlines and consumers. To support this, we are seeking to develop the regulatory framework to deliver the best outcomes for consumers and support the Government's timetable for the delivery of expansion.

We currently have three economic regulation projects underway covering Heathrow. Our regular review covers our ongoing role of setting a price control on the airport's charges for its existing capacity, given its market power.

Our two other projects are more directly linked to the airport's proposed expansion. One looks at how our economic regulation of the airport could be developed to deliver improved outcomes in the interests of consumers. The second considers how Heathrow Airport Limited, and any other credible developers with sufficiently mature proposals, can recover early planning costs associated with capacity expansion. During the year we published two consultations on this.

"Airspace is one of the UK's most important pieces of national infrastructure. If we want our aviation system to grow in line with planning system decisions, be resilient, compete internationally, and adapt to new technologies, the way we manage and modernise that airspace must also evolve."

Rob Bishton, Chief Executive

Enabling growth in airport capacity is inextricably linked to plans to modernise our airspace. The UK needs safe, efficient and resilient airspace to realise the increase in capacity that runway development will deliver. Modernised airspace designs will deliver this while taking account of the Government's airport national policy statement and air navigation guidance. In time, it will also facilitate the safe integration of new and innovative types of aircraft with existing airspace users.

"Our eVTOL Delivery Model outlines how we as a regulator are working to enable this new industry to operate with the highest safety standards, and our ambition to put in place the regulatory framework to facilitate commercial eVTOL operations in the UK by the end of 2028 in line with the government's objectives."

Sophie O'Sullivan, Director Future Safety and Innovation

Space

The space industry is becoming a significant user of our airspace. Following our approval last year of the UK's first vertical launch spaceport at SaxaVord, August 2025 saw the first vertical launch licence granted to a UK based rocket company, Skyrora, that will use the site to launch and operate its sub-orbital Skylark L vehicle.

We will continue to monitor the company to make sure it adheres to the terms of its licence and it prioritises safety. Ongoing monitoring is a significant part of our work, driving high safety standards across the space sector.

"These are exciting times for our sector – we are close to seeing vertical space launches in the UK and drone deliveries becoming an accepted part of our everyday airspace activity."

Giancarlo Buono, Group Director of Safety and Airspace Regulation

Innovation

Enabling safe innovation by UK aerospace is a key part of our role. This includes drones, particularly their use for delivering items and inspecting infrastructure.

We have a roadmap in place to allow drone flying over significant distances, such as deliveries, which is known as Beyond Visual Line of Sight, as a routine event by 2027.

Another key development area for us is facilitating the safe introduction of Advanced Air Mobility (AAM) aircraft (also commonly referred to as electric vertical take-off and landing). The emergence of these aircraft offers new opportunities for the industry and the potential to reshape how people travel, and goods are delivered.

The challenge of enabling AAM aircraft is not exclusive to the UK. We therefore developed and signed a roadmap agreement in June 2025 with Australia, Canada, New Zealand and the United States to ensure safety, foster collaboration, and promote technological innovation. It also aims to streamline the certification and validation process for new aircraft types across international boundaries.

During the year we became the UK market surveillance authority for drones. This entails us enforcing product standards and ensuring all manufacturers and distributors comply with UK product safety regulations.

As well as actively pursuing the benefits technology can deliver, such as our continued work to develop our artificial intelligence capability, we are also acutely aware of the risk that such technologies can bring. During the year we sought to both protect ourselves from cyber security attacks and advise industry on best practice around their own defences.

"Aerospace faces a wide range of challenges over the coming years, meaning international collaboration has never been more important. We set out to build trust, work with others, and share our expertise and knowledge to achieve common goals."

Ben Alcott, Professional Services Group Director

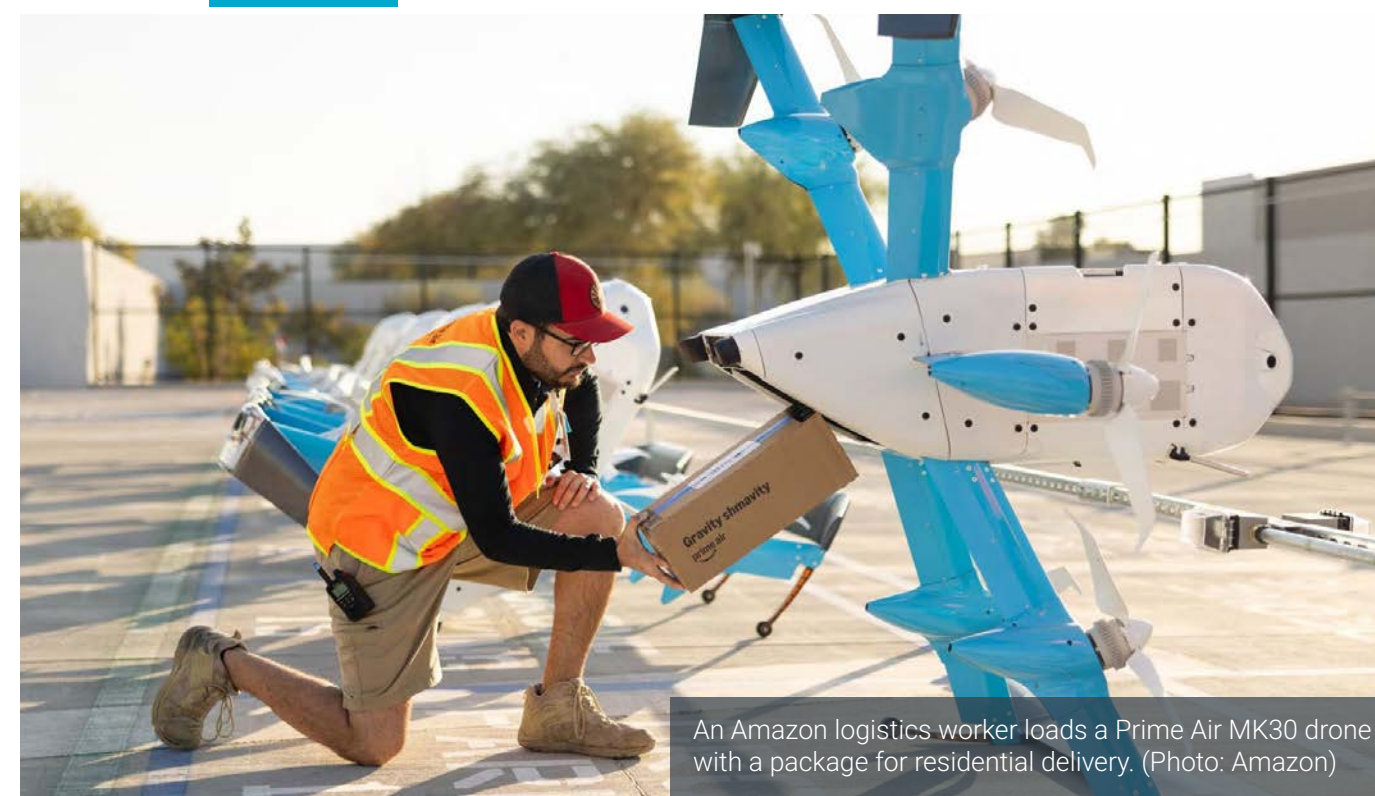
AMAZON DRONE DELIVERY TRIAL

For the past decade the idea of using drones for delivering items has been one of the most talked about uses of the new technology. For several years the UK has run limited trials of delivery flights, primarily for medical purposes. But making drone deliveries an everyday occurrence is one of the most challenging aspects of the aspirations for the technology.

We have a roadmap in place to allow this kind of flying, known as Beyond Visual Line of Sight, as a routine event by 2027.

Key to this happening is the expansion of successful trials that enable the drone industry to gain more experience alongside the collection of more data and evidence to allow us to make regulatory decisions.

One of the highest profile projects is seeing us work with the Department for Transport and Darlington Council to facilitate an initial roll-out of a parcel delivery service by Amazon using drones, known as Prime Air.



An Amazon logistics worker loads a Prime Air MK30 drone with a package for residential delivery. (Photo: Amazon)

This case study highlights one of the drone delivery projects in the UK that has been developed in close collaboration with us.

Following our safety and airspace approvals, Amazon Prime Air launched a limited drone delivery service at the beginning of 2026. This enabled the company to deliver packages to Amazon customers, from their fulfilment centre on the outskirts of Darlington while coordinating with the nearby air traffic control service at Teesside International Airport.

The rollout of the main operation sees deliveries taking place in an approved area that covers a 12km radius from Amazon's fulfilment centre.

Amazon's latest MK30 drones, equipped with a state-of-the-art Detect and Avoid

technology, will deliver a range of goods from the Amazon catalogue that are under 2.3kg. Initially up to ten flights an hour will take place with Teesside air traffic providing airspace management. Eligible Amazon customers within the delivery radius will be able to choose to have their orders delivered by drone in under two hours from placing an order.

During the delivery phase of flight, the drones scan the area below using onboard cameras and radar to ensure the delivery area remains clear. It will abort if the drone detects people, animals or obstacles like garden furniture, poles, or vehicles within the area.

Prime Air's MK30 drone is equipped with multiple fail-safe systems, including redundancy for flight-critical systems, multiple rotors and, if it loses communications with the base operation, it will auto land in the nearest safe location.

The drones are also monitored by a remote pilot or 'flight monitor'. Initially this will be on a one person to one drone basis, expanding to one person covering multiple drones. At any time, the remote pilot can cancel the flight and instruct the drone to return to base.

The MK30 is equipped with Detect and Avoid capability to remain well clear of other airspace users. As part of the regulatory Sandbox, Amazon also coordinates with Teesside air traffic control, ensuring the remote pilot can immediately land the drone or keep it well clear of any emergency flights, such as air ambulances. Other aviation traffic is kept separate by the temporary airspace restriction for the trial unless being coordinated by air traffic control.

We will continually monitor the safety of the operation. Amazon will provide significant data and feedback on the progress to enable us to factor this information into future approvals and policy.



prime air

Our Review of Business continued

Sustainability

While aviation has many benefits, it also has obvious environmental impacts. We have a role in helping the sector understand, mitigate and reduce these impacts. Plus, where possible, reducing them while keeping the system safe and efficient.

A key part of our work is providing accurate data and analysis to help industry and consumers make better informed decisions around sustainability. Our full sustainability strategy is available on our [website](#).

Value for money, efficiency and customer experience and modernisation

Making it easy and transparent for our stakeholders to deal with us not only improves their experience but can also help to raise levels of regulatory compliance. Our customer experience and modernisation programme has continued at pace this year with particular emphasis on seeking to understand our licensing customers' needs and building the platform for new digital services, the first of which has been launched.

Value for money and cost efficiency are key, but so is the standard of service and ability to meet stakeholder and Government requirements. To enable this, we have continued to grow our innovation and consumer teams to ensure they are equipped to both enable growth and protect consumers. We provide more information on these areas in our Efficiency Report on page 62 to 72

“Effective regulation helps enable the safe growth of the aerospace sector. Alongside the need to invest in our services and capabilities, we also recognise the financial pressures facing the aerospace sector.”

Tracey Martin, Chief Financial & Operating Officer

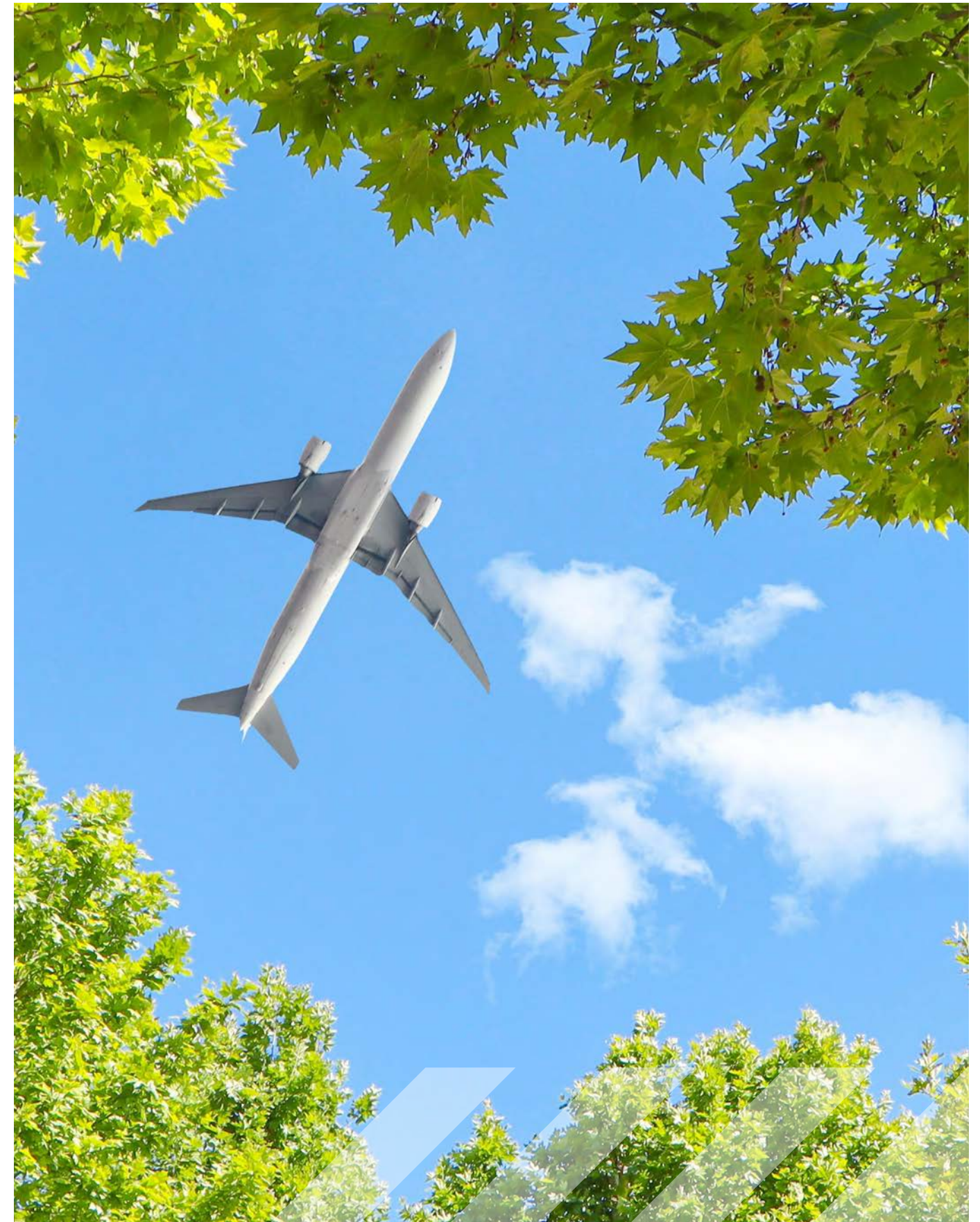
Engagement and focusing on continual improvement of our people capabilities

Our focus has remained on the key areas of our people strategy, optimising our talent while strengthening capability and culture. We set out to help individuals thrive in a culture that places people at the heart of all we do.

Our People Committee report at page 98 summarises the work during the year under review to drive these outcomes.



Scan QR Code or click [here](#) to read more about the CAA's environmental sustainability strategy.





OPPORTUNITIES IN AVIATION & AEROSPACE

Since its launch in June 2020, our Science, Technology, Engineering, and Mathematics (STEM) Programme has grown into a powerful force for inspiring the next generation of aviation and aerospace professionals.

Funded by the UK Department for Transport, the programme has expanded significantly in both scale and impact, reaching over 500,000 young people across the UK and beyond and become an award-winning programme.

At its core, the CAA STEM Programme exists to inform, inspire, and influence future career choices, opening doors to opportunities in STEM, aviation, and aerospace through meaningful engagement and partnerships.

The need for a strong STEM pipeline has never been greater. The aviation and aerospace sectors, like many technical industries, are facing a growing skills gap. At the same time, many talent pools remain underrepresented, limiting diversity and innovation within the workforce.



INSPIRING THE FUTURE: OUR STEM PROGRAMME

Finding the future generations that will fill key roles in the UK's aerospace industry is something we are fully committed to.

Our programme is addressing this challenge head-on by:

- > Working to inspiring young people to explore careers in STEM, aviation and aerospace, to support and encourage their future career choices;
- > positively supporting efforts to increase diversity with a focus on addressing root causes which prevent inclusivity;
- > understanding ambitions and interests of all currently under-represented groups to create opportunities which are inclusive and engaging for all;

- > challenging misconceptions and stereotypes about careers in STEM and aviation and aerospace; and
- > where possible, influencing industry to keep encouraging and supporting STEM.

A growing national effort

Over the past five years, the programme has evolved into a comprehensive national initiative, delivering impact through outreach, partnerships, and digital engagement.

Our Reach for the Sky programme provides funding to organisations delivering aviation outreach activities and our own programme connects with students through a wide range of activities, including:

- > Careers events across primary, secondary, and higher education;
- > air shows and national STEM events;
- > mentoring platforms and partner collaborations;
- > hosted events at CAA offices; and
- > volunteer-led outreach activities.

Powered by our people

A key strength of the programme is its dedicated volunteer network. Today, more than 240 of our colleagues actively support our STEM outreach, sharing their knowledge, career journeys, and insights into the aviation industry.

In 2025 alone, these volunteers supported over 100 STEM events, helping to showcase the wide range of roles and pathways available within aviation and aerospace.

OUR PEOPLE, OUR VALUES, OUR COMMITMENTS

Our one-CAA approach underpins our people strategy to create a high-performing, values-based organisation. It is based on shared accountability where we all have a role to play in creating a culture and work environment where everyone's best talents are used to deliver the people strategy and realise our vision.

Our greatest resource is the expertise and commitment of our people and their skills and knowledge which makes us a world leading

aerospace regulator. Our colleagues have the experience and knowledge to both regulate and guide the industry to achieve outcomes that maintain high levels of safety, while also enabling the UK's aerospace system to grow and develop.

It is therefore critical that we recruit well and that we provide an environment which enables colleagues to develop and thrive. This allows us to continue to perform at the highest level.

Our Values

Our culture is supported by our four values which underpin how we operate:



Do the right thing

we always do the right thing, not the easy thing, to achieve our vision and mission



Respect everyone

we know, and show, that everyone deserves respect



Never stop learning

we're always open to challenging our thinking



Build collaborative relationships

we have common goals and we use our diverse experiences, skills and knowledge to achieve them

Recognising our colleagues' achievements

Throughout the year we seek to recognise and celebrate our colleagues' achievements. That could be recognition of the help or skill of a team member, or one of our internal events for quarterly and yearly award winners.

Awards can range from teams completing a challenging programme of work to individuals that have implemented new time-saving processes.

When we recognise colleagues, we don't just honour their achievements, we inspire more of what makes us great as an organisation and helps us to follow our values. The scheme and events strengthen our culture and reminds us that success is shaped not just by what we achieve, but by how we achieve it together.



"I'm really grateful to have received this award. It meant a great deal to have the work I do recognised, especially as I was nominated by my colleagues." **Fabienne**



Daneille, Henry, Emily, Martha, John, Helayna, Kayla and Joel being presented with the Respect Everyone team award by Rob for establishing a welcoming and thriving Early Careers Colleague Network that strengthens collaboration, fosters inclusion and enhances workplace culture.



Paul receiving the Build Collaborative Relationships individual award for his outstanding contribution to cross-organisational projects, where he represented the UK as a highly effective and trusted global partner.



Sir Stephen presenting Kirsty with an individual award in recognition of her professionalism, transparency and strong commitment to the organisation's value of Doing the Right Thing.

LOOKING FORWARD



Sir Stephen Hillier,
Chair

Rob Bishton,
Chief Executive

“Looking forward to the coming year we will of course continue to place safety, security and wider consumer protection at the heart of everything we do.

Our new Annual Strategic Objectives (ASO's) set out a clear path for the organisation that makes sure we continue to undertake our core remit to the highest standards and also that we maintain our focus on value for money, customer service and supporting the Governments Growth Mission.”

Balancing our strategic delivery

Our ASO's and their balance across the strategic focus areas reflect the resources, functions, Government funding and stakeholder expectations for each area.

Protecting people underpins our mission, the bulk of our functions, our resource allocation, and public expectation of us, so the majority of our ASOs sit in this area.

The level of stakeholder focus on enabling innovation and growth is reflected there, and the vital importance of ensuring the CAA is set up to deliver is underlined by those within the Enhancing our Organisation area.

The strategic importance of working effectively globally and improving environmental performance is clear from their positions as ASOs, and this reflects the CAA's deep and specific role in furthering those ambitions.

Annual Strategic Objectives for 2026/27



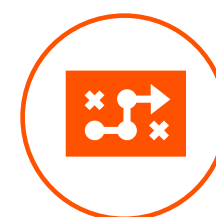
Protecting consumers and the public

- > Deliver our safety **oversight and policy** enhancements programme.
- > Support the sector in embedding and driving value from **next generation security checkpoints**.
- > Improve industry compliance with **passengers' rights**.
- > **Regulate Heathrow**, including capacity expansion, to further the interests of consumer.
- > **Reform CAA legislative frameworks** to cut burdens and drive growth.
- > Deliver a prioritised set of targeted **sector resilience** improvements.



Enabling aviation and aerospace to innovate and grow

- > Deliver the next phase of the **remotely piloted aircraft systems (RPAS) regulatory pathway**.
- > Deliver the next phase of the **commercial piloted electric vertical take-off and landing aircraft (eVTOL) regulatory pathway**.
- > Advance the **Airspace Modernisation** programme to support Future of Flight (FoF) and traditional operations.
- > Enable aviation's adoption of **Artificial Intelligence** tools to enhance safety, security and consumer value.



Enhancing our organisation to deliver this strategy

- > Enhance our regulatory and business operations to **drive and demonstrate service value** through operational frameworks, impact reporting and the benefits from continued AI tool adoption.
- > Strengthen the CAA's **Employee Value Proposition (EVP)**.
- > Elevate Senior **Leadership Capability** across the CAA.
- > Deliver a new **digital service for Flight Crew Licensing (FCL)** and conclude initial phase of the **Future Surveillance Operating Model (FOSM)** in readiness to implement September 2027. Trial a Service Ownership model and propose a scalable solution for CAA wide adoption.



Supporting aviation to improve environmental sustainability

- > Develop regulatory pathways for **future propulsion** including hydrogen-powered flight.
- > Deliver enhanced **environmental information and reporting**.



Developing relationships to improve standards globally

- > Leverage our **global relationships** to support delivery across all strategic objectives.

Companies Act s. 172 Statement

Below we set out how we seek to keep all our stakeholders and colleagues aware of and involved in our work. This section explains how we have fulfilled our obligations set out in Section 172(1) (a) to (f) of the Companies Act 2006.

Our approach

When carrying out our remit it is important we consider how our actions and decisions will affect our many and varied stakeholders.

Our Board therefore consider:

- > The consequences of our action or inaction for consumers and the public;
- > the importance of maintaining sound relationships with regulated entities, consumer and special interest groups, other public authorities and institutions, international stakeholders, suppliers and business partners;
- > the role of and impact on our employees; and
- > members of the Board, its Executive Committee and many of our colleagues engage regularly with a range of key stakeholders to understand the concerns and interests of industry, users and consumers.

As well as this direct contact we seek to use all the channels at our disposal to engage and consult with our stakeholders and audiences. These can range from formal regulatory consultations to using targeted social media as an education and awareness tool.

Those we regulate

Providing industry with timely, targeted and useful information is key. We always seek to use the most appropriate channels to reach a specific audience. We continue to monitor our channels to adapt, add or remove them based on use and feedback.

Our Skywise system, that allows anyone to sign up for tailored email alerts by topic or subject area, now has over 36,000 subscribers. During the year we have continued to evolve our website with constant reviews of content and the additions of new sections and features to improve use.

Safety promotion and education is a key tool in enabling those we regulate to take action to improve their safety. We have continued our extensive campaign to raise drone safety awareness with users. This included information on rule changes and safely integrating with other airspace users.

The other key community for our safety education is general aviation. As in previous years we have produced safety leaflets and videos on various risk areas.

Consumers

We exist primarily to protect consumers and those affected by aerospace. Consumer rights and passenger's financial protection is a key element of this. Having clear and available information helps consumers to make informed choices and understand their rights. We make use of a variety of media channels and online resources, including our social media feeds to make this information available. We have again this year made successful use of social media to alert passengers to their rights in times of disruption.

Colleagues

Our Board recognises that our employees are key to effective performance. We consider the wellbeing of every colleague to be of the utmost importance and we seek to support and enable wellbeing as a core element of 'business as usual'. Our Wellbeing Board meets monthly and is responsible for the implementation of all necessary actions.

The Board makes every effort to engage with colleagues and oversees a range of actions designed to foster real employee engagement. Board meetings are hosted across our offices which colleagues can observe. Our Employee Forum meets regularly and offers our elected employee representatives an opportunity to discuss matters of interest or concern with our leadership. We also meet bi-monthly with our recognised trade union representatives to discuss a range of matters important to our colleagues through the Joint Negotiation and Consultation Committee.

We have a colleague 'Speak Up' process providing guidance on what to report and to whom. The programme is backed up by recourse to independent investigation and oversight where necessary or appropriate. The Board receives an annual report on all confidential reporting. Our People Committee regularly reviews colleague cultural issues and in the future our Audit and Risk Assurance Committee will undertake similar reviews.

Government

Through our prime sponsor, the Department for Transport, we have continued to actively support the UK Government's programmes on growth, future flight and sustainability. We have regular contact with officials in various departments to make sure we are fully aligned with Government aims.

Those we work with

Our counterparts and partners across the world range from the International Civil Aviation Organisation (ICAO) to other national regulators. We use a variety of fora, working groups and project team contacts to coordinate work and information and share best practice across these communities.

Our advisory arm, CAA International, continue to help regulators around the world. While on a national level, we work with bodies such as the Military Aviation Authority and Health and Safety Executive to make sure there is close coordination on shared areas of regulation.

In addition to meeting all relevant legal requirements, such as those relating to Modern Slavery, we actively participate in initiatives of wider societal impact. We undertake extensive STEM related work including direct engagement with schools and colleges. We are a signatory to the Women in Aviation and Aerospace Charter and colleagues actively support programmes designed to encourage girls and women to pursue careers in science and technology.

Risk Management

Our framework and approach

We have an established Enterprise Risk Management Framework (ERMF). It is embedded across the organisation to ensure that we apply a consistent approach to identifying, assessing, and mitigating risks.

Our Regulatory Safety Management System is a core part of the ERMF. It is the mechanism we use to provide oversight of aviation safety risks owned and managed by the industry. Given the technical nature of these risks they are managed through a separate governance structure to other risks.



Risk reporting is standard practice in our business areas. Risks are escalated where necessary, supported by our central risk function.

Regular updates are provided to the Board on any significant changes to our top risks. The Executive Committee and Board conduct periodic reviews to ensure all key risks are captured and are being managed effectively.

Our Audit and Risk Assurance Committee (ARAC) receives regular updates on the overall health of our risk management processes, reviews our principal risks and provides advice and challenge on any areas for improvement.

Mitigations to manage our principal risks are included within our business plan as appropriate and help to underpin the sustainability of the business. Our risk framework also includes opportunity risks as well as downside threats.

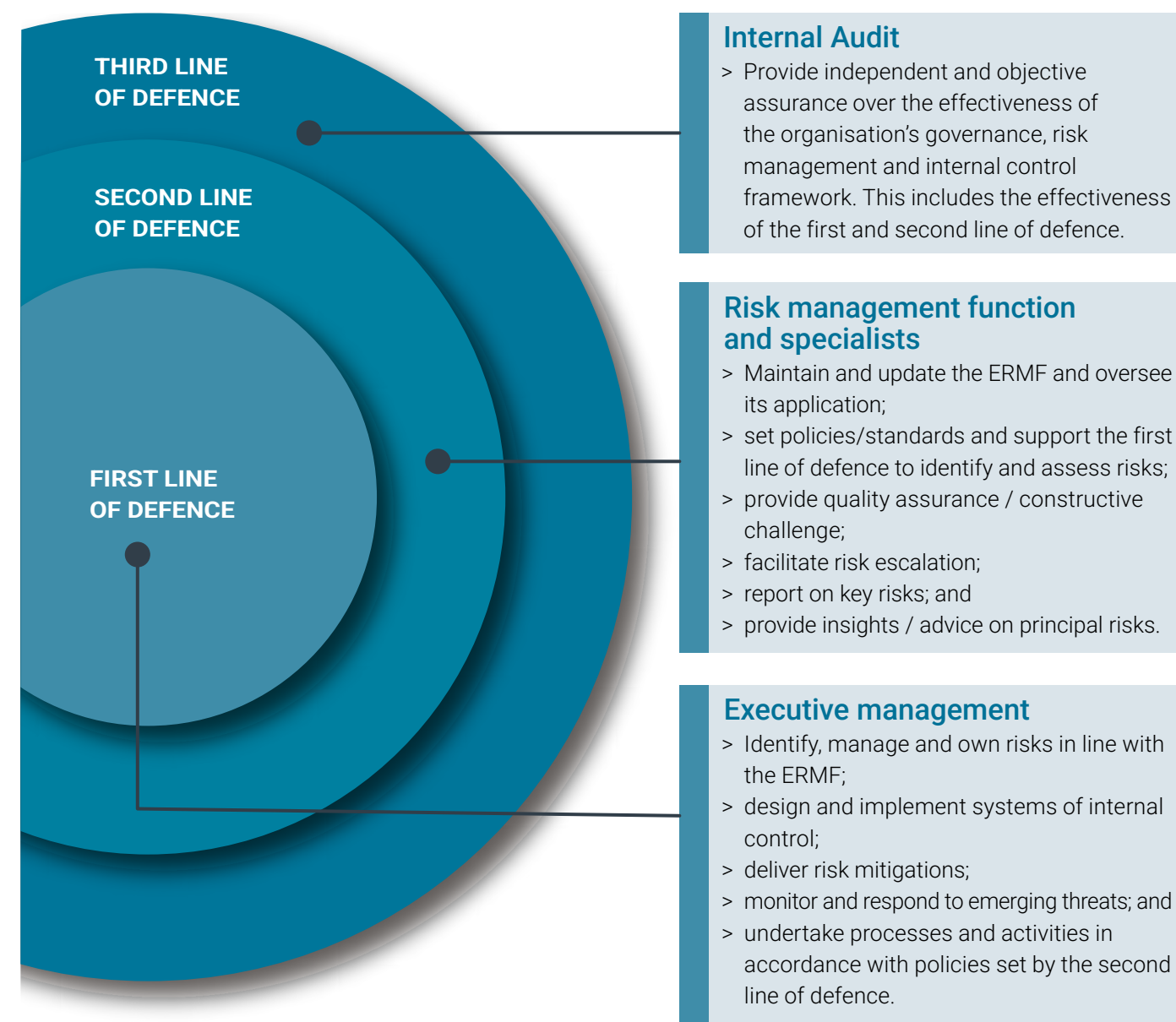
We continue to evolve our enterprise risk management arrangements using the advice of our ARAC and best practice. During the year we made good progress in further developing our three lines model. This included defining roles and responsibilities which we are now communicating to all our colleagues.

Risk appetite

During the period we made significant progress in defining our risk appetite. Working with our Board we developed risk appetite statements covering a range of key risk areas that are relevant to all our colleagues, such as information security, health and safety and change management.

These statements provide a baseline set of parameters to guide the organisation on how much risk to take. Our risk appetite ranges from 'averse' for risks such as fraud through to 'open' on change, where taking some risk maybe necessary to realise the benefits this can bring.

Our three lines model:



Risk Management continued

Our five risk appetite levels



‘Averse’ (red) means we wish to take very little risk and avoid this altogether where possible, whereas ‘open’ and ‘very high’ (green) means we will take more risk if the benefits outweigh any downsides and these are manageable.

Our risk appetite statements are now being communicated to all colleagues and risk appetite will be embedded as a key factor in organisational decision making.

Key risks

A core element of our ERMF is the categorisation of risks, which encourages us to consider risk as widely as possible. We have three risk categories:

- > **Consumer and public risks** - these are risks which could impact directly on consumers and the public. We do not own these risks as they are relevant to others, such as industry or the Government. Our role is to ensure that these risks are effectively managed through our regulatory activities;
- > **Strategic risks** - risks to the delivery of our strategy; and
- > **Business risks** - routine risks to our day-to-day operations / the running of the organisation including compliance with legislation.

A summary of the overarching risks in the consumer and public category that our work seeks to influence, followed by the principal risks to the organisation (in the strategic and business categories), are set out across the following pages.

Each risk is linked to one or more of our strategic focus areas:

- Protecting consumers and the public **(Protecting consumers)**
- Enabling aviation and aerospace to innovate and grow **(Enabling aviation)**
- Developing relationships to improve standards globally **(Global standards)**
- Supporting aviation to improve environmental sustainability **(Environment)**
- Enhancing our organisation to deliver our strategy **(Enhancing CAA)**

Protecting consumers
 Enabling aviation
 Global standards
 Environment
 Enhancing CAA

Consumer and Public Risks

Description	Strategic Focus Area	Key Mitigations
Aviation Safety Commercial air transport accidents in the UK or affecting UK passengers globally. This includes remotely piloted aircraft systems, and space flights. General aviation accidents in the UK.		We oversee the UK aviation sector’s compliance with the required safety standards and the management of the safety risks it owns. We use a performance-based approach to target our resources and ensure the industry addresses any weaknesses we identify. Our Key Risk Area methodology helps us to focus on industry-wide safety risks. During the year we’ve embedded this approach further and are leading the State Safety Board in adopting this. Where we identify significant safety threats (such as the carriage of Lithium-Ion batteries, the effects of radio frequency interference and the effects of changing climate), we take a holistic approach to improve the mitigations. This includes engaging with industry, reviewing the regulations, prioritising our oversight activity, safety promotion campaigns and collaborating with international partners. We also continue to ensure the industry maintains appropriate resilience in key performance and supply chain areas. Our work also includes enabling new aviation technologies to enter the aviation system, this includes ensuring that any associated safety risks have been identified and addressed.

Risk Management continued



Consumer and Public Risks continued

Description	Strategic Focus Area	Key Mitigations
Aviation Security (including cyber security) A terrorist or other malicious attack at a UK airport or on an aircraft. A cyber-attack on aviation services / infrastructure.		We work to ensure security regulations reflect and remain proportionate to the threat. Through our oversight activity we monitor the regulated industry's compliance with UK and international law. This includes ensuring that the aviation industry addresses any improvements required. During the year the roll out of advanced screening equipment at all regulated UK airports was completed. We made a significant contribution to this work which has led to enhanced security detection capability and better passenger experience. The threat of cyber-attacks in the UK continues to increase. This includes the UK aviation industry and its supply chain, such as the cyber-attack that affected a third-party supplier at Heathrow Airport in September 2025. We continue to work with industry to learn any lessons when cyber-attacks occur. We also continue to oversee industry compliance with the Cyber Assessment Framework (CAF). This framework helps to ensure that industry enhances their cyber security arrangements where needed. We continue to see good compliance levels by industry but are cognisant that the threat continues to evolve and we will continue to adapt our approach accordingly.



Description	Strategic Focus Area	Key Mitigations
Consumer choice and fair treatment Consumers are provided with air transport services which do not perform as expected and consumers have difficulties seeking redress. Consumers are stranded abroad following a UK tour operator failure(s).		When transport services do not perform as expected, we work to ensure the industry meets its obligations to consumers and take enforcement action where necessary. This includes consumers that might need additional help accessing air travel. When disruption occurs we also make sure consumers are aware of their consumer rights. Over the past six months we significantly expanded our Consumer Protection Team. This team has now begun a broad range of work which increases our oversight of industry. As part of this work we launched our compliance programme into how well airlines comply with their obligations to consumers who face disruption. We also commenced our first review under the Airlines Accessibility Framework. During the year we published research into airline communication with passengers during disruption. Additionally, we published our independent review of the service Alternative Dispute Resolution provides to consumers. Over the next year we will be considering how we take forward the outputs of these pieces of work. Our economic regulation of airports and air traffic services also furthers the interests of consumers in areas such as cost and service quality. During the year we expanded our Economic Regulation, Competition & Policy Team and developed a programme of work covering Heathrow Airport expansion. We operate the Air Travel Organisers' Licence scheme to protect consumers in the event of a failure of a UK tour operator(s). This includes repatriation and payment of claims for which we work closely with (and act as agent for) the Air Travel Trust.

Risk Management continued



Consumer and Public Risks continued

Description	Strategic Focus Area	Key Mitigations
Environment Insufficient action is taken to reduce the impacts of aviation (and its contribution to climate change). Or the actions taken disproportionately affect consumers (higher prices and less choice). This risk also includes the aviation sectors ability to adapt to a changing climate.		We have a sustainability strategy and a dedicated team to support the sector to achieve key sustainability outcomes, as well as fulfilling our statutory role and supporting Government. During the year we expanded our hydrogen testing sandbox and we continue to develop new regulatory frameworks and standards for these low carbon propulsion systems, In December 2025 we published the annual Aviation Environmental Review. This provides improved and more comprehensive reporting on the sector’s environmental performance. We have also now published our consumer environmental information framework which will help to ensure that consumers have more accurate and transparent information on the environmental impacts of aviation (at the point of booking flights). A programme of work is also progressing to deliver the recommendations set out in Department for Transport’s (DfT) Climate Adaption Strategy for Transport.



Principal Strategic and Business Risks

Description	Strategic Focus Area	Key Mitigations
Engagement and influence We might be unable to drive sufficient progress in key areas where we do not hold all the levers and delivery is the responsibility of others, such as sector resilience and airspace modernisation. This may mean opportunities for industry wide improvements are delayed and the benefits might not be fully realised.		We share areas of best practice and areas that require improvement with the sector through our engagement channels, such as relevant groups/forums (this includes areas where we may not hold all the levers/delivery responsibility). We use our convening powers and influence to bring stakeholders together and seek consensus on key areas for improvement, such as industry capacity and resilience to meet growing demand. During the year we developed a range of additional actions we will take to help further enhance resilience in the short to medium term. Alongside this we will be developing a strategy to address longer-term resilience challenges. We continue to actively engage and partner with government where we consider changes in policy and legislation may be required, such as airspace modernisation which we jointly sponsor with the DfT. During the year we provided advice to the DfT on the launch of a consultation on changes to the air navigation directions and guidance to help support airspace modernisation delivery. The CAA also led on work this year to establish a new UK Airspace Delivery Service (UKADS) to help to better plan and progress airspace changes and support change proposers. The UKADS will be fully stood up during 2026.

Risk Management continued



Principal Strategic and Business Risks continued

Description	Strategic Focus Area	Key Mitigations
Demand management We may not be able to meet demand and expectations for our regulatory work (this includes the potential for capacity challenges to arise in some areas). Delays and backlogs could occur which might impact on the aviation industry, our customers and other stakeholders.		Our Executive Committee (ExCo) continues to oversee performance across the organisation and make prioritisation decisions where needed. When appropriate we initiate recruitment to help ensure that we maintain the capacity/ capabilities we need to support our work on government growth priorities and other key areas. During the year this included expanding our teams to cover Heathrow expansion and broaden our consumer protection oversight (referenced earlier in this report). We continue to make organisational changes where necessary so we are structured in the right way to meet demand. We are also exploring the use of Artificial Intelligence to streamline some processes. Our future safety and innovation team continues to manage demand and expectations in relation to emerging aviation technologies. During the year we published a Beyond Visual Line of Sight Roadmap and an Electric Vertical Take-off and Landing Delivery model to give industry clarity on what to expect and when. Work also continues on our customer experience programme to enhance the services we provide to our customers. This includes making our services as efficient and effective as possible which will help us keep up with demand.



Description	Strategic Focus Area	Key Mitigations
Information security and management Information stored and processed by the organisation may become unavailable or corrupted. Sensitive information may be unduly disclosed. We may not fully comply with applicable legislation and standards.		We maintain a range of measures to protect the information we hold, supported by established policies, controls and oversight arrangements. These are de-signed to manage cyber security risks affecting the CAA and support the continued delivery of our services. We monitor our systems to help identify and respond to potential security issues and maintain arrangements to support the effective management of any incidents should they occur. Our approach to cyber security is subject to regular review, including independent assurance activity, to ensure it remains appropriate and effective in the context of an evolving threat landscape. We also assess our arrangements against recognised government frameworks and standards and take action to address any identified improvements. Our control measures are also designed to help ensure that information, including personal data, is handled in accordance with applicable legislation, standards and regulatory requirements.

Risk Management continued



Principal Strategic and Business Risks continued

Description	Strategic Focus Area	Key Mitigations
Financial exposure Changes in the income we receive from industry (as a result of macro-economic conditions) or from Government (due to funding constraints / changing priorities) could create financial pressures. We may be unable to secure funding streams for new aviation activities. Changes in the financial markets could increase the liabilities of the Defined Benefit Pension Scheme.		We continue to monitor the status of the industry and how this might affect our income. Issues might include potential changes to consumer booking levels and reductions in the level of Government funding. We will take mitigating actions to minimise the impact any changes to our income could have on our operations which might (for example) include a review of project activity and resource allocation. Our funding structure reform programme is underway to develop a new and more sustainable funding model which includes securing funding for new aviation activities, addressing cumulative inflationary pressures and on-going investment in service provision. We have introduced incremental improvements already and are on track to roll out the new structure in full from 1 April 2027. We continue to work with the CAA Pension Scheme (CAAPS) and our advisors around changes in financial markets and how this might affect our Defined Benefit Pension Scheme. The latest triennial valuation of CAAPS concluded during the year with no increase to contribution requirements.

Emerging risks

Our Strategic Research and Intelligence Team undertakes horizon scanning to identify emerging and future risks. Over the past year this has included monitoring developments in relation to new aviation technologies, while widening our focus to cover broader strategic drivers that may affect safety, security and consumer protection in the future.

This work is supported by a network of horizon scanning champions across the organisation and aims to help us prepare for any regulatory adaptation or increased readiness that may be required.

During 2026/27 we will be expanding our programme of interactive workshops with internal and external stakeholders and continuing to trial new ways of working to strengthen our ability to anticipate and respond to changes in our external environment.

In addition, the Board undertakes an annual exercise to consider emerging risks. This is a dedicated session that enables Non-Executive Board members to share any risks they are concerned about beyond those already captured. From 2026/27 this exercise will be undertaken twice a year to reflect the changing global environment and operating conditions.

We also use the advice of independent panels of external experts to gain insights on key topics and any associated emerging risks.

Climate change

We recognise climate change will lead to more extreme weather events which impact how we work, such as physical risks to our staff and infrastructure. We do not currently consider climate change as a significant threat to our viability and therefore is not denoted as principal risk, but we will continue to actively monitor this.

We continue to improve our own environmental performance. For more information on this, see our corporate environmental sustainability section on pages 74 to 79.

Chief Financial and Operating Officer's Statement

Delivering value in a changing environment

Aviation's recent history shows how quickly global and national events can reshape the operating landscape, reinforcing the need to remain financially resilient and operationally responsive. While commercial aviation saw a record-breaking 2025, the wider aviation and aerospace sector has continued to face financial challenges, with recent events in the Middle East adding further to this. This changing environment underscores the importance of having clarity in how we operate and demonstrating transparency in the use of our funding.

Against that backdrop, our focus has remained clear: deliver our regulatory responsibilities effectively whilst ensuring value for money for our stakeholders.

Financial performance – a balanced outcome

We delivered a positive financial outturn in 2026, with:

- > Revenue of £221.8m, an increase of 8.1%;
- > operating profit (pre IAS 19) of £4.5m, down by 38.4%; and
- > a rate of return of 7.4%, above our 3.5% target for the regulatory sector.

This performance reflects continued growth in activity across the sector, alongside careful management of costs and sensible timing of investment across the organisation. The year-on-year reduction in our operating profit is consistent with this approach. As activity has expanded, we have increased investment to strengthen our capability and support delivery across a broader and more complex regulatory landscape.

Cost increases during the year have been driven by the expansion of regulatory activity, the growth of our workforce to meet new and emerging demands and continued investment in modernisation and digital capability. These are deliberate choices, ensuring that we remain well positioned to regulate an increasingly complex and evolving aerospace system.

Group operating profit (pre IAS 19) of £4.5m (2025: £7.3m) was followed by IAS 19 pension scheme adjustments of £2.2m (2025: £2.1m) and net interest income of £2.0m (2025: £3.6m), resulting in profit before tax of £8.7m (2025: £13.0m). The estimated tax charge for this year is £2.2m (2025: £3.4m) resulting in a profit after tax of £6.5m (2025: £9.6m).

Delivering value for money

As a regulator funded primarily by industry, we are required to recover the cost of our activities, while demonstrating value for money and transparency in how those funds are used.

This balance has been central to our financial approach this year. We delivered £5.0m (2025: £5.0m) of efficiency savings, consistent with our three-year programme, and these savings have been reinvested directly into improving our services. This helps manage price increases, supports affordability and funds improvements without placing additional burden on stakeholders.

How we operate is just as important as the decisions we make. Stakeholders expect us to be transparent, proportionate and straightforward to engage with and we are making tangible progress against those expectations through improvements to our financial processes, systems and engagement.



Scan QR Code or click [here](#) to watch **Tracey Martin** summarise the CAA's financial performance.

Charges, affordability and transparency

Our funding model is built on full cost recovery in line with statutory requirements and managing public money best practice. During the year, we implemented general price increases below inflation, achieving our commitment to reduce like-for-like prices by 1% against the consumer price index including housing costs (CPIH) over the three-year period to March 2026.

Looking ahead, our 2026/27 charging decisions reflect a similar balance by:

- > Applying inflation linked adjustments to maintain sustainability;
- > funding targeted investments in safety, consumer protection and regulatory reform; and
- > continuing to improve clarity and transparency in how charges are set.

The message from stakeholders in our charging consultation was clear: they value predictability, transparency and evidence of impact. In response, we are planning to publish our first value and impact report in the coming year, improve service performance reporting and provide clearer explanations of how funding translates into outcomes.

Investing in modernisation and efficiency

A central part of our approach to delivering value for money is the continued investment in modernisation and efficiency across the organisation. Our Customer Experience and Modernisation (CX&M) programme is not simply a technology programme; it represents a broader transformation in how we operate and how stakeholders interact with us. Its

target is delivering more efficient, consistent and user-focused services by improving processes, systems and ways of working.

During the year we spent £7.7m on the programme bringing the total investment across the past three years to £17.2m. Importantly, this investment is being funded largely through efficiencies already delivered through our efficiency strategy, rather than via additional charges. Over time, this approach will support a more sustainable cost base, while delivering tangible improvements for those we regulate and providing a platform for longer-term value. All investment in CX&M during the year has been recognised in operating expenditure within the Income Statement.

Capital expenditure during the year totalled £0.7m (2025: £3.7m), comprising IT equipment (£0.6m) and office furniture (£0.1m).

Performance against our financial target

This year we achieved a rate of return of 7.4% (2025:12.8%), compared to the target level of 3.5%. As with our overall financial performance, this outcome should be considered in the context of our cost recovery model. Our objective is not to generate surplus, but to ensure financial stability over time while maintaining the capability required to deliver our statutory responsibilities.

The position this year reflects a combination of timing and delivery factors. The largest element relates to timing differences in capital investment and programme delivery, including amounts set aside to fund future depreciation and support ongoing investment programmes such as our property strategy, contributing approximately 2.8% (£1.7m) to

Chief Financial and Operating Officer's Statement continued

the overall return. In addition, the phasing of recruitment and cost growth during the year, including slower than planned build up of capacity in some areas, contributed a further 1.1% (£0.6m). These factors are largely non-recurring in nature and reflect the profile of investment and delivery across the organisation rather than a structural change in financial performance.

Consistent with our financial governance, any such variances are retained and used to support future investment, manage revenue volatility and maintain financial resilience over the medium term. This ensures that we remain aligned with our objective of delivering a sustainable and balanced financial position, while continuing to invest in improvements that deliver long-term value for money.

Our people and cost base

Our largest area of expenditure understandably remains our people, reflecting who we are and the specialist expertise required to regulate an increasingly complex and evolving aerospace sector.

The year-on-year growth in employment costs has been influenced by the annual pay award and pay progression, reflecting wider economic conditions and the need to maintain a skilled and capable workforce. For 2025/26, an average pay award of approximately 3.8%, alongside standard progression arrangements and a one-off, non-consolidated payment, was implemented across the organisation.

We have also continued to invest in our workforce to support expanding regulatory activity and remit, including areas linked to innovation, consumer protection and economic regulation. As a result, average staff numbers increased by around 80, reflecting the additional capability required and contributing to higher employment costs of £148.2m (2025: £132.4m).

We have maintained a disciplined approach to managing our cost base despite broader inflationary pressures. Although staff numbers intentionally increased steadily throughout the year, the pace of recruitment was slower than budget assumptions, leading to the favourable variance in operating costs compared to target. Targeted recruitment ensures that headcount increases are directed to the areas of greatest impact, while supporting delivery of our statutory responsibilities and maintaining value for money.

Pensions and financial stability

The CAA Pension Scheme (CAAPS) remains a significant element of the Group's financial position. At 31 March 2026, the scheme reported an IAS 19 surplus of £8.9m.

As is typical for defined benefit schemes, differences exist between the accounting position and the funding position. While the most recent actuarial valuation identified a funding deficit, this is being addressed through an agreed long term recovery plan with the scheme Trustees, which extends to 2034 and provides a structured approach to maintaining the scheme's sustainability.

The scheme has also continued to implement its long-term risk management strategy, including the use of insurance buy-in arrangements for pensioner liabilities. Under these arrangements, a significant proportion of the scheme's liabilities are matched by corresponding insurance policies, reducing exposure to future volatility and providing greater certainty over the delivery of member benefits.

Taken together, these measures support a stable and well managed pension position, aligned with our broader approach to financial resilience and long-term planning.

Liquidity and resilience

We maintain a prudent approach to liquidity and financial resilience, ensuring that sufficient resources are available to meet operational requirements while supporting future investment.

At 31 March 2026 the Group reported net cash balances of £49.0m. However, this includes £40.5m of funding received in advance for specific programmes and activities, including airspace modernisation and various Government supported initiatives that extend into future financial periods. When these amounts are excluded, the Group's underlying cash position is approximately £8.5m.

This distinction is important, as it reflects the timing of funding rather than the accumulation of surplus cash. These funds are committed to delivering defined programmes of work and will be utilised over the coming years.

We continue to manage our liquidity conservatively, maintaining appropriate levels of reserves to manage volatility, support planned investment and ensure the organisation can meet its obligations as they fall due. This approach is consistent with our financial governance and objective of delivering a sustainable, balanced financial position over the medium term.

Looking ahead

The outlook for aviation remains positive, but uncertain. We expect continued demand across the sector, alongside further growth in new technologies and emerging markets, while recognising that external pressures such as inflation and geopolitical risk will continue to shape the operating environment.

In this context, our focus remains on maintaining financial discipline, delivering value for money and continuing to invest in modernisation. We will also look to strengthen transparency and engagement with stakeholders, ensuring that our approach remains clear, predictable and well understood.

Ultimately, from a financial perspective, we will continue to ensure that the funding we receive is used efficiently and in a way that delivers real and lasting value to the sector and the public.

Tracey Martin

Chief Financial & Operating Officer

8 July 2026



FINANCIAL KEY PERFORMANCE INDICATORS

“Our objective is not to generate surplus, but to ensure financial stability over time while maintaining the capability required to deliver our statutory responsibilities. The measures presented across these pages provide indicators of how we are performing against this objective.”

Tracey Martin, Chief Financial & Operating Officer.



Group & Regulatory Sector financial performance overview

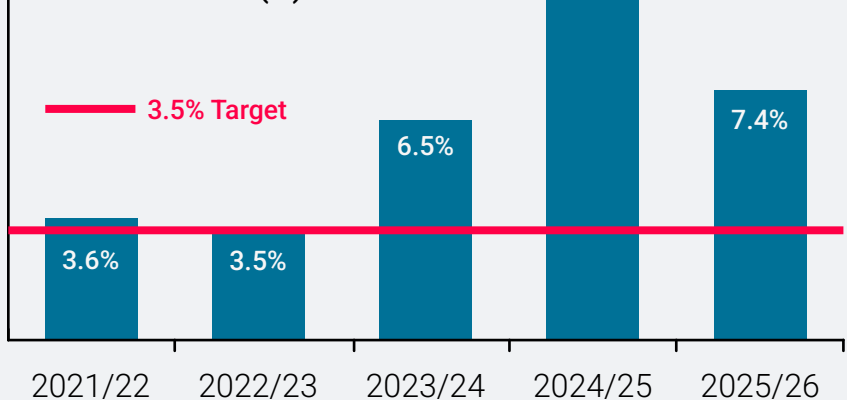
Group Financial Performance	2026 £m	2025 £m	Movement £m	%
Revenue	221.8	205.1	16.7	8.1%
Operating costs (excluding IAS 19 pension scheme adjustment)	(217.3)	(197.8)	(19.5)	9.9%
Operating profit (pre IAS 19)	4.5	7.3	(2.8)	(38.4%)
IAS 19 pension scheme adjustment	2.2	2.1	0.1	4.8%
Operating profit (post IAS 19)	6.7	9.4	(2.7)	(28.7%)
Net interest	2.0	3.6	(1.6)	(44.4%)
Profit before income tax	8.7	13.0	(4.3)	(33.1%)
Income tax charge	(2.2)	(3.4)	1.2	(35.3%)
Profit for the financial year	6.5	9.6	(3.1)	(32.3%)

Regulatory Sector Financial Performance	2026 £m	2025 £m	Movement £m	%
Revenue	154.2	137.5	16.7	12.1%
Operating costs (excluding IAS 19 pension scheme adjustment)	149.8	130.9	18.9	14.4%
Operating profit (pre IAS 19)	4.4	6.6	(2.2)	(33.3%)
IAS 19 pension scheme adjustment	1.6	1.5	0.1	6.6%
Operating profit (post IAS 19)	6.0	8.1	(2.1)	(26.1%)

These metrics present the overall financial performance of the CAA Group, which comprises the Regulatory Sector, UK En Route Air Traffic Services, CAA International Ltd (CAAi) and Air Safety Support International Ltd. The Regulatory Sector represents the organisation’s core statutory activities including safety and airspace regulation, consumers and markets, aviation security and space regulation. Performance within this sector is measured against the financial target set by the Secretary of State (SoS) for Transport.

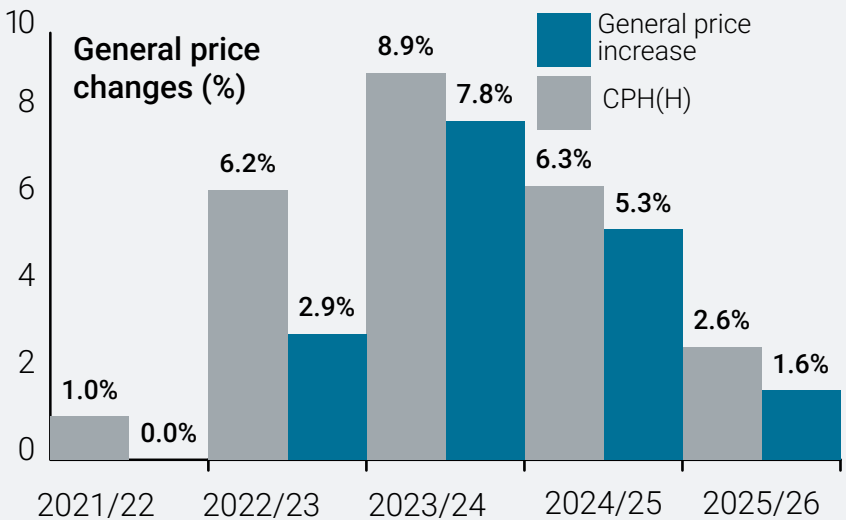
Financial statements are prepared in accordance with the accounting and disclosure requirements set out by the Department for Transport, consistent with UK company legislation and internationally accepted accounting standards.

Regulatory Sector
Rate of Return (%)

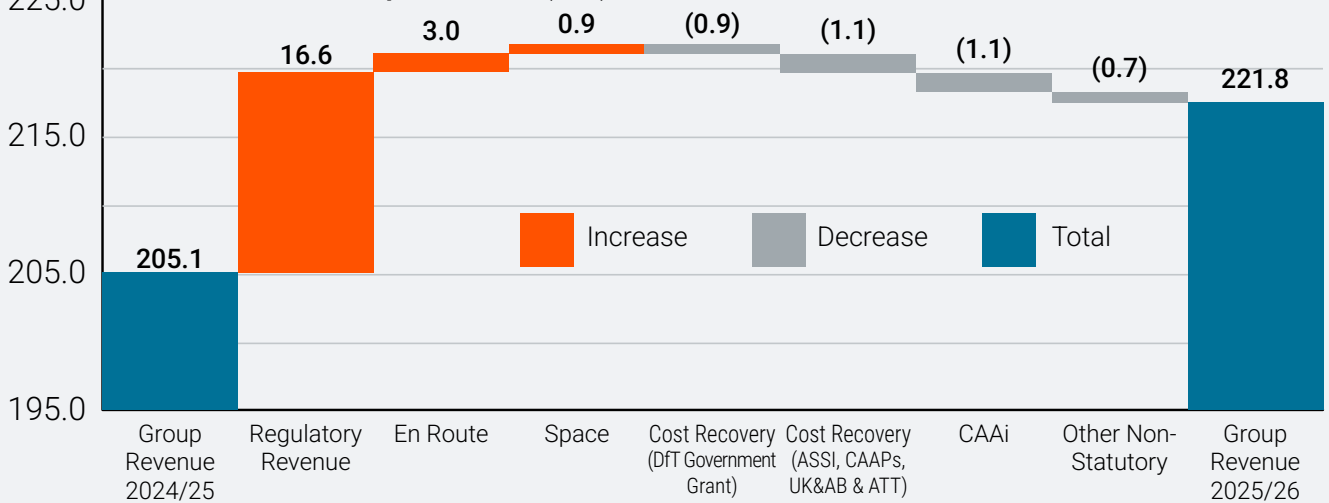


The financial target set by the SoS for Transport is defined as achieving the higher of a 3.5% rate of return on average current cost of capital employed, or break-even after interest and tax. This framework ensures full cost recovery while allowing the organisation to maintain a modest level of financial resilience to support investment and manage risk.

This metric reflects the annual change in statutory charges applied to industry. Charges are set to recover the cost of regulatory activities in line with statutory requirements. The general increase shown excludes the impact of any new or amended charges introduced following consultation during the year.



Movement in Group Revenue (£m)

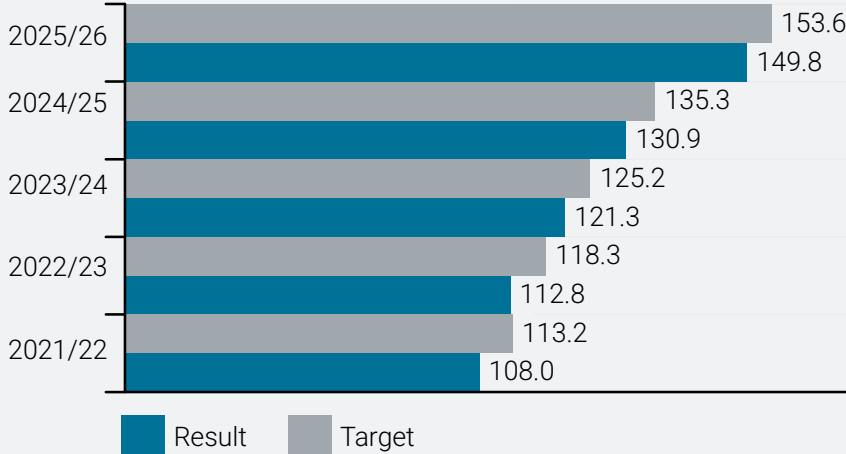


This analysis shows the composition and movement in Group income streams. Highlighting changes in revenue, it provides insight into the key drivers of income across the Group.

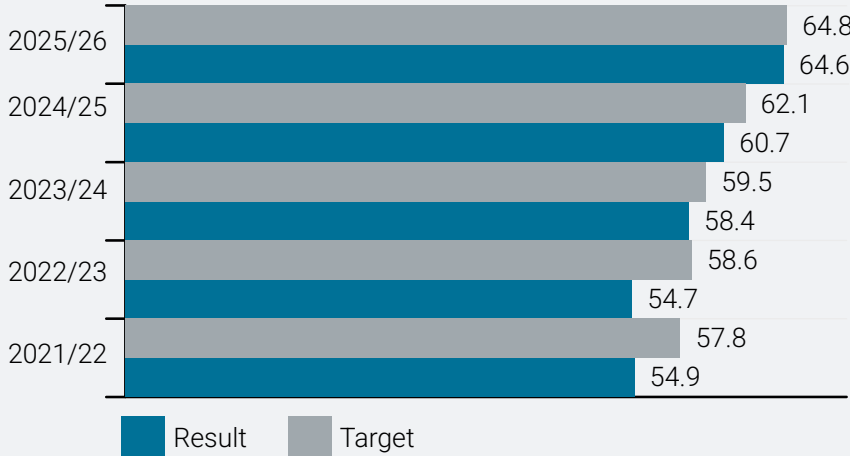
FINANCIAL KEY PERFORMANCE INDICATORS

Regulatory Sector Operating Costs (£m)

This metric shows the total operating costs of the regulatory sector against the target set within our annual operating budget.



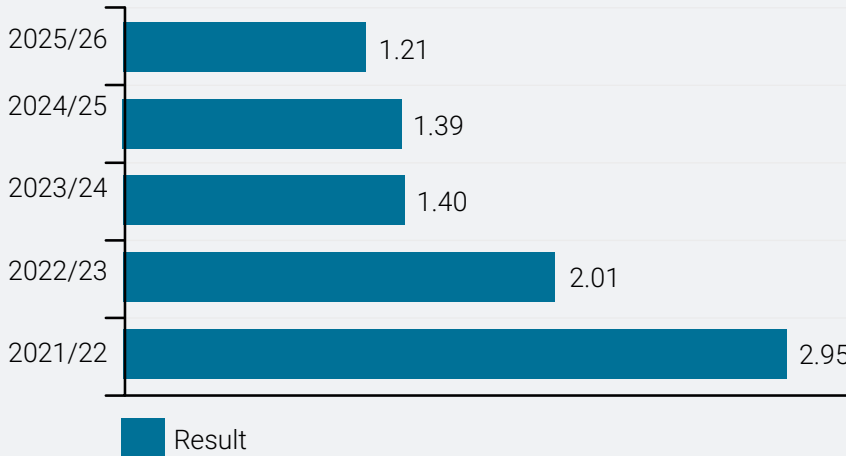
Average Cost per Employee (£k)



This represents the average employment cost per employee across the organisation against the target set within our annual operating budget. It includes all staff, including Board members, and reflects overall workforce costs rather than individual remuneration levels.

Cash Ratio

This is a standard liquidity ratio, comparing cash and cash equivalents to current trade and other payables, and indicates the Group's short-term financial resilience.



2025/26 Business unit performance

This analysis shows a snapshot view of the financial performance of each operating segment within the Group.

Safety and Airspace Regulation

Revenue

£103.8m

↑ 11%

Operating Loss

£0.4m

↓ 122%

Space Regulation

Revenue

£8.6m

↑ 12%

Operating Result¹

Breakeven

↔

Consumer and Markets

Revenue

£25.6m

↑ 25%

Operating Profit¹

£3.9m

↑ 18%

UK En Route Air Traffic Services

Revenue

£28.0m

↑ 12%

Operating Profit¹

£0.4m

↔

Aviation Security

Revenue

£16.2m

↓ 1%

Operating Profit¹

£0.9m

↓ 40%

Miscellaneous Services

Revenue

£32.6m

↓ 4%

Operating Loss¹

£0.1m

↓

CAA International (CAAI)

Revenue

£7.1m

↓ 17%

Operating Loss¹

£0.2m

↓ 167%

CAAI Contribution to the Group²

£0.4m

↓ 71%

¹Operating loss calculated before IAS 19 accounting adjustments for the Defined Benefit Obligation Pension Scheme.

²CAAI contribution to the Group is calculated as a combination of the resources supplied from the organisation and net operating result of CAAI.

Our Efficiency Report

Like any organisation we always aim to act professionally, transparently and efficiently in everything we do. As well as being the right thing to do we believe that when we go about our business in that way it can only have a positive effect on the outcomes we are seeking from those we regulate.

We aim to be more efficient and easier to engage with than we have ever been. But, of course, we have more to do to achieve our ultimate ambitions. That’s why we are continuing to make internal efficiencies so we can keep investing in our systems and procedures.

We are developing our operations and processes so that we are using our resources in the most effective and efficient way.

By continually reviewing our operating model, we will ensure we are set up to meet the challenges of a complex environment, while meeting stakeholder expectations.

Our approach to efficiency is based on four core principles:

- 1. Challenging ourselves to make sure our regulation is proportionate to the risks being managed.
- 2. Continuously improving our engagement with customers.
- 3. Aiming to achieve efficiency and deliver value for money for our customers in our costs of operation.
- 4. Driving down the administrative burden of complying with our regulation.



Aiming to achieve efficiency and deliver value for money in operational costs

The table below sets out the financial efficiency targets we have set and shows our performance against those targets.

Target	Outcome
Deliver on our efficiency strategy commitment of achieving a 5% real terms reduction in like-for-like operating costs over the three years to March 2026.	The 5% real terms reduction in like-for-like operating costs over the three years to March 2026 has been delivered. Within this, efficiencies totalling £5.0m were delivered in 2025/26, for reinvestment into our CX&M programme.
Achieve a real terms charges reduction of the consumer price index including housing costs (CPIH) minus 1% per annum against a September reference point.	A general price increase of 1.6% was implemented for 2025/26 versus CPIH of 2.6%. Savings from the efficiency strategy have enabled the CAA to achieve the commitment of capping price increases to 1% below the rate of inflation for the three-year period between 2023/24 and 2025/26.
Manage our pension costs to reduce as a percentage of total employment costs over time.	Our defined benefit scheme is closed to new members. The overall pension cost in the Income Statement has increased by £0.9m. However, pension costs as a percentage of total employment costs have reduced from 13.3%, in 2024/25, to 12.4% in 2025/26, demonstrating continued progress against our target to lower pension costs over time.

Our Efficiency Report continued

Efficiency strategy and providing value to our customers

Our current customer base is made up of over 7,000 organisations and more than 900,000 individuals. We are constantly seeking ways to ensure our existing services provide our customers with value for money, while maintaining the highest standards of safety, security and consumer protection.

This aim is shaped by our regulatory responsibilities, which have grown significantly in recent years due to sector growth, innovation and EU Exit. Overall, we have increased our resource capacity by approximately 42% since 2020 to ensure we maintain the capability and capacity to meet these expanding demands.

Despite this, our customer charges are 4.5% lower in real terms than in 2020, equating to a saving of £6.7m for customers in 2026/27. Over the past decade, this reduction increases to 6.8%, delivering a saving of £10.3m in 2026/27. The CAA's statutory funding is estimated to be less than £0.50 per UK passenger flight and represents under 0.2% of total UK aerospace industry turnover.

To achieve improvements to our services and wider offering we have fully delivered on the 5% reduction in like-for-like operating costs over the three years to March 2026 that we set out in our 2023 Efficiency and Reinvestment Plan. Examples of how we have achieved the 5% efficiency savings include cutting external professional services and third-party costs, delivering enhanced IT solutions and reductions in operating costs driven by more efficient workforce planning.

The 5% saving in operating costs has been split between a real-term decrease in prices (CPIH-1%) passed onto our customers, and investment in our customer-facing systems. This investment is being delivered through our Customer Experience and Modernisation (CX&M) programme, aimed at delivering tangible improvements to customers' end-to-end journeys, improving the productivity of the organisation and providing efficiencies to both customers and colleagues.

A key example of this investment during the year is our Modernising Aviation Services Licensing and Oversight project which sits within CX&M. This aims to transform our licensing and oversight services, with the aim of simplifying and digitalising to deal with the pain points identified by our customers through thorough User Research. This will make the licensing process more efficient for customers and the organisation and enable us to issue licences more quickly. Initially we are developing personnel licensing applications for Air Traffic Service licences and Radio Operators Certificates of Competence applications.

The improvements to the process we have made, such as online ID verification, will be used for all future licence types we improve. The next stages will look at the key areas of air traffic controller and professional pilot applications.

Throughout the year we have invested in a range of other customer experience and IT modernisation initiatives aligned with our strategic objectives. These have been funded by a variety of sources, including government grant funding, the Air Travel Trust and other operational efficiency savings.

These have included:

- > A new industry reporting system for dangerous goods incidents;
- > a migration to a cloud-based solution for overall safety occurrence reporting in the UK;
- > a new online system for industry and users to report product concerns with drones;
- > a new tool to track the progress internally of airspace change applications;
- > a new solution to collect information as part of the UK passenger surveys;
- > a new database to register satellites and their orbits; and
- > an extension to the online system for reporting future airspace events and obstacles to include areas such as parachuting and firework displays.

Current feedback from stakeholders is positive. We now publish a quarterly performance dashboard for the Department for Transport. This allows customers to hold us to account on our performance and enables us to highlight the value of the services we provide. In 2025/26, our shared service centre achieved over 93% performance against service level agreements across key application areas, including Aircraft Certification, Aircraft Registrations and Personnel Licensing. We will continue to share this with our stakeholders and we welcome feedback on how we can provide information to help further demonstrate our performance levels. Furthermore, our subsidiary CAA International Ltd has retained its Feefo Platinum Award for the fourth consecutive year, achieved by a feedback average of greater than 4.5/5 for a rolling three-year period.

As well as benefiting stakeholders the improvements we make also assist our colleagues and transform our internal processes across the board, making us more efficient and a better place to work. Alongside efficiencies and process improvements how we actually regulate day-to-day obviously impacts the aerospace sector. For example, our work as an enabling regulator can help to instil confidence in the sector among the public and investors.

In all our work we adopt a proportionate approach to regulation of the sector, putting our resources and requirements into the areas that provide the most protection for the public, while being sensible in what we apply to other areas where stakeholders carry more of the informed risk themselves, such as general aviation. Examples of this include our work to simplify licensing standards and regulation for private pilots, and our work to reduce international regulatory barriers by establishing bilateral agreements with our counterparts across the globe.

Our Efficiency Report continued

Service delivery

In this section we highlight our performance for some key services that are highlighted by industry as key to them.

% of services delivered within published Service Level Agreements (SLA) by our Shared Service Centre

Airworthiness and aircraft maintenance

These service levels cover the processing of airworthiness certificates and permits for aircraft that are undertaken by our Shared Services Centre.

Airworthiness Review Certificates

Performance against service standards has remained consistent over the past year. Resilience within the team has been strengthened through targeted training and this approach will continue throughout the next reporting period to maintain stable delivery.

Part 21 Temporary Permits to Fly

These continue to be prioritised given that, until granted, affected aircraft remain grounded and may require urgent movement. Options to strengthen resilience and support timely delivery are being considered for the coming year.

National Permit Issues

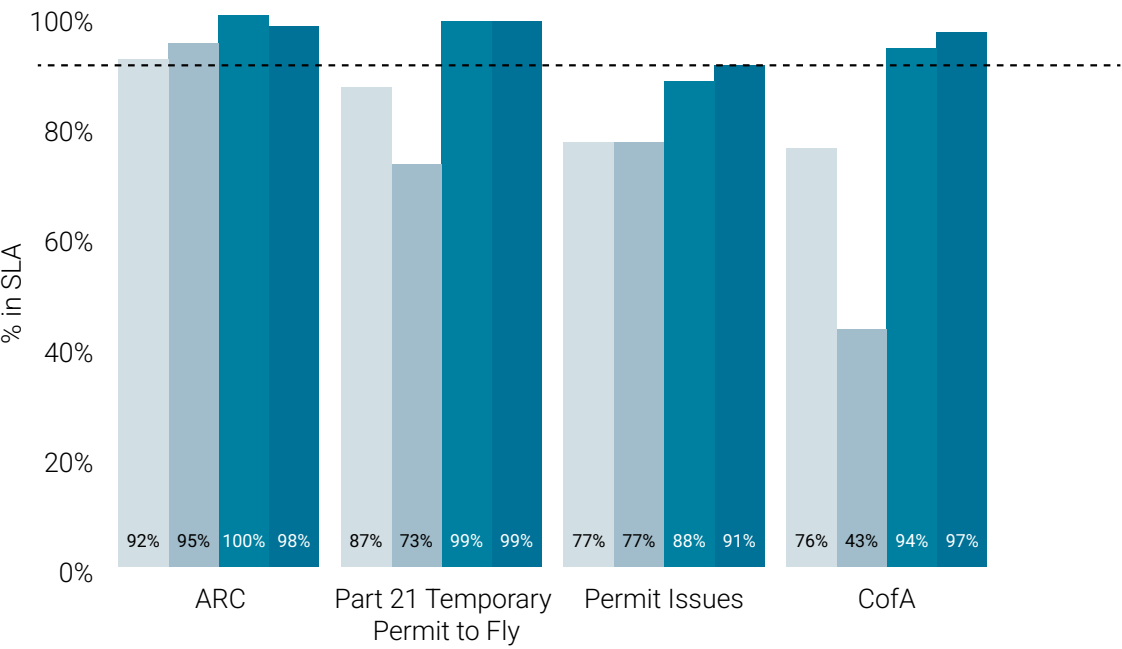
All casework was delivered within the SLA throughout 2025/26, reflecting sustained operational control and consistent service delivery.

Certificates of Airworthiness

During 2025/26, two additional team members were trained to support this workstream. This has improved team resilience and capacity, helping to meet ongoing industry demand.

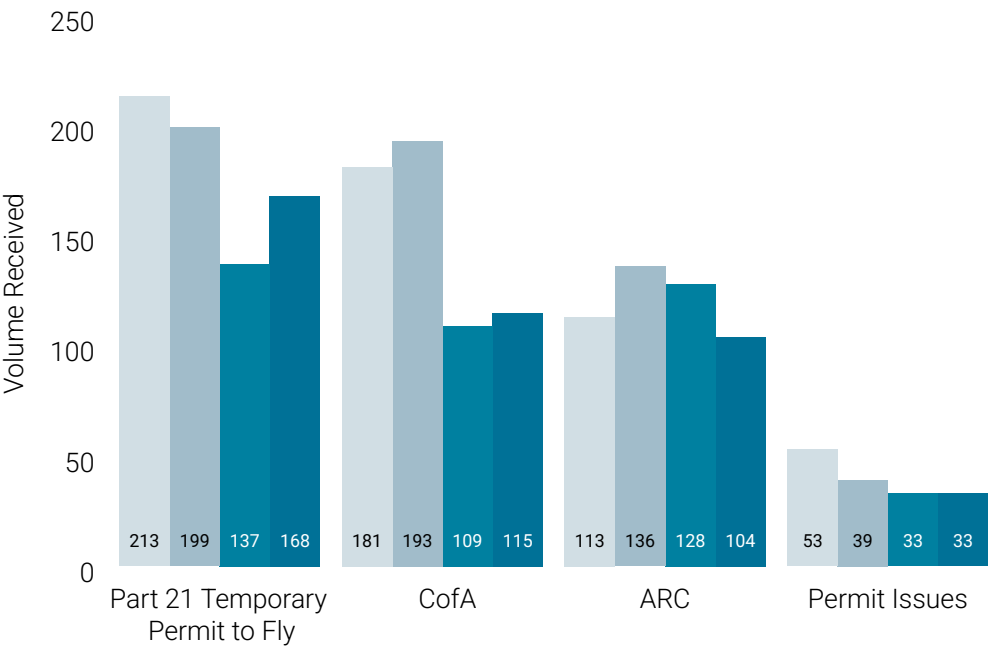
% Inside service level agreement (SLA)

FY Year FY 2022/23 FY 2023/24 FY 2024/25 FY 2025/26 ----- 90% SLA



Volume completed by type

FY Year FY 2022/23 FY 2023/24 FY 2024/25 FY 2025/26



Our Efficiency Report continued

Aircraft maintenance

To provide improved transparency, aircraft maintenance performance data in the chart below has been separated between applications without technical assessment (10 working day SLA) and those requiring technical assessment (31 working day SLA).

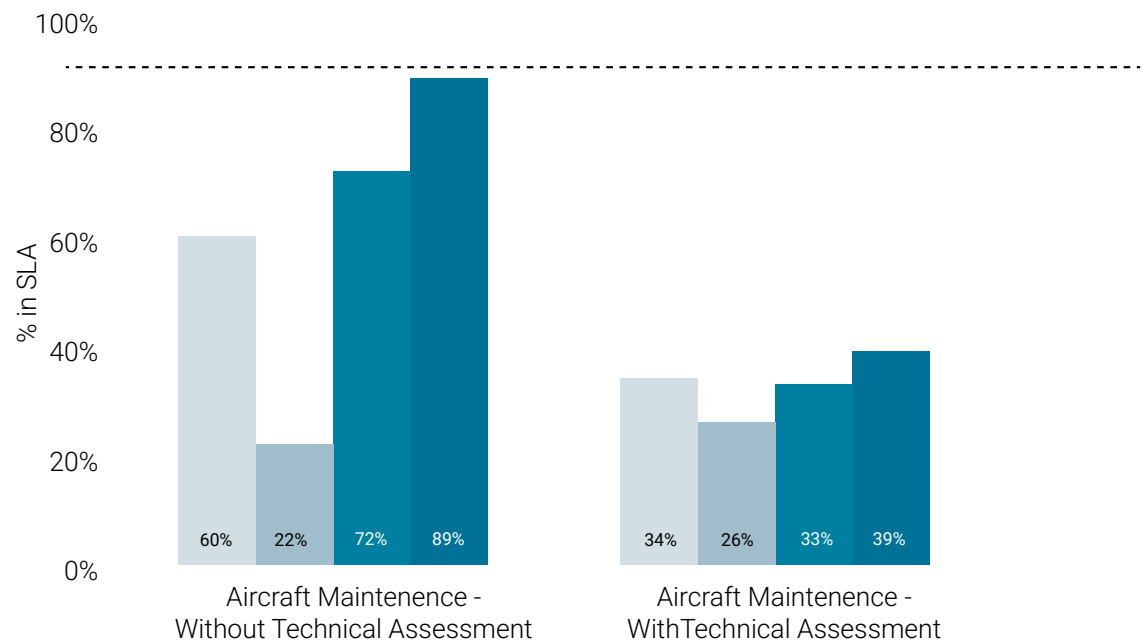
Applications without technical assessment include Part-66 renewals, subsequent type rating endorsements, changes to personal details, and replacement licences. Applications requiring technical assessment include initial Part-66 licence issue, first type rating endorsement, and additional licence categories, all of which require input from an Airworthiness Surveyor.

For applications without technical assessment, SLA performance showed a strong year-on-year improvement, recovering in June and being maintained through December 2025. Elevated demand associated with the EU–UK reactivation deadline of 31 December 2025 placed pressure on capacity, resulting in performance falling short of the annual 90% target.

For applications requiring technical assessment, our airworthiness teams are reviewing targeted system changes aimed at improving efficiency and throughput. The first of these enhancements was deployed in May 2026 and is expected to support improved performance in the coming year.

% Inside service level agreement (SLA)

FY Year FY 2022/23 FY 2023/24 FY 2024/25 FY 2025/26 90% SLA



Flight crew licensing (FCL)

This area maintained strong performance throughout the year, with 99% of applications processed within the SLA. The September 2025 deadlines for Balloon Flight Crew Licences (BFCL) and Sailplane Flight Crew Licences (SFCL) drove increased demand, contributing to a 14% rise in non-commercial application volumes and underpinning the overall increase in pilot licensing activity.

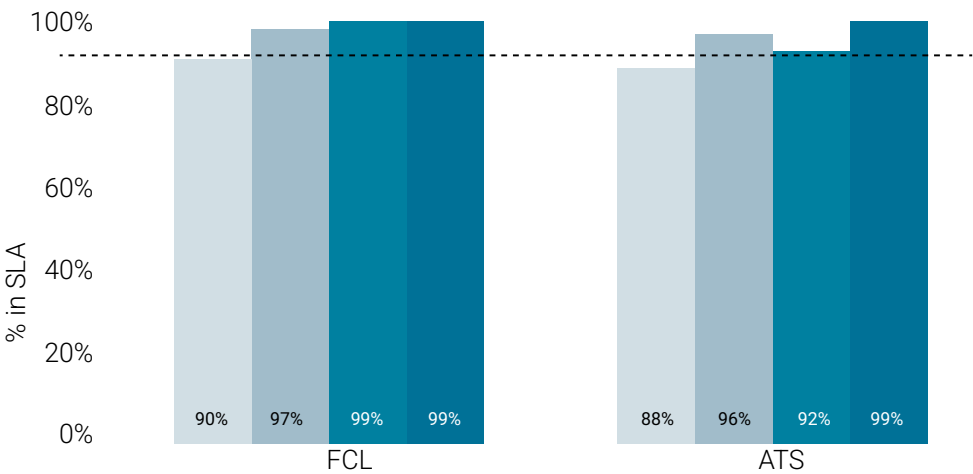
Total application demand for the 12 months ending March 2026 was 17% higher than the previous year when including BFCL and SFCL applications, while demand remained broadly stable on a like-for-like basis.

Air traffic services (ATS)

In this area 99% of applications were processed within the SLA, representing an improvement on the 92% achieved in the previous financial year. Phase one of the CX&M Programme was deployed in March 2026, further strengthening delivery and operational performance in this area.

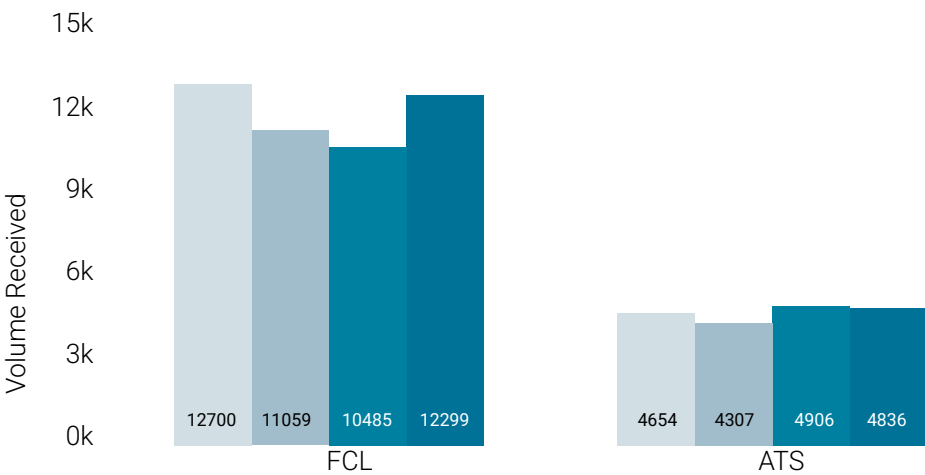
% Inside service level agreement (SLA)

FY Year FY 2022/23 FY 2023/24 FY 2024/25 FY 2025/26 90% SLA



Volume completed by type

FY Year FY 2022/23 FY 2023/24 FY 2024/25 FY 2025/26



Our Efficiency Report continued

Remotely piloted aircraft systems (RPAS)

Flyer Registrations

As at 31 March 2026, there were 603,015 active Flyer IDs, an increase of 28% from 470,321 at 31 March 2025. This comprised 13,452 under-13s and 589,563 holders aged 13 and over.

Operator Registrations

As at 31 March 2026, there were 321,347 active Operator Registrations, representing a 17% increase from 274,954 in the previous year. This total comprises 10,685 organisations and 310,662 individuals.

Pre-Defined Risk Assessment 01 (PDRA01)

The total number of PDRA01 applications received for the period across the digital platform totalled 2,046, which was a 22% reduction on the previous year (2025: 2,615).

Operating Safety Case (OSC), SORA and Article 16 Model Aircraft based Operational Authorisations (OA)

There were 150 authorisations issued between 1 April 2025 and 31 March 2026. This is three less than in the same period in the previous year (2025: 153).

Approvals of Recognised Assessment Entities (RAEs) for remote pilot competency

There were 23 RAEs approved between 1 April 2025 and 31 March 2026. This is two less than in the same period in the previous year (2025: 25).

Active Remote Pilot Competency Certificates

There were 27,168 active Remote Pilot Competency Certificates across A2CofC, GVC and Remote Pilot Competency L1 between 1 April 2025 and 31 March 2026. This is a decrease of 5,872 in the previous year (2025: 33,040).

Approvals of Recognised Assessment Entities for Flightworthiness

There were two active entities approved to carry out Flightworthiness assessments for the RPAS industry between 1 April 2025 and 31 March 2026. This is a new function that was introduced as part of the new SORA risk assessment framework.

Approvals of RPAS Test Sites

There were four RPAS Test Sites approved between 1 April 2025 and 31 March 2026. This is a new approval that was introduced as part of the new SORA risk assessment framework.

Complaints about the CAA

We are committed to providing a high standard of service to our customers and to meeting recognised standards for effective complaint handling. We treat complaints as a valuable source of insight and organisational learning. We continue to learn from them and ensure that identified issues are addressed and improvements are implemented and monitored.

A table summarising the number of complaints received over the last financial year is included below. In the current financial year, we received 83 complaints, a reduction of 25% compared with the previous year.

Figures reflecting the period of April 2025 – March 2026

Complaints about the CAA	2025/26
Number of complaints in line with our complaints policy	83
Upheld in full or in part	40 (48%)
The categories of upheld complaints are:	
Poor service, including:	30 (75%)
Application processing delays	10 (25%)
Failure to respond to enquiries	3 (7%)
Other (quality and systematic issues)	17 (43%)
Charges/fees	2 (5%)
Staff behaviour	1 (2.5%)
Lack of CAA action	3 (7.5%)
Unfair treatment/bias	1 (2.5%)
Over regulation/gold plating	3 (7.5%)
Incorrect advice	0 (0%)

Complaint volumes have remained low for a second consecutive year and have continued to reduce overall. However, analysis of the complaints received shows a shift in their nature. Complaints were predominantly related to licensing applications and service quality issues. This has now shifted to an increase in complaints raising systemic or quality concerns.

Just over half of these complaints related to consumer issues, primarily highlighting poor or insufficient communication and are linked to a significant increase in demand for consumer assistance.

Action taken during the year following complaints has focused on strengthening processes, improving communication, and increasing compliance with service level agreements. These have contributed to the overall reduction in complaint volumes.

Further detail on complaint trends, root causes, and learning outcomes is set out in our Annual Complaints Report.



Scan QR Code or click [here](#) to read more about the CAA's approach to complaints performance and learning

Our Efficiency Report continued

Auditors' Statement

Under section 102 of the Civil Aviation Act 2012, the Board members of the Civil Aviation Authority (the "CAA") are required to make to the Secretary of State, a report on the performance of the CAA's functions during the year. This report shall contain a statement by the CAA about efficiency in the performance of its functions (the "Efficiency Statement") and shall contain the auditor's assessment of the Efficiency Statement.

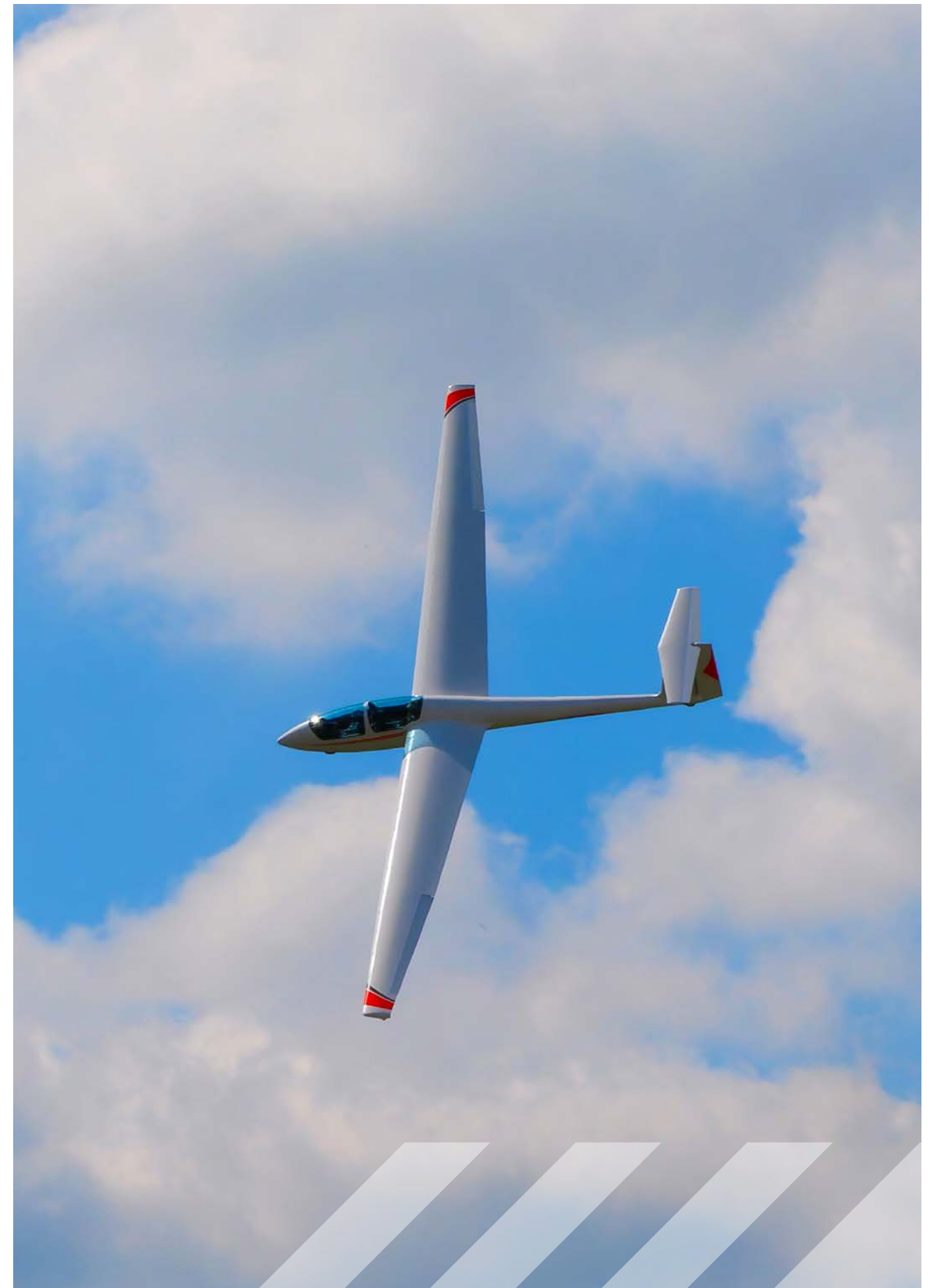
As noted in our audit report on the financial statements for the year ended 31 March 2026, as the CAA's auditors, our responsibility is to read the other information in the Annual Report & Accounts 2025/26, and in doing so, consider whether the other information is materially inconsistent with the financial 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 read the Efficiency Statement for the year ended 31 March 2026 and we have nothing to report in this regard. The full audit report can be found on pages 104 to 114.

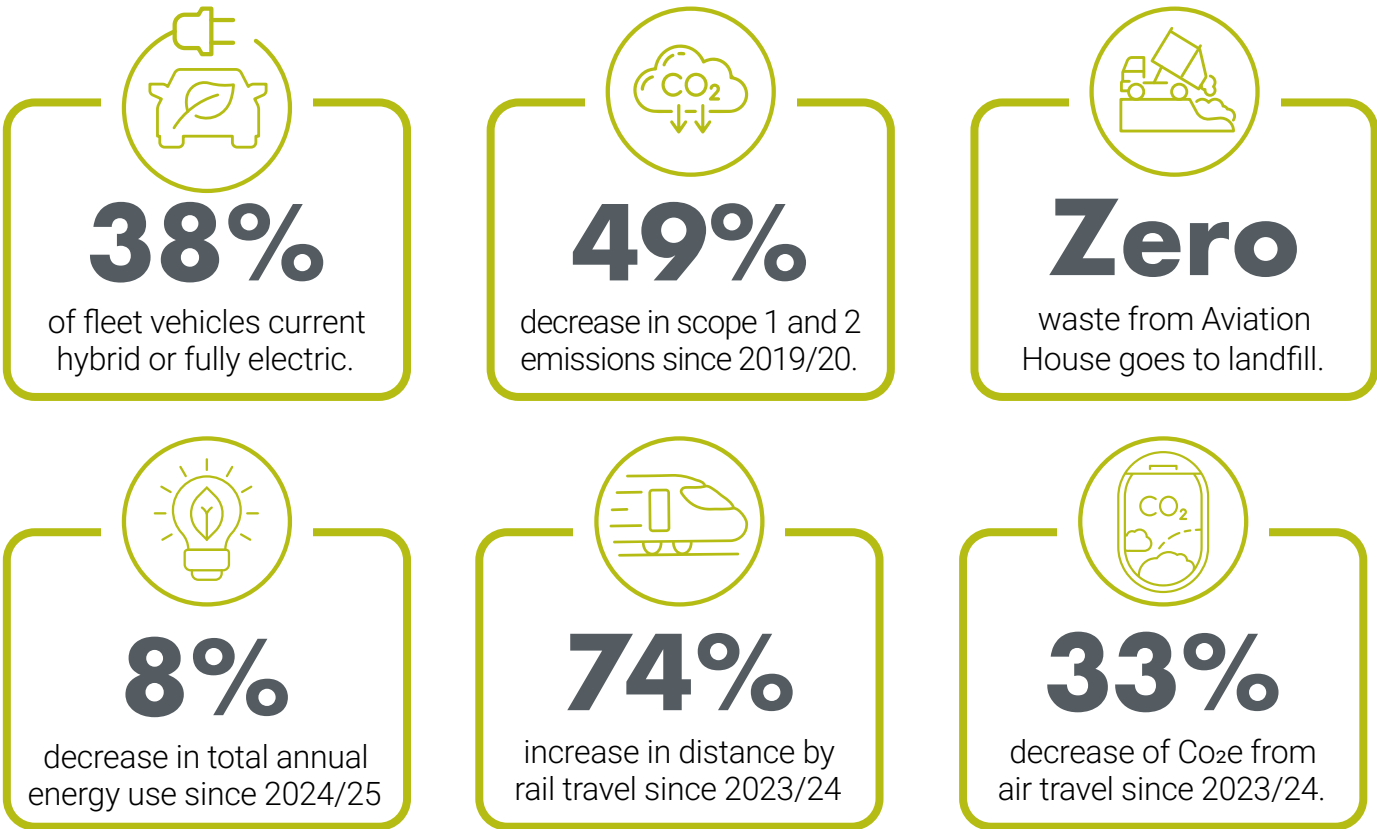
BDO LLP

Chartered Accountants and Statutory Auditors
55 Baker Street
London
W1U 7EU

8 July 2026



Corporate Environmental Sustainability



Our approach

Improving the environmental performance of our operations is important and supports delivery of our Environmental Sustainability Strategy which focuses on climate impacts, public health, local impacts and climate adaptation.

We are committed to achieving net zero operational emissions by 2035 and transitioning our vehicle fleet to electric by 2030. Our approach is underpinned by a published Corporate Environmental Sustainability Policy, approved and signed by the Chief Executive, which sets out clear commitments for managing environmental impacts and integrating sustainability into how we operate and make decisions.

Strengthening our capability

During 2025/26, we strengthened the foundations required to deliver our environmental commitments.

Key developments included:

- > Progressing the roll out of an ISO 14001-aligned Environmental Management System to provide consistent controls and support continual improvement;
- > aligning our Property Strategy with net zero requirements, improving the efficiency and performance of our buildings;
- > establishing cross-organisational environmental working groups to support delivery of our environmental objectives; and
- > improving the quality and coverage of our operational data to support better planning, monitoring and decision-making.

These arrangements are designed to embed environmental considerations into our established governance and management processes over time, ensuring they are systematically considered as part of strategic planning and decision-making.

Streamlined Energy and Carbon Reporting (SECR)

As a public corporation, we report voluntarily under the Streamlined Energy and Carbon Reporting (SECR) framework, in accordance with *The Companies and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018*. This report covers the period from 1 April 2025 to 31 March 2026.

Reporting has been prepared in line with the GHG Protocol Corporate Accounting and Reporting Standard and uses the 2025 UK Government Conversion Factors for Company Reporting. An operational control approach has been applied, including activities from our two subsidiaries.

We report Scope 1 (excluding fugitive emissions), Scope 2 and selected Scope 3 emissions. Scope 3 reporting currently includes business travel, which is a material emissions source, and waste generated in operations, which is not considered material but is included to support alignment with ISO 14001. Work is underway to improve data quality and coverage, with the aim of expanding Scope 3 reporting over time to include all material and relevant categories.

Intensity ratios for Scope 1 and Scope 2 emissions are expressed as tonnes of CO₂e per gross internal area, reflecting emissions associated primarily with estate energy use. Scope 3 intensity ratios are expressed as tonnes of CO₂e per full-time equivalent, reflecting their closer relationship to workforce related activities and organisational scale.

From 2025/26, all SECR reporting items are presented against a single baseline year of 2023/24. This change reflects developments in both the scope and nature of the CAA's emissions reporting since the previous baseline was established.

The 2019/20 baseline year was originally selected as the last full year of operation prior to the COVID-19 pandemic, on the assumption that working patterns and building utilisation would broadly return to pre-pandemic levels. This has not occurred. The CAA now operates on a sustained hybrid working model, resulting in structurally different patterns of occupancy and energy use. As a result, emissions data from 2019/20 is no longer considered representative or directly comparable with current operating conditions. While a comparison to the 2019/20 baseline would show a more favourable reduction in Scope 1 and 2 emissions of 49%, this baseline is no longer considered an appropriate or meaningful reference point for ongoing SECR reporting.

In addition, Scope 3 reporting was expanded in 2023/24 to include further emissions categories, and the methodology for reporting transport related emissions was revised. These changes meant that total emissions could no longer be compared on a consistent, like-for-like basis with earlier years, reducing the clarity and usefulness of the disclosures.

The adoption of a 2023/24 baseline provides a more representative reference point for current operations, enables consistent comparison across all reported emissions sources, and improves transparency and readability of the SECR table. The change in baseline year is consistent with accepted carbon reporting practice where operating conditions, methodologies or reporting boundaries change.

Corporate Environmental Sustainability continued

Assurance

All emissions and energy data metrics reported in the table on the following page for 2025/26 have been independently assured through a limited assurance engagement in accordance with the International Standard on Assurance 3410 “Assurance Engagements on Greenhouse Gas Statements” (ISAE 3410). A copy of the Independent Limited Assurance Report is available on the CAA website [here](#). Further information on the basis of preparation, assumptions and methodologies applied in calculating energy use and greenhouse gas emissions is set out in the CAA’s Basis of Preparation and SECR Methodology Paper (the “Criteria”) which is also available.

Responsibility for the preparation of the Annual Report and Accounts, including the Streamlined Energy and Carbon Reporting disclosures, sits with the Chief Financial & Operating Officer.

Definitions

Scope 1 greenhouse gas emissions

Direct greenhouse gas emissions from sources that are owned or controlled by the organisation. This includes emissions from the combustion of fuels in buildings, equipment and vehicles operated by the organisation.

Scope 2 greenhouse gas emissions

Indirect greenhouse gas emissions arising from the generation of purchased electricity consumed by the organisation. Although the emissions occur at the point of electricity generation, they are attributed to the organisation because they result from its energy use, including electricity used to operate office buildings and to charge electric vehicles.

Scope 3 greenhouse gas emissions

All other indirect greenhouse gas emissions that occur as a consequence of the organisation’s activities but arise from sources not owned or controlled by the organisation. For the CAA, Scope 3 reporting currently includes emissions from business travel and waste management. Work is underway to improve data quality and expand reporting over time to include additional material Scope 3 categories.

Aspect	2025/26	2024/25	2023/24	% Change from baseline	% Change from previous year
GHG Emissions (tonnes tCO ₂ e)					
Total emissions from combustion of gas and oil (Scope 1)	279.3	341.9	339.3	(18%)	(18%)
Emissions from combustion of fuel for transport purposes (Scope 1)	5.1	6.3	7.7	(34%)	(19%)
Emissions from purchased electricity (Scope 2)	298.0	322.1	352.3	(15%)	(7%)
Emissions from electricity for transport purposes (Scope 2)	1.3	1.8	0.7	91%	(28%)
Total gross GHG emissions (Scope 1 and Scope 2)	583.7	672.1	700.0	(17%)	(13%)
Intensity ratio: Scope 1 and 2 tCO ₂ e /GIA (m2)	0.04	0.05	0.05	(21%)	(11%)
Waste generated in operations: dry mixed recycling, general and organic waste (Scope 3, cat 5)	0.3	0.3	0.9	(66%)	0%
Emissions from business travel – Road: claimed by employees and from car rentals (Scope 3, cat 6)	577.0	633.3	525.2	10%	(9%)
Emissions from business travel - Rail (Scope 3, cat 6)	40.4	35.0	27.4	48%	15%
Emissions from business travel - Air (Scope 3, cat 6)	2,968.5	4,867.4	4,399.6	(33%)	(39%)
Total gross GHG emissions (Scope 1, 2 and 3)	4,169.9	6,208.1	5,653.1	(26%)	(33%)
Intensity ratio: Scope 3 tCO ₂ e/FTE	2.13	3.46	3.32	(36%)	(38%)
Energy (MWh)					
Total annual gas consumption for combustion purposes (Scope 1)	1,526.8	1,869.1	1,854.7	(18%)	(18%)
Total annual transport fuel (Scope 1)	21.4	26.1	32.9	(35%)	(18%)
Total annual purchased electricity consumption (Scope 2)	1,683.8	1,555.5	1,701.6	(1%)	8%
Total annual purchased electricity for transport purposes (Scope 2)	7.6	8.5	3.3	131%	(11%)
Total from business travel – Road: claimed by employees and car rentals (Scope 3, cat 6) ¹	2,388.3	2,631.0	2,167.3	10%	(9%)
Total annual energy consumption used to calculate emissions	5,627.9	6,090.2	5,759.8	(2%)	(8%)

¹A third party data provider identified a potential error in the FY 2024/25 rental car mileage dataset, which remains under review at the point of FY 2025/26 reporting. As the extent of any error has not yet been confirmed, no restatement has been made in the current reporting period. Any potential correction is not expected to result in a material change to the CAA’s total reported greenhouse gas emissions.

Corporate Environmental Sustainability continued

Performance

Total net greenhouse gas (GHG) emissions for the reporting year 2025/26 were 4,169.9 tonnes of carbon dioxide equivalent (tCO₂e), representing a 26% reduction compared with the baseline year (5,653.1 tCO₂e in 2023/24).

The reported reduction reflects a combination of changes in Government published conversion factors, particularly in relation to business travel, alongside lower gas consumption resulting from milder weather conditions and ongoing operational optimisation. Further detail on the drivers of change by emissions source is set out in the sections below.

Scope 1 and Scope 2 emissions accounted for approximately 14% of total reported GHG emissions. The remainder relates to Scope 3 emissions, noting that reporting currently covers selected categories and will continue to develop over time in line with data availability and materiality.

Energy use

Total energy consumption remained broadly stable, reducing by 2% compared with the 2023/24 baseline. This reflects a combination of incremental energy efficiency measures and changes in external conditions, particularly weather. Electricity consumption decreased by 1%, while gas consumption reduced by 18%, primarily due to milder weather and lower space-heating demand during the year.

Energy consumption is largely driven by our Aviation House office, which accounts for the majority of our estate energy use. As an older and inherently inefficient building, it limits the scope for further material efficiency improvements. This constraint is a key driver of our Property Strategy, including considerations to vacate the building and relocate to a smaller

and more energy-efficient accommodation. As a result, year-on-year changes in energy consumption are influenced primarily by weather conditions, with underlying demand remaining relatively stable aside from minor efficiency gains.

During the year, energy efficiency actions focused on low-disruption improvements, including optimisation of the Building Management System, behavioural awareness initiatives, and continued alignment of the estate strategy with net zero objectives.

Business travel

Total business travel emissions were 3,585.9 tonnes of CO₂e, a reduction of 28% compared with 2023/24. The decrease was driven primarily by changes in Government published conversion factors and supported by continued efforts to optimise travel.

Reported air travel emissions, which include the indirect effects of non-CO₂ emissions through the application of a radiative forcing factor, decreased by 33%, reflecting revised conversion factors.

Rail travel continued to increase, rising by 74% in distance travelled compared with the baseline year. This reflects sustained efforts to prioritise rail over air travel where operationally feasible.

Waste

Waste is not considered a material source of emissions for us. However, waste performance is monitored as part of routine environmental management and to support alignment with ISO 14001.

Waste reporting covers mixed recycling, general waste and organic waste, using average emissions factors. Delivery is supported through collaboration with landlords, contractors and suppliers, enabling proportionate data collection and ongoing optimisation where practicable.

In 2025/26, total waste generated reduced by 2% compared with the baseline year to 50.07 tonnes by weight, of which 5.35 tonnes were recycled. The majority of waste arose from Aviation House, where all general waste was treated through energy-from-waste processes.

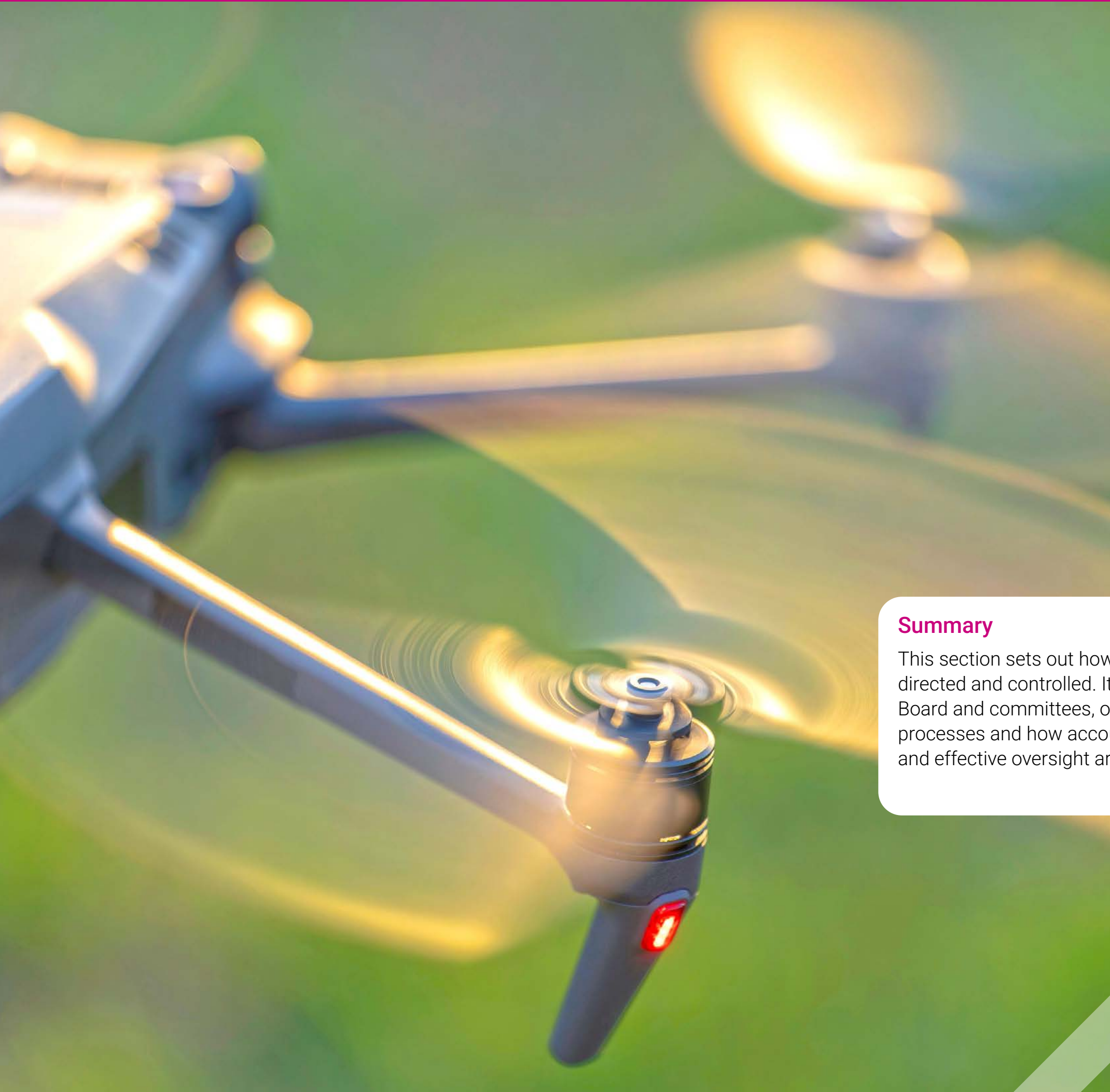
Waste performance will continue to be reviewed as part of continual improvement activities, proportionate to its environmental significance.

Looking ahead

In the coming year we will:

- > Expand our Scope 3 data coverage and supplier engagement to strengthen understanding of impacts across our value chain;
- > complete the next phase of ISO 14001 implementation across our corporate functions;
- > continue embedding environmental considerations into governance, procurement; and
- > further integrate environmental requirements into the development of our Property Strategy.

These actions will strengthen our environmental management capability, improve the quality and consistency of decision-making, and support the delivery of our longer-term sustainability commitments.



Governance

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Summary

This section sets out how the organisation is directed and controlled. It covers the role of the Board and committees, our decision-making processes and how accountability, transparency and effective oversight are maintained.

Board Members

Executive Board Members



Rob Bishton

Rob Bishton is the Chief Executive of the UK Civil Aviation Authority (CAA) and has held the role since October 2023.

Rob became Chief Executive after holding the Interim Joint Chief Executive Officer position between April and October 2023.

Appointed to the Board as Group Director of Safety and Airspace Regulation in November 2019, Rob has been at the CAA since 2014, and previously held the role of Head of Flight Operations.

He has extensive experience in the aviation industry, having held Board level roles at several airlines, as well as having been Chief Pilot of easyJet. Rob remains a qualified Airline Transport Pilot with more than 10,000 commercial flying hours on Boeing and Airbus aircraft alongside his private helicopter flying experience.

Rob has also represented the UK at the EASA Management Board and was formerly a Non-Executive Director of the UK Flight Safety Committee.



Giancarlo Buono

Giancarlo Buono joined the CAA in January 2025 and is the Group Director of Safety and Airspace Regulation and a member of the Board.

A seasoned leader, Giancarlo's career encompasses both civil and military aviation. Prior to the CAA he served as Regional Director for Safety and Flight Operations in Europe for the International Air Transport Association (IATA), working closely with international stakeholders to enhance operational safety and efficiency across the industry.

He started as an officer and pilot in the Air Force before transitioning to commercial aviation, where he held several senior positions prior to joining the IATA. He is a qualified Airlines Transport Pilot with more than 8500 flying hours on different types of military and commercial aircraft.

Giancarlo holds a Master's degree in Air Transport Management from City St. George's, University of London and has completed an executive leadership program at Harvard University Law School. He also is Fellow of the Royal Aeronautical Society.



Selina Chadha

Selina Chadha joined the CAA in August 2024 and is the Group Director for Consumers and Markets and a member of the Board.

Selina's role includes overseeing the CAA's economic regulation, economics function and competition, consumer protection and consumer enforcement activities, as well as the ATOL financial protection scheme.

Prior to joining the CAA, Selina was Director of Policy (Competition and Consumer) at the Office of Communications (Ofcom). Her time at Ofcom was focused on promoting investment and competition and protecting consumers in the communications sectors.

Selina is a Trustee of the UK's Air Travel Trust.



Tracey Martin

Tracey Martin joined the CAA in May 2023 as Chief Financial Officer and was appointed to the Board in September 2023.

Tracey became Chief Financial and Operating Officer in April 2024, assuming responsibility for Corporate Enabling Services supporting the CAA to deliver its strategy.

Tracey brings her vast experience to the role, having previously held executive finance and business positions across a number of sectors including Defence, Health, Regulation and Policing operating in complex and political environments. Her experience spans business transformation, strategic development and financial strategy to create value and improve service and customer outcomes.

Tracey is a Trustee of the UK's Air Travel Trust.

Board Members

Non-Executive Board Members



Sir Stephen Hillier

Sir Stephen Hillier became the Chair of the UK Civil Aviation Authority (CAA) in August 2020.

He previously had a long career in the Royal Air Force, eventually becoming Chief of the Air Staff, the head of the Service. He has extensive military flying experience as a pilot and instructor on a wide range of aircraft types, although his flying career started at age 17 when the CAA issued him his Private Pilot's Licence.

He has wide experience of leading large, complex and high-profile portfolios and programmes and of change and risk management within regulated environments.

In addition to his CAA role, he is a Board member of the UK Atomic Energy Authority; chairs the Association of Accounting Technicians and the Board of the RAF Museum; and holds Patron and President roles in a number of charities, focused on either equal opportunity and social mobility or on military veterans' interests.



Katherine Corich

Katherine Corich was appointed as a Non-Executive Director of the CAA Board in July 2019 and became Senior Independent Director in July 2024. She serves on the CAA's Audit and Risk Assurance (ARAC) and People Committees. She also serves as a Non-Executive member of CAA International Ltd.

Trained as a commercial pilot before becoming a technology entrepreneur, founding Sysdoc Group and Serendata Transformation Intelligence Platform, Katherine was inducted into the NZ Hi-Tech Hall of Fame in 2015 and has been twice named as an EY Entrepreneur of the Year.

Katherine has extensive experience of corporate governance, performance/risk-based regulation and aviation safety. She has held positions in academia, as Associate Fellow of the Oxford University Saïd School of Business, and as International Adviser for the University of Canterbury and the Auckland University School of Business.

Katherine is an Independent Member of the Royal New Zealand Air Force Leadership Board and a Fellow of the Royal Aeronautical Society.



Professor Jordan Giddings

Professor Jordan Giddings was appointed as a Non-Executive Director of the CAA Board in February 2025, leading on emerging technologies and innovation.

An experienced Board member and Chair, he now works as an independent adviser. He is a Non-Executive Director for the Met Office, advises the UK Ministry of Defence and National Security Community on science and technology, and supports start-ups, scale-ups, and consultancies. He is a visiting Professor at UCL and other academic institutions.

Recognised nationally and internationally, Jordan is a leader in innovation and change across systems, data, cyber and technology. He specialises in dual-use and emerging technologies, complexity, AI, autonomy and data science, fostering long-term collaboration between Government, industry, and academia.

A Fellow of the Institution of Engineering and Technology, Institute of Physics and Royal Society of Arts, he is also a Chartered Physicist and Scientist. He holds an MA from the University of Oxford and a PhD from the University of London.



Manny Lewis

Manny Lewis was appointed as a Non-Executive Director of the CAA Board in October 2021, leading on people, change and business excellence. He serves as Chair of the CAA People Committee.

Manny has a wide array of skills and experience having worked in numerous leadership roles across the public sector and local government, including as Executive Director Greater London Authority, Chief Executive of the London Development Agency and Managing Director of Watford Borough Council.

He brings considerable non-executive experience from chairing roles in the NHS and Social Housing and is a Fellow of the Chartered Institute of Personnel & Development.

Manny is currently a Non-Executive Director at National Highways where he chairs the Remuneration Committee, a Non-Executive Director at Green Square Accord Housing Association and a Board member at the Crown Prosecution Service.

Board Members

Non-Executive Board Members continued



Trisha McAuley OBE

Trisha McAuley OBE was appointed as a Non-Executive Director of the CAA Board in February 2025.

Trisha brings expertise in consumer interests, serving on the CAA ARAC, and has extensive experience as a Chair, Non-Executive Director and independent consumer expert in regulated markets.

With over 20 years as a senior executive in UK and Scottish consumer organisations, she previously served as Scottish Director of Consumer Futures and was awarded an OBE for services to consumer affairs in 2015. A strategic public policy leader, Trisha has worked with governments, regulators, and businesses.

Currently, Trisha is the Independent Chair of the National Grid Electricity Transmission and Distribution Independent Stakeholder Groups, Board member for Scotland at Transport Focus, Independent Chair of the Strategic Panel for the Non-Household Retail Water Market in England and an Ambassador for Enter the Boardroom Community.

Trisha is the Chair of the UK's Air Travel Trust.



Crispin Orr MBE

Crispin Orr was appointed as a Non-Executive Director of the CAA Board in January 2026, leading on aviation safety, and serves on the CAA ARAC.

Crispin was the Chief Inspector of Air Accidents at the UK Air Accidents Investigation Branch (AAIB), serving from January 2017 until January 2026. Prior to this role, his military career included senior appointments as commander of various operational, flight test and accident investigation organisations and the award of an MBE in 2009.

He is frequently a speaker on safety investigation matters on the international stage and led the European Civil Aviation Conference (ECAC) Expert Group on Air Accident and Incident Investigation from 2020-2025.

Crispin has an engineering degree from Durham University and post graduate qualifications in Defence Technology, Flight Test, Safety and Accident Investigation. He is also a longstanding member of the Royal Aeronautical Society and the Society of Experimental Test Pilots.



Charmion Pears

Charmion Pears was appointed as a Non-Executive Director of the CAA Board in October 2025, and is Chair of the CAA ARAC. Charmion also serves on the CAA People Committee.

An experienced Non-Executive Director and trustee with a focus on the public and voluntary sectors, she is also a Non-Executive Director and Chair of the Driver Vehicle Licensing Agency's ARAC, an Independent Member of the Health and Safety Executive ARAC, and an Independent Member of the Department for Transport Group ARAC.

Charmion's executive career comprised leadership roles in strategic planning and innovation within the airline industry and financial services.

Past roles include Non-Executive Director and Chair of ARAC of the Care Quality Commission, Non-Executive Director & ARAC Chair of Corserv Ltd, Senior Independent Non-Executive Director & ARAC Chair of Bristol Waste Company, and Trustee of Blue Cross UK and Demelza Hospice for Children.



Air-Vice Marshal Ian "Cab" Townsend CBE

Assistant Chief of the Air Staff

Vice Marshal Ian "Cab" Townsend became a Non-Executive member of the CAA Board in November 2025.

Commissioned into the Royal Air Force in 1992, Cab has over three decades of experience in combat air operations, capability development and training. He has commanded Number 1(F) Squadron, Number 3 (Fighter) Squadron, RAF Marham and 903 Expeditionary Air Wing, leading major operational deployments and capability transitions, including the retirement of Tornado GR4 and the introduction of F-35B Lightning into service. He was appointed CBE in 2020 for his leadership at RAF Marham.

His senior appointments include Assistant Chief of Staff Combat Air, where he oversaw Typhoon, Lightning, weapons and operational training and Director Training as head of No. 22 Group. Cab holds a MA in Defence Studies and is a Qualified Weapons Instructor. His operational career spans deployments to the Balkans, Iraq and Afghanistan, where he received a Queen's Commendation for Valuable Service.

Statement of Board Members' Responsibilities

The Board members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

The Accounts Direction issued by the Secretary of State for Transport requires the Board members to prepare financial statements for each financial year. Under the Accounts Direction the Board members have prepared the Group and organisation financial statements in accordance with International Accounting Standards (IASs) in conformity with the requirements of the Companies Act 2006. Under the Accounts Direction the Board members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the organisation and of the profit or loss of the Group and of the organisation for that period.

In preparing the financial statements, the Board members are required to:

- > Select suitable accounting policies and then apply them consistently;
- > state whether applicable IASs 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 a going concern basis unless it is inappropriate to presume that the Group and the organisation will continue in business.



The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the organisation's transactions and disclose with reasonable accuracy at any time the financial position of the Group and of the organisation and enable them to ensure that the financial statements comply with the Civil Aviation Act 1982 and the Accounts Direction made thereunder by the Secretary of State for Transport.

The Board members are also responsible for safeguarding the assets of the Group and the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board members are responsible for the maintenance and integrity of our website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each Board member in office at the date the annual report is approved:

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

By order of the Board

Jonathan Spence,
General Counsel & Secretary

8 July 2026



Governance Statement

We are committed to high standards of corporate governance and recognise the importance of effective leadership, accountability and robust oversight in delivering our statutory duties and protecting the public interest.

Throughout the year ended 31 March 2026, and up to the date of approval of these accounts, the Board has applied the principles and complied with the relevant provisions of the Financial Reporting Council's UK Corporate Governance Code 2024, as appropriate for a public corporation and arm's-length body.

Board effectiveness

In accordance with the Code, the Board undertook its triennial externally facilitated Board Effectiveness Review during the year. The review was conducted by Forvis Mazars and reported to the Board in January 2026.

In line with the requirements of our Framework Agreement, input to the review was sought from the Department for Transport and industry stakeholders, alongside Board members and senior Civil Aviation Authority (CAA) staff. The review also included observation of Board meetings and a review of Board and Committee papers. The review concluded that the Board and its Committees are operating effectively, providing appropriate leadership, oversight and challenge. A number of recommendations were identified to support continuous improvement and the Board has agreed actions to address these, with implementation underway.

In addition, the Audit and Risk Assurance Committee undertook its annual assessment of our governance arrangements against the UK Corporate Governance Code and reported its conclusions to the Board.

The Board

The Board comprises the Non-Executive Chair, four Executive members and seven Non-Executive members. Of the Non-Executive members, five are independent, one serves as the Senior Independent Director (SID) and one is an ex-officio member appointed by the Secretary of State for Defence. With the exception of the ex-officio member, the CAA's Non-Executive members, including the Chair, are appointed by the Secretary of State for Transport on fixed-term contracts. The Senior Independent Director is appointed by the Chair.

All Board members are required to declare interests on appointment and throughout their term of office. Potential or actual conflicts of interest are actively managed in accordance with our established policies to ensure objective and independent decision-making. Board members have access to the advice of the Company Secretary and General Counsel and receive induction and ongoing development appropriate to their role.

Details of Board membership changes during the year are set out below:

- > Anne Lambert resigned from the Board on 31 December 2025;
- > Charmion Pears was appointed to the Board on 1 October 2025;
- > Air Vice-Marshal Suraya Marshall CBE ceased to be a Board member on 14 November 2025;
- > Air Vice-Marshal Ian (Cab) Townsend was appointed to the Board on 17 November 2025; and
- > Crispin Orr MBE was appointed to the Board on 19 January 2026.

No changes to the Board occurred between the end of the reporting period and the signing of the 2025/26 Annual Report and Accounts.

Board meetings and committees

The Board is supported by two standing committees, the Audit and Risk Assurance Committee and the People Committee.

Each committee operates under approved terms of reference and reports regularly to the Board on its work. Attendance at meetings of the Board and its committees is detailed in the table below.

The Board has formally reserved responsibility for matters including strategy, major investment decisions, risk appetite and approval of the Annual Report and Accounts. Day-to-day management of the organisation is delegated to executive management, within a clear framework of delegated authority. Our Governance Statement provides details of matters reserved for decision by the Board. The Governance Statement was published on our website on 7 August 2025.

The Board monitors organisational culture and behaviours primarily through the work of the People Committee, including oversight of our People Strategy, colleague engagement and diversity and inclusion.

Financial reporting

The Board is responsible for presenting a fair, balanced and understandable assessment of our position, performance and prospects. This is achieved through the Statement by the Chair, the Statement by the Chief Executive, the Review of Our Business and the Financial Review, together with the financial statements and accompanying notes.

The responsibilities of Board members in relation to the preparation of the financial statements are set out on page 88.

Attendance for the 12 months to 31 March 2026	Board meetings	Audit and Risk Assurance Committee meetings	People Committee meetings
Number of meetings held	10	4	6
Sir Stephen Hillier	10	*1	*5
Rob Bishton	10	*4	*6
Giancarlo Buono	10	N/A	N/A
Selina Chadha	10	N/A	N/A
Katherine Corich	10	4	5
Professor Jordan Giddings	10	N/A	N/A
Charmion Pears **	5	3	0
Anne Lambert CMG **	7	2	4
Manny Lewis	10	N/A	6
AVM Suraya Marshall CBE **	3	N/A	N/A
Tracey Martin	9	*4	N/A
Trisha McAuley OBE	10	3	N/A
Crispin Orr MBE **	3	*1	N/A
AVM Ian "Cab" Townsend **	4	N/A	N/A

* Meetings attended by invited non-members.
** Members not in post for the full reporting period.

Governance Statement continued

Risk management and internal control

The Board is responsible for maintaining sound systems of risk management and internal control, and for reviewing their effectiveness. During the year, the Board received and discussed reports on the CAA's principal risks (including any new/emerging risks) and the associated mitigations, supported by assurance from specialist functions and internal audit.

The Board completed its annual review of the effectiveness of risk management and internal control arrangements as part of the approval of the Annual Report and Accounts. It confirmed that appropriate actions had been taken to address any identified issues and that no material weaknesses in internal control relating to financial reporting were identified during the year.

A structured process for identifying, assessing and managing principal and emerging risks operated throughout the year ended 31 March 2026 and up to the date of approval of the accounts. Further detail on our principal risks and uncertainties is set out on pages 42 to 53.

The Audit and Risk Assurance Committee provides independent oversight of these arrangements, supported by internal audit. The Head of Internal Audit's annual opinion for the year provided moderate assurance that our governance, risk management and internal control processes were adequately designed and operating effectively, with improvements identified and implemented during the year.

Viability statement and going concern

The Board has assessed our long-term viability, taking account of the organisation's statutory role as the UK's independent aviation regulator and the financial and operating environment in which it operates.

For the purposes of this Annual Report and Accounts, the Board assessed viability over the two-year period to 31 March 2028, which it considers appropriate given the planning horizon for regulatory objectives and funding arrangements. In making this assessment, the Board considered:

- > Our strategic plan and approved budgets;
- > two-year cash-flow forecasts, including sensitivity analysis; and
- > the principal risks that could threaten the organisation's business model, future performance or solvency.

Based on this assessment, including stress testing involving adverse scenarios affecting aviation activity and income, the Board has a reasonable expectation that the CAA will continue in operation and meet its liabilities as they fall due over the period to 31 March 2028.

Accordingly, the Board considers it appropriate to prepare the financial statements on a going concern basis. Further detail is provided in note 1.1 to the accounts on page 124.

Compliance with the Framework Document and Managing Public Money

Following the issue of the revised Framework Document in 2025, the organisation has continued to operate in accordance with its responsibilities under the Framework Document and HM Treasury's Managing Public Money guidance. The Board remain committed to embedding the principles of regularity, propriety and value for money across our operations and will continue to monitor and maintain our compliance framework through established controls and periodic review.

Compliance statement

We are directed by the Secretary of State for Transport to report on compliance with the provisions of the UK Corporate Governance Code. The Board considers that it has complied with all relevant provisions of the 2024 Code throughout the year ended 31 March 2026 and up to the date of approval of the Annual Report and Accounts, except for provisions 18, 24, 33, 37 and 38. Explanations for these exceptions are provided in the compliance disclosures below.

Provision 18: The People Committee report explains that Non-Executive Directors are generally appointed on fixed-term contracts. The exception is the ex-officio Non-Executive Director, whose appointment is linked to their substantive post. Executive Directors are usually employed on permanent, open-ended contracts, although one Executive Director is currently on a fixed-term contract.

Provision 24: The Audit and Risk Assurance Committee comprises four Non-Executive Directors with significant experience relevant to the aviation industry. Following Jane Hanson CBE's resignation as Chair on 21 January 2025, the Committee did not have a member with a formal accountancy or financial qualification for a period. To maintain continuity, Anne Lambert CMG was appointed Interim Chair, a role she also performs at another Arm's Length Body, pending the appointment of a Non-Executive Director with appropriate accounting and audit expertise. Charmion Pears joined the Committee on 1 October 2025. She is a Chartered Accountant with Chartered Accountants Australia and New Zealand, and her appointment has restored the Committee's balance of skills. The Committee is now satisfied that it has sufficient recent and relevant financial experience, alongside its broader aviation, regulatory and business expertise, to discharge its responsibilities effectively.

Provision 33: Our People Committee has delegated responsibility for the policy for, and setting of, executive director remuneration. Our People Committee has no responsibility for determining the policy for Chair remuneration as this is a matter for the Secretary of State.

Provisions 37 & 38: CAA Director contracts do not include specific malus and clawback provisions. As a public corporation and safety regulator, the CAA does not operate on a commercial basis and does not carry the same commercial risks. Shares cannot be provided as part of the remuneration package for Directors. The award of performance-related pay is made at the discretion of the People Committee and is subject to satisfactory performance against agreed objectives.

The CAA intends to reserve the right to recover performance-related pay awards where there is material evidence of a criminal act, misconduct, dishonesty, or other deliberate wrongdoing. However, it is acknowledged that current policies and contractual arrangements do not address this in a way which would permit such a recovery. We are working on updated policy and contractual documentation to incorporate this.

Future changes to the code

The Board has also begun preparations for the introduction of Provision 29 of the 2024 Code, which applies to accounting periods beginning on or after 1 January 2026. During the year, work commenced to enhance documentation, assurance and evidence frameworks to support the Board's future declaration on the effectiveness of material internal controls, with further development planned during 2026/27.

Audit and Risk Assurance Committee Report

Committee membership

- > **Charmion Pears:** Chair (from 1 November 2025)
- > **Anne Lambert CMG:** Interim Chair (until 31 October 2025) & Non-Executive Director (until 31 December 2025)
- > **Katherine Corich:** Senior Independent Director (until 30 June 2026)
- > **Trisha McAuley OBE:** Non-Executive Director
- > **Crispin Orr MBE:** Non-Executive Director (from 1 May 2026)

There were changes to Committee membership and chairing arrangements during the year to ensure continuity of effective financial oversight. Further details of Board and Committee composition are set out in the Governance Statement.

Audit and Risk Assurance Committee (ARAC) main responsibilities:

The ARAC is a standing sub-committee of the Board established to support the Board and the organisation's Accountable Person by providing independent oversight and assurance in relation to financial reporting, risk management, internal control, governance and audit arrangements.

The Committee also supports the Board and the Secretary of State for Transport by reviewing the integrity of the Annual Report and Accounts and advising whether, taken as a whole, they are fair, balanced and understandable.

Committee activity during the year

Financial reporting and significant judgements

The Committee reviewed the draft Annual Report and Accounts for the year ended 31

March 2026, including the key accounting judgements, estimates and disclosures, and considered the external auditor's findings. In doing so, the Committee satisfied itself that:

- > Appropriate accounting policies had been applied consistently;
- > significant judgements and estimates were reasonable and supported by evidence; and
- > the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable.

The Committee reported this conclusion to the Board, which concurred with the assessment.

Key areas of focus during the year included:

1. Pension valuations

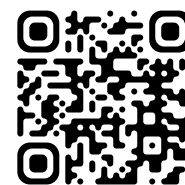
The valuation of the CAA Pension Fund represents a significant estimate in the financial statements. The Committee reviewed the assumptions underlying the actuarial calculations, including inflation, salary growth and longevity and considered the views of the external auditor. The Committee was satisfied that the assumptions were within an acceptable range.

2. Significant accounting judgements and estimates

The Committee reviewed management's key accounting judgements and estimates that could materially affect the financial statements. Further detail is provided in the significant judgements and issues on page 95.

3. Accounting policies and standards

The Committee reviewed the selection and application of accounting policies and was satisfied that there were no new or revised accounting standards with a material impact on the 2025/26 financial statements.



Scan QR Code or click [here](#) to watch **Charmion Pears** discuss the work of the Audit and Risk Assurance Committee.

Significant judgements and issues considered by the Committee

During the year, the Committee considered the following significant financial reporting judgements and issues:

> Valuation of pension scheme assets and obligations

The valuation of the defined benefit pension scheme requires judgement over key actuarial assumptions, including inflation, salary growth and longevity. Qualified actuaries, independent of the scheme, carried out the final calculations. The Committee considered the professional advice provided by the organisation's consultant actuaries and was satisfied that the assumptions adopted were appropriate and consistent with that advice.

> Intangible assets and impairment

The CAA capitalises certain development and transformation costs. Management

assessed whether any impairment was required in respect of current and prior-year capitalised projects. The Committee reviewed this assessment and was satisfied with management's approach.

> Revenue recognition

The CAA operates a complex regulatory charging regime with multiple revenue streams. The Committee considered management's assessment of compliance with IFRS 15 where applicable and concluded that revenue recognition policies were appropriate and consistently applied.

> Expected credit losses

The calculation of provisions for bad debts involves significant judgement, taking into account debtor ageing, customer-specific factors and prevailing economic conditions. In light of developments affecting the aviation sector during the year, the Committee undertook additional scrutiny of the



Audit and Risk Assurance Committee Report continued

assumptions and methodology applied.

It concluded that the expected credit loss approach remained appropriate for the current environment.

> Presentation of lease liabilities

Management proposed presenting current and non-current lease liabilities separately on the face of the Statement of Financial Position. The Committee supported this change, noting that it provides clearer information to users of the financial statements.

Risk management and internal control

The Committee provides independent oversight of the organisation's risk management and internal control arrangements on behalf of the Board. During the year, this included:

- > Scrutiny of the CAA's principal (top) risks and any changes to these;
- > review of the health of the enterprise risk management framework and progress being made to strengthen this; and
- > oversight of the articulation and embedding of the CAA's corporate risk appetite.

The Committee reported regularly to the Board on its work and conclusions.

Internal audit

The Committee oversaw the work of internal audit, which provides independent and objective assurance on the effectiveness of governance, risk management and internal control arrangements across the organisation and its subsidiaries. During the year, the Committee:

- > Approved the internal audit plan and confirmed it was risk-based and aligned to the organisation's strategy and risk appetite;

- > reviewed reports arising from individual internal audit assignments and monitored management's implementation of agreed actions; and

- > considered the Head of Internal Audit's annual opinion.

The Head of Internal Audit provided moderate assurance, indicating that governance, risk management and control processes are generally adequate and operating effectively, but that some improvements are required. The Committee noted progress made during the year to strengthen the control framework.

All audits are carried out independently by our internal audit function, in accordance with the Institute of Internal Auditors (IIA), International Professional Practices Framework (IPPF), which includes the Global Internal Audit Standards (GIAS), and in the UK Public Sector, is accompanied by an Application Note, that contextualises the GIAS and sets minimum expectations in some key areas. The Committee was satisfied that the internal audit function remained independent, adequately resourced and effective.

External Audit

The organisation's external auditor since 2017 has been BDO LLP (BDO). BDO were most recently reappointed on 1 September 2024, following a competitive tender process. The appointment is for an initial five-year term, with the option to extend for a further two periods of a year each.

The tender process complied with the applicable parts of the Financial Reporting Council's (FRC) guidance 'Audit Tenders: Notes on best practice'. Charles Morelli is the responsible BDO partner for the audit taking over from Michael Simms in line with the organisations rotation policy.

The Committee maintained oversight of the external audit relationship during the year, including:

- > Reviewing and agreeing the audit strategy and scope;
- > monitoring progress and findings from the interim and final audits;
- > assessing auditor independence, effectiveness and objectivity; and
- > approving non-audit services in line with the organisation's established policy and the FRC's Ethical Standard.

The Committee was satisfied that the external auditor remained independent and that the quality and effectiveness of the audit were appropriate. Details of non-audit services provided during the year are disclosed in the notes to the accounts.

The Committee also considered the findings of the Financial Reporting Council's July 2025 audit quality inspection report in relation to BDO and discussed with the audit partner the actions being taken to address areas for improvement.

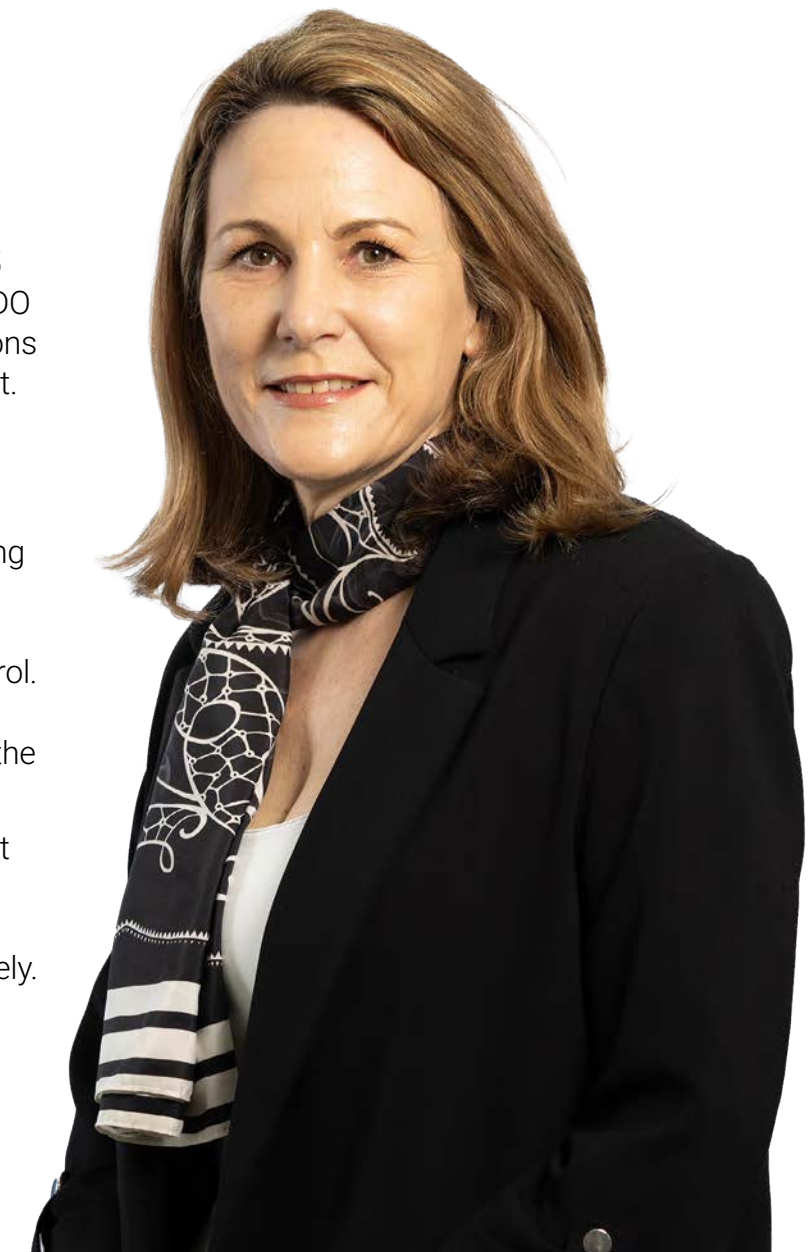
Committee effectiveness

The Committee is satisfied that it has discharged its responsibilities effectively during the year, providing appropriate challenge and assurance to the Board in respect of financial reporting, risk management and internal control. It has reached this conclusion following a comprehensive review of its activities during the year against its terms of reference.

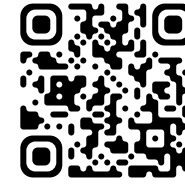
Collectively, Committee members bring recent and relevant experience in finance, regulation and public-sector governance, enabling the Committee to fulfil its responsibilities effectively.

Charmion Pears, Chair
Audit and Risk Assurance Committee

8 July 2026



People Committee Report



Scan QR Code or click [here](#) to watch **Manny Lewis** discuss the work of the People Committee..

2025/26 saw the fourth full year of operation of the People Committee following its establishment in November 2021.

Committee membership

- > **Manny Lewis:** Chair
- > **Katherine Corich:** Senior Independent Non-Executive Director (until 30 June 2026)
- > **Anne Lambert CMG:** Independent Non-Executive Director (until 31 December 2025)
- > **Charmion Pears:** Non-Executive Director (from 1 May 2026)

Manny Lewis was appointed Senior Independent Non-Executive on 1 July 2026.

Our Chair and Chief Executive are invited to attend meetings when matters applying to them are not under discussion. When matters involving the appointment of Non-Executive members are under discussion, that discussion in the meeting is led by our Board Chair. The People Committee met six times during 2025/26.

People Committee main responsibilities:

- > In consultation with the Senior Independent Director, agree objectives for the Chair of the Board;
- > agree objectives for the Chief Executive, other Executive Board members and Non-Executive Directors. On recommendation from the Chief Executive, agree the objectives applying to all members of the Executive Committee;
- > assess performance and agree reward for the Chief Executive, other Executive Board members and members of the Executive Committee;
- > consider and make recommendations in respect of the appointment of members of the organisation;

- > be informed of and give guidance on the development of the People Strategy and its supporting strategic themes. Oversee the progress of the delivery of the CAA People Strategy and any risks associated with its implementation;
- > keep under review overall Board composition and size;
- > keep under review the skills, knowledge, experience and diversity of the Board; and
- > oversee succession planning for the key roles.

Board appointments

'Members' of the organisation are (up to) 16 individual members of the body corporate which is legally accountable for the discharge of the various functions of the organisation. Board members are appointed as set out in the Civil Aviation Act 1982, and as amended by the Civil Aviation Act 2012. In summary, the provisions are:

- > The Secretary of State for Transport appoints the organisation's Chair;
- > the Secretary of State for Transport appoints the non-executive members on the basis of recommendations made following an Office of the Commissioner for Public Appointments aligned process conducted by the organisation and Department for Transport;
- > the Non-Executive members appoint the Chief Executive, subject to approval by the Secretary of State for Transport;
- > the Board is invited to approve the appointment of the Company Secretary; and
- > the Chief Executive appoints other executive Board members, subject to the approval of the Chair and at least one other Non-Executive member.

The People Committee, which is chaired by Manny Lewis, with the support of the Executive Committee Talent Board, oversees the succession planning for key roles, including the Chief Executive, other Executive Board members and members of the Executive Committee on an annual basis. The role of the Talent Board is to provide specific focus on the management of talent across the organisation. It oversees and approves talent approaches as well as reviewing talent pipelines in line with our diversity and inclusion commitments.

There were some changes to our Non-Executive Directors this year. Air Vice-Marshal (AVM) Suraya Marshall's term ended on 14 November 2025 and Anne Lambert's ended on 31 December 2025. The CAA welcomed Charmion Pears on 1 October 2025, AVM Ian (Cab) Townsend on 17 November 2025 and Crispin Orr on 19 January 2026.

The CAA's People Strategy for 2025 – 2028 is centred around three core themes: Capacity, Capability and Culture. The Committee reviews progress of the delivery of the strategy every six months. During 2025/26 the Committee has remained focused on the following key strategic people outcomes:

Capacity: "Future skills 2030 and beyond"

- > An important programme of work on the future capabilities required in the aviation and aerospace industry with a view to ensuring the organisation proactively maintains the right skill sets and expertise going forward. Technology advancement and new industry challenges are rapidly transforming the sector and directly impacting customer behaviours and expectations. Our future capabilities programme will lead to a longer-term strategic workforce development plan that will enable us to remain up to date and retain our industry wide leadership roles.

Capability: "Leading and living our values"

- > A blended set of initiatives and improvements to elevate the CAA's leadership capability to ensure credible leadership for our colleagues underpinned by our values and behaviours. The CAA has reset its most senior leadership community and in April 2026 launched its first ever Leadership Competency Framework for those top 50 leaders.

Culture: "Making our culture the best it can be"

- > Continued delivery of a range of already embedded and new work programmes to enhance the CAA's workplace environment and colleague experience, including:
 - a. Delivery of our 2025 – 2028 three-year diversity and inclusion (D&I) plan, "Everyone is Included, Everyone Belongs Here", the delivery of which is overseen by our D&I Board, chaired by a member of the CAA's Executive Committee. The People Committee takes an active role in monitoring our gender and ethnicity targets, our gender and ethnicity pay gap data and regularly reviews our D&I workforce data. This includes commitments to reducing our gender and ethnicity pay gaps annually and diversifying our workforce through our gender and ethnicity targets;
 - b. delivery of our 2025 – 2028 three-year plan focussed on wellbeing, building on the CAA's silver Mind accreditation gained in 2024;
 - c. delivery of our corporate and local action plans focused on Respecting Everyone and improving colleague experiences of organisational change; and
 - d. focus on the communications, information and support we provide to colleagues as the CAA steps through its work to identify and select a new Gatwick area office location.

People Committee Report continued

Diversity at the CAA

The CAA’s Pay Gap Report was last published in November 2025 for the period ending March 2025. It showed median pay gaps for gender of 32.8% and for ethnicity of 17.2%. The mean pay gaps were 26.5% and 11.1% respectively. All four indicators showed a narrowing of the gap compared to 2024 and there has been a broad trend of reducing pay gaps across both gender and ethnicity since we began reporting in 2017 and 2020 respectively. The full report including other indicators can be accessed [here](#).

The Committee notes the downward trend and the August 2025 publication of the CAA’s Diversity & Inclusion Delivery Plan 2025-2028 shows that the organisation is committed to ensuring continued progress across both pay gap and representation measures.

In August 2025, the CAA increased its representation targets at senior levels to 30% female and 10% ethnicity. Senior representation

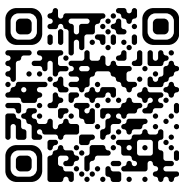
levels at the end of March 2026 were 29.8% and 9.7% respectively compared to levels seen at the end of March 2025 of 28.3% and 8.1%.

Board members’ contracts

All current Non-Executive Directors were appointed on fixed-term contracts ranging from three to four years, with certain extensions applied, as indicated in the table below. Executive members, with the exception of Giancarlo Buono, are employed under open-ended contracts. Giancarlo Buono has been appointed on a four-year fixed-term contract, set to expire in January 2029. All executive members hold permanent employment contracts and are subject to a six-month termination notice period. The People Committee regularly monitors the composition of the Board to ensure it possesses the necessary skills and expertise to effectively lead the organisation, while also fulfilling its governance responsibilities.

CAA members’ terms

CAA member	Date of first appointment	Date of expiry
Sir Stephen Hillier	June 2020	July 2028
Rob Bishton	November 2019	N/A
Katherine Corich	July 2019	September 2026
Anne Lambert CMG	February 2019	December 2025
Manny Lewis	October 2021	September 2027
Professor Jordan Giddings	February 2025	February 2028
Trisha McAuley OBE	February 2025	February 2028
Charmion Pears	October 2025	September 2028
AVM Ian “Cab” Townsend	November 2025	Ex-officio appointment
Crispin Orr MBE	January 2026	January 2029
Giancarlo Buono	January 2025	January 2029
Tracey Martin	September 2023	N/A
Selina Chadha	August 2024	N/A



Scan QR Code or click [here](#) to read more about the CAA’s Pay Gap Report.

We follow the provisions of the UK Corporate Governance Code 2024 (see our Corporate Governance report on pages 90 to 93) and comply with the Directors’ Remuneration Regulations 2002, as applicable to public corporations. We also apply the principles of good governance to Executive Board members’ remuneration.

During 2025/26, we focused on further embedding the reward model for the wider organisation introduced in April 2023. We continue to conduct post implementation reviews in order to understand if any amendments need to be made. The People Committee’s role is to ensure remuneration policy is operated as intended and that the workforce is engaged with and understand how executive remuneration aligns with wider company pay policy. This year, Executives’ pay increased at the same rate as that applied in the general colleague pay settlement – 3.3 % - with effect from 1 April 2025.

Remuneration policy

Our remuneration policy is to reward executive members appropriately, so we can recruit and retain members who are qualified and motivated to deliver our objectives effectively. Executive members’ remuneration is reviewed every year. We conduct an annual pay bargaining process with trade unions, balancing affordability with consideration of market competitiveness and the importance of retaining the right expertise across the organisation.

Salaries and fees

When deciding on salaries, fees and the total package of benefits, we look at relevant market rates to ensure internal consistency and relativity is maintained. The ratio of the salary of our lowest paid permanent employee and that of the Chief Executive is 18:1. The ratio of the average colleague salary and that of the Chief Executive is 7:1. We bear these figures in mind when making decisions on executive remuneration.

Performance-related pay

We have a long-established policy of considering performance-related payments for Executive Board members, based on clear individual and team objectives. These are agreed by the Committee at the beginning of each financial year and evaluated at both the mid-year and end of the performance year. Under their employment contracts, the performance-related payment is normally up to 20% of basic annual salary for the Chief Executive and other Executive Board members. Performance-related payments are not pensionable. The amounts paid are reflected in the emoluments table for 2025/26. The Committee also considers performance-related payments, at a lower rate, for Executive Committee members who are not Executive Board members.

People Committee Report continued

Board members’ emoluments

Emoluments (excluding pension arrangements) of the Chair and Board members for the financial year ended 31 March 2026 were as follows:

Board member	Salary and fees £'000	Benefits £'000	2025/26 Performance related payments £'000	2025/26 Total £'000	2024/25 Total £'000
Sir Stephen Hillier	130.0	0.0	0.0	130.0	130.0
Rob Bishton	324.5	1.5	58.0	384.0	370.9
Tracey Martin	201.0	1.5	37.1	239.6	231.4
Selina Chadha	190.4	1.5	20.7	212.6	129.4
Giancarlo Buono	195.0	2.1	29.4	226.5	47.4
Paul Smith	0.0	0.0	0.0	0.0	16.4
Katherine Corich 1	28.6	0.0	0.0	28.6	30.2
Professor Jordan Giddings 1	25.0	0.0	0.0	25.0	2.5
Trisha McAuley OBE 1	27.0	0.0	0.0	27.0	2.5
Anne Lambert CMG 1	27.3	0.0	0.0	27.3	25.6
Manny Lewis 1	31.7	0.0	0.0	31.7	29.6
Charmion Pears 1	14.0	0.0	0.0	14.0	0.0
Jane Hanson CBE 1	0.0	0.0	0.0	0.0	25.4
Crispin Orr MBE 1	5.0	0.0	0.0	5.0	0.0
Marykay Fuller 1	0.0	0.0	0.0	0.0	7.0
AVM Suraya Marshall 2	0.0	0.0	0.0	0.0	0.0
AVM Ian “Cab” Townsend 2	0.0	0.0	0.0	0.0	0.0
Board members’ emoluments as per the annual accounts	1,199.5	6.6	145.2	1,351.3	1,048.3

1. Non-Executive members are paid a non-pensionable fixed rate of £25,000 p.a. This is uprated by £3,000 for chairing Committees. In addition, a per-diem rate of £430 is paid for serving on licensing panels. The rates of pay for non-executive members are set by the Department for Transport (DfT).

2. Formally AVM Suraya Marshall and currently AVM Ian “Cab” Townsend is a Ministry of Defence nominee holding an ex-officio post with no remuneration.
- In the event of termination of a member’s contract by the organisation, the Executive Board members would receive compensation on broadly similar terms to those applicable to an employee. Non-executive Board members would not be eligible to receive termination compensation.

Pension arrangements

The CAA Pension Scheme (CAAPS), a defined benefit scheme governed by an independent trust, has been closed to new members since December 2012. None of the executive members of the organisation were either contributing members of CAAPS or CAAPS pensioners.

A description of the scheme is given on page 158 in note 17 to the consolidated financial statements.

Since the closure of CAAPS to new entrants we have provided a Defined Contribution (DC) pension scheme. Rob Bishton, Tracey Martin, Selina Chadha and Giancarlo Buono were members of our DC scheme during the year. Like other employees who are members of the DC scheme, Executive Board members can elect to pay 3%, 5% or 6% of their pensionable pay into this scheme and receive a contribution from the organisation of 6%, 10% or 12% respectively.

Five years ago, we introduced a scheme offering cash alternatives to pension contributions to those impacted by the pensions’ statutory lifetime allowance and/or annual allowance. No Board members have elected to take part in this scheme throughout this year.

Board members’ pension arrangements – DC scheme

Board member	CAA contribution during the year £'000	Board member's contribution during the year* £'000
Rob Bishton	59.4	0.0
Tracey Martin	39.3	0.0
Selina Chadha	37.2	0.0
Giancarlo Buono	33.0	0.0

*Our DC scheme operates a salary sacrifice arrangement for employee contributions. Executive Board members were members of this arrangement and so have not directly paid contributions to the scheme since the beginning of the salary sacrifice arrangement, or since joining the organisation, if later. The amount of salary sacrificed is equivalent to the employee pension contribution paid and was equal to £19.8k in relation to Rob Bishton, £13.1k in relation to Tracey Martin, £12.4k in relation to Selina Chadha and £11.0k in relation to Giancarlo Buono.

Manny Lewis, Chair
People Committee

8 July 2026



Independent Auditors’ Report to the Secretary of State for Transport

Report on the audit of the financial statements

Opinion

In our opinion:

- > The financial statements give a true and fair view of the state of the Group’s and of the Authority’s affairs as at 31 March 2026 and of the Group’s profit and the Group’s and the Parent Company’s cash flows for the year then ended;
- > the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- > the Authority financial statements have been properly prepared in accordance with

the UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and

- > the financial statements have been prepared in accordance with the requirements of the Civil Aviation Act 1982 (the ‘Act’) and the Report and Accounts Directions made thereunder by the Secretary of State for Transport.
- > We have audited the financial statements of the Civil Aviation Authority (the ‘Authority’) and its subsidiaries (the ‘Group’) for the year ended 31 March 2026 which comprise of the following:

Group	Authority
Group Income Statement	
Group Statement of Comprehensive Income	Authority Statement of Comprehensive Income
Group Statement of Financial Position	Authority Statement of Financial Position
Group Statement of Changes in Equity	Authority Statement of Changes in Equity
Group Statement of Cash Flows	Authority Statement of Cash Flows
Notes 1 to 23 to the Group financial statements	Notes 1 to 23 to the Authority financial statements
Material accounting policy information.	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006, the Civil Aviation Act 1982 and the Reports and Accounts Directions made thereunder by the Secretary of State for Transport.

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 remain independent of the Group and the Authority 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. The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Group and Authority and we remain independent of the Group and the Parent Company in conducting our audit. We provide non-audit services in relation to: ISAE (UK) 3410 assurance on Greenhouse Gas Statements, ISAE (UK) 3000 Revised assurance regarding the Future of Flight and ISAE (UK) 3000 Revised assurance regarding the INNOVATE UK project Safe Transition to Digital Assistants for Aviation (Horizon Europe Guarantee).

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board members use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board members assessment of the Group and the Authority’s ability to continue to adopt the going concern basis of accounting included:

- > We obtained the Board members going concern assessment, budgets and forecasts, for a period covering at least 12 months after the date of approval of the financial statements and assessed the suitability of the inputs and mathematical accuracy of the budgets and forecasts, through discussion with the Board members and obtaining relevant support for key inputs and assumptions.
- > We compared the previous forecasts to actual performance to assess the board members forecasting abilities.
- > We assessed the adequacy of the going concern disclosure to check that it gives a complete and accurate description of the Board members assessment of going concern and is consistent with our understanding obtained from audit procedures performed.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Authority’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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Authority’s ability to continue as a going concern.

In relation to the Group’s reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Governance statement in the financial statements about whether the Board members considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Independent Auditors’ Report to the Secretary of State for Transport continued

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

Overview

Key audit matters	Valuation of defined benefit pension scheme assets and obligations	2026 ✓	2025 ✓
Materiality	Group financial statements as a whole		
	Group - £2.7m (2025: £2.5m) based on 1.25% (2025: 1.25%) of revenue		
	Authority - £2.6m (2025: £2.4m) based on 1.25% (2025: 1.25%) of revenue		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group’s system of internal control. We identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the Group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

The Group is structured with a parent Authority i.e., the Civil Aviation Authority (the ‘CAA’ or the ‘Authority’), and two subsidiary companies, Air Safety Support International Limited (‘ASSI’) and CAA International Limited (‘CAAi’).

Based on the nature of the entities in the Group, and the processes and controls of the entities, we have deemed there to be three components within the Group.

For the three components, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. We performed procedures to respond to Group risks of material misstatement at the component level that consisted of audit procedures including procedures on the entire financial information of the three components and statutory audits.

Procedures performed at the component level

We performed procedures to respond to Group risks of material misstatement at the component level that included the following:

Component	Component Name	Entity	Group Audit Scope
1	CAA	Civil Aviation Authority	Statutory audit and procedures on the entire financial information of the component.
2	CAAi	CAA International Limited	Statutory audit and procedures on the entire financial information of the component.
3	ASSI	Air Safety Support International Limited	Procedures on one or more classes of transactions, account balances or disclosures.

The Group engagement team has performed all procedures directly and has not involved component auditors in the Group audit.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting, commonality of controls and similarity of the Group’s activities and business lines in relation to:

- > Defined Benefit Pension scheme assets and obligations;
- > tax balances;
- > consolidation, Financial Statement preparation and Cash Flow Statements;
- > going concern; and
- > laws and regulations.

We therefore designed and performed procedures centrally in these areas.

The Group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors’ Report to the Secretary of State for Transport continued

Key audit matter		How the scope of our audit responded to the risk
Valuation of retirement benefit obligations and fair value of plan assets (Notes 1.13, 1.18 and 17)	Given the materiality and the level of judgement involved in the valuation of the retirement benefit obligations and certain defined benefit plan assets, the valuation of the retirement benefit obligations and the insured annuity policies within plan assets is considered to be a significant risk.	We reviewed the accounting policies and disclosures related to the valuation of plan assets and retirement benefit obligations and checked that these are in line with the accounting framework.
	The assumptions used in the valuation of the retirement benefit obligations represent significant management estimates.	We reviewed the scheme audited accounts for the year ended 31 December 2025 to check that there were no operational issues reported related to the pension scheme itself.
	Due to the significant judgements, assumptions and estimates involved in the valuation of the retirement benefit obligation and fair value of plan assets, we have assessed this to be a Key Audit Matter.	We evaluated the competence of management’s actuarial expert used to value the retirement benefit obligations and the insured annuity policies, considering qualifications, competence and experience.
		With the assistance of our external pension actuarial expert, we reviewed the assumptions used in calculating the value of the retirement benefit obligations.
		We considered whether the discount and inflation rates used in the valuation of the retirement benefit obligations were consistent with our pension actuarial expert’s internally developed benchmarks.
		We assessed the terms of the insurance policies to ensure they sufficiently cover the scheme’s liabilities.
		Key observations: Based on the procedures performed, we consider the assumptions used in the valuation of retirement benefit obligations and plan assets, including the insured annuity policies to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality

level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Authority financial statements	
	2026 £m	2025 £m	2026 £m	2025 £m
Materiality	2.7	2.6	2.6	2.4
Basis for determining materiality	1.25% of revenue	1.25% of revenue	1.25% of revenue	1.25% of revenue
Rationale for the benchmark applied	Revenue is a key measure used both internally by management and externally by entities regulated by the Authority in evaluating the performance of the Group and Authority.			
Performance materiality	2.0	2.1	1.9	1.9
Basis for determining performance materiality	75%	80%	75%	80%
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including expected level of likely misstatements based on past experience and managements attitude towards proposed adjustments.			

Independent Auditors’ Report to the Secretary of State for Transport continued

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Authority whose materiality and performance materiality are set out above, based on a percentage of between 4% and 8% (2025: 2% and 5%) of Group performance materiality dependent on a number of factors including the control environment, expectations and the nature, frequency, and magnitude of misstatements in the component financial information, extent of disaggregation of the financial information across components, relative size of components, significant changes affecting the component since the prior year and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £85k to £175k (2025: £34k to £86k).

Reporting threshold

We agreed with the Audit and Risk Assurance Committee that we would report to them all individual audit differences in excess of £111k (2025: £88k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the ‘Annual Report and Financial Statements’ 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.

Corporate governance statement

We have reviewed the Governance statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company’s compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability	> The Governance statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on page 92); > the Board members’ explanation as to their assessment of the Group’s prospects, the period this assessment covers and why the period is appropriate (set out on page 92); and > the Governance statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities (set out on page 92).
Other Code provisions	> Governance statement on fair, balanced and understandable (set out on page 94); > Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 92); > the section of the annual report that describes the review of effectiveness of risk management and internal control systems (set out on page 92); and > the section describing the work of the Audit and Risk Assurance Committee (set out on pages 94 to 97)

Other reporting

Based on the responsibilities described below and our work performed during the course of the audit, we have agreed to report on certain opinions and matters as described below.

Strategic report and Directors’ report	In our opinion, based on the work undertaken in the course of the audit: > the information given in the Strategic report and the Board members’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and > the Strategic report and the Board members’ report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Authority and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Board members’ report.
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Independent Auditors’ Report to the Secretary of State for Transport continued

Responsibilities of Board members

As explained more fully in the Statement of Board members responsibilities, the Board members 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 Board members 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 Board members are responsible for assessing the Group’s and the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Authority or to cease operations, or have no realistic alternative but to do so.

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.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and management.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- > Our understanding of the Group and the industry in which it operates;
- > discussion with management and those charged with governance and the Audit and Risk Assurance Committee; and
- > obtaining an understanding of the Group’s policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be applicable accounting framework, the Civil Aviation Act 1982, the UK Corporate Governance Code and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation, anti-bribery, employment law and certain aspects of relevant applicable legislation in countries where the Group carry out activities within the overseas territories.

Our procedures in respect of the above included:

- > Enquires of management whether there were any litigations and claims;
- > enquires of the legal team of the Group and the Authority;
- > review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- > review of financial statement disclosures and agreeing to supporting documentation; and
- > review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- > Enquiry with management and those charged with governance and the Audit and Risk Assurance Committee regarding any known or suspected instances of fraud;
- > obtaining an understanding of the Group’s policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - internal controls established to mitigate risks related to fraud.

- > review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- > discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- > performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- > considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management bias in accounting estimates (management override of controls).

Our procedures in respect of the above included:

- > Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- > testing a sample of non-risky journal entries throughout the year, to ensure completeness of the population, by agreeing to supporting documentation; and
- > assessing significant estimates made by management for bias, including those set out in the key audit matters section of our report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditors’ Report to the Secretary of State for Transport continued

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Other matters which we are required to address

We were appointed by Board members on 31 August 2017 to audit the financial statements for the period ended 31 March 2018.

Our total uninterrupted period of engagement is nine years, covering the periods ended 31 March 2018 to 31 March 2026.

Our audit opinion is consistent with the additional report to the Audit and Risk Assurance Committee.

Use of our report

This report is made solely to the Secretary of State for Transport, in accordance with Section 15 of the Civil Aviation Act 1982. Our audit work has been undertaken so that we might state to the Secretary of State for Transport 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 Authority and the Secretary of State for Transport, for our audit work, for this report, or for the opinions we have formed.

Charles Morelli (Senior Statutory Auditor)
For and on behalf of **BDO LLP**,
Statutory Auditor,
London,
UK

8 July 2026

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



Financial

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Summary

This section presents the financial statements of the organisation, prepared in accordance with international accounting standards as adopted by the UK, and in conformity with the Companies Act 2006, the Civil Aviation Acts 1982 and 2012, and the Accounts Direction issued by the Secretary of State for Transport.

Income Statement

For the years ended 31 March		Group	
		2026	2025
	Note	£'000	£'000
Revenue	2	221,793	205,102
Operating costs			
Employment costs	3	(148,237)	(132,392)
Services and materials		(17,451)	(18,638)
Repairs and maintenance		(3,640)	(3,543)
Research	6	(4)	(14)
Depreciation, amortisation, impairment and disposals	6	(4,596)	(3,176)
Foreign exchange losses	6	(6)	(10)
Other expenses		(41,141)	(37,942)
Net operating costs		(215,075)	(195,715)
Operating profit	See below	6,718	9,387
Finance income	7	2,097	3,688
Finance costs	7	(136)	(78)
Finance income - net		1,961	3,610
Profit before income tax		8,679	12,997
Income tax charge	8	(2,201)	(3,402)
Profit for the financial year		6,478	9,595

The Authority has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Authority Income Statement. The profit for the Authority for the year was £6,439k (2025: £9,154k). The profit before IAS 19 adjustments for the Authority for the year was £4,503k (2025: £6,247k).

The supporting notes on pages 124 to 169 are an integral part of these financial statements.

Analysis of operating profit:	2026	2025
	£'000	£'000
Operating Profit before IAS 19 adjustments	4,496	7,289
IAS19 pension scheme adjustments	2,222	2,098
Operating profit	6,718	9,387

Statement of Comprehensive Income

For the years ended 31 March		Group		Authority	
		2026	2025	2026	2025
	Note	£'000	£'000	£'000	£'000
Profit for the financial year		6,478	9,595	6,439	9,154
Other comprehensive loss					
Unrealised foreign exchange differences		26	5	24	4
Movement on deferred tax relating to unrealised foreign exchange differences	16	(7)	(1)	(6)	(1)
Actuarial loss on post employment benefit obligations	17	(521)	(26,901)	(521)	(26,901)
Movement on deferred tax relating to post employment benefit obligations	16	130	6,725	130	6,725
Total other comprehensive loss		(372)	(20,172)	(373)	(20,173)
Total comprehensive gain/(loss) for the year		6,106	(10,577)	6,066	(11,019)

The supporting notes on pages 124 to 169 are an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Note	Group		Authority	
		2026	2025	2026	2025
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	9	4,395	5,391	3,963	4,884
Intangible assets	10	3,650	6,504	3,650	6,504
Trade and other receivables	12	29	-	-	-
Deferred tax assets	16	8	104	3	94
Retirement benefit assets	17	8,933	6,781	8,933	6,781
Total non-current assets		17,015	18,780	16,549	18,263
Current assets					
Trade and other receivables	12	34,196	32,056	31,722	29,573
Cash and cash equivalents	13	52,409	25,058	51,585	23,874
Short-term investments	18	5,000	-	5,000	-
Total current assets		91,605	57,114	88,307	53,447
Total assets		108,620	75,894	104,856	71,710
Capital and reserves					
Retained earnings		38,062	31,956	29,922	23,856
Total capital and reserves		38,062	31,956	29,922	23,856
Total equity		38,062	31,956	29,922	23,856
Non-current liabilities					
Trade and other payables	15	578	762	549	733
Deferred tax liabilities	17	2,233	1,695	2,233	1,695
Retirement benefit obligations	17	652	668	652	668
Lease liabilities	20	1,981	2,686	1,673	2,299
Total non current liabilities		5,444	5,811	5,107	5,395
Current liabilities					
Trade and other payables	15	64,005	35,607	68,788	40,180
Current tax liabilities		64	1,554	57	1,389
Retirement benefit obligations	17	108	103	108	104
Lease Liabilities	20	937	863	874	786
Total current liabilities		65,114	38,127	69,827	42,459
Total liabilities		70,558	43,938	74,934	47,854
Total equity and liabilities		108,620	75,894	104,856	71,710

The supporting notes on pages 124 to 169 are an integral part of these financial statements. The financial statements on pages 118 to 169 were authorised for issue by the Board on 8 July 2026 and were signed on its behalf.

Rob Bishton, Chief Executive

Statement of Changes in Equity

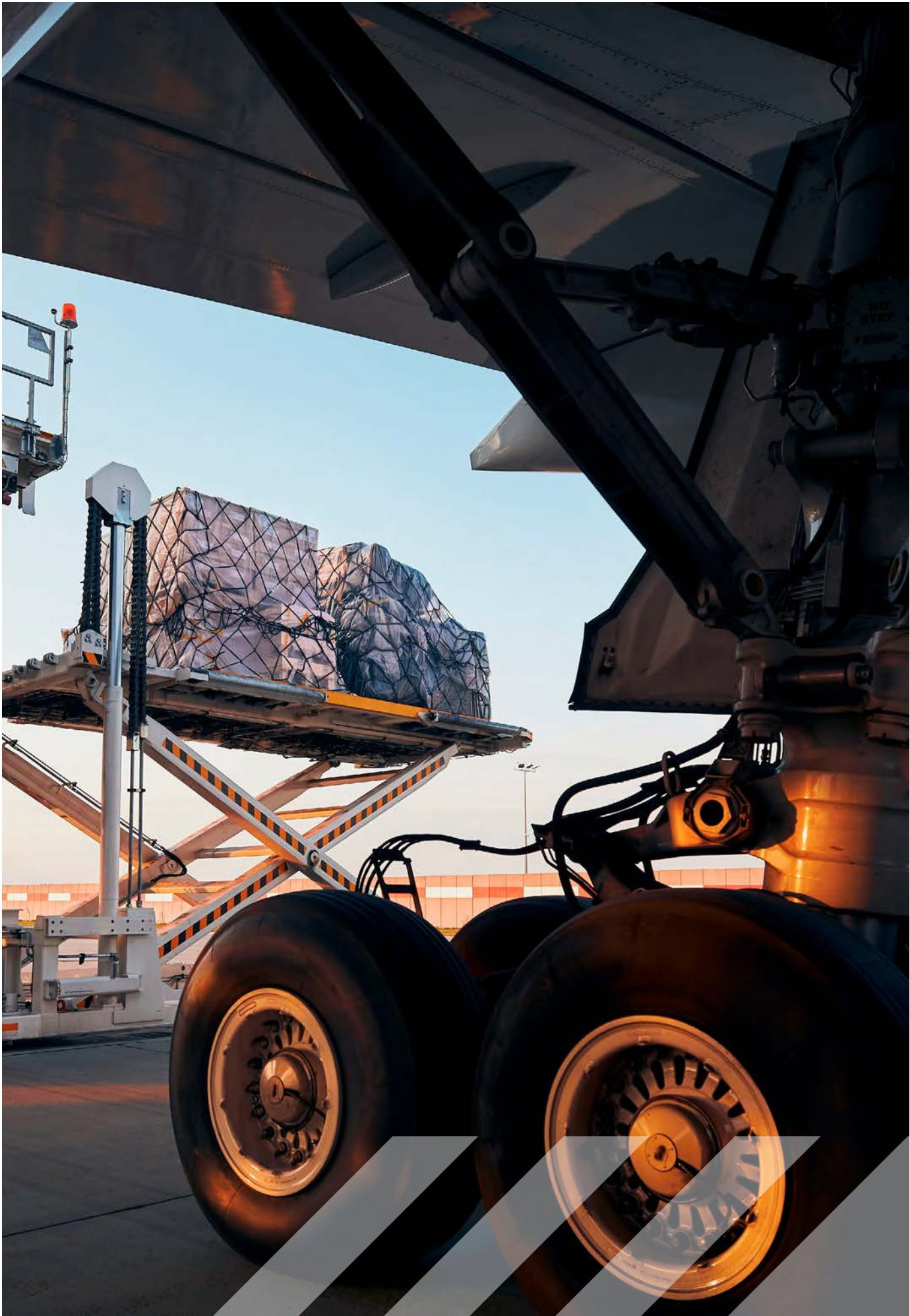
	Note	Group Retained Earnings	Authority Retained Earnings
		£'000	£'000
Balance as at 1 April 2024		42,533	34,875
Profit for the financial year		9,595	9,154
Unrealised foreign exchange differences		5	4
Movement on deferred tax relating to unrealised foreign exchange differences	16	(1)	(1)
Actuarial loss on post employment benefit obligations	17	(26,901)	(26,901)
Movement on deferred tax relating to post employment benefit obligations	16	6,725	6,725
Balance as at 31 March 2025		31,956	23,856
Balance as at 1 April 2025		31,956	23,856
Profit for the financial year		6,478	6,439
Unrealised foreign exchange differences		26	24
Movement on deferred tax relating to unrealised foreign exchange differences	16	(7)	(6)
Actuarial loss on post employment benefit obligations	17	(521)	(521)
Movement on deferred tax relating to post employment benefit obligations	16	130	130
Balance as at 31 March 2026		38,062	29,922

The supporting notes on pages 124 to 169 are an integral part of these financial statements.

Statement of Cash Flows

For the years ended 31 March		Group		Authority	
	Note	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Cash flows generated from / (used in) operating activities					
Cash from / (used in) operations	19	31,884	(1,147)	32,076	(932)
Interest paid	7	(92)	(29)	(92)	(29)
Income tax paid		(2,932)	(4,021)	(2,769)	(3,810)
Net cash generated from / (used in) operating activities		28,860	(5,197)	29,215	(4,771)
Cash flows used in investing activities					
Purchase of property, plant and equipment	9	(689)	(538)	(662)	(466)
Purchase of intangible assets	10	-	(2,707)	-	(2,707)
Proceeds from sale of property, plant and equipment		-	1	-	1
Interest received	7	1,645	2,156	1,377	1,834
Placement of short-term investments	18	(25,000)	-	(25,000)	-
Redemption of short-term investments		20,000	-	20,000	-
Net cash used in investing activities		(4,044)	(1,088)	(4,285)	(1,338)
Cash flows used in financing activities					
Lease liability instalments	20	(905)	(993)	(793)	(861)
Net cash used in financing activities		(905)	(993)	(793)	(861)
Net increase / (decrease) in cash and cash equivalents		23,911	(7,278)	24,137	(6,970)
Cash and cash equivalents at beginning of year		25,058	32,336	23,874	30,844
Cash and cash equivalents at end of year	13	48,969	25,058	48,011	23,874

The supporting notes on pages 124 to 169 are an integral part of these financial statements.



Notes to the Financial Statements

1. General information and material accounting policies

The Civil Aviation Authority (CAA) is a public corporation in the UK, established by Parliament in 1972. The CAA is the UK’s independent specialist aviation regulator and its activities include economic regulation, airspace policy, safety regulation, consumer protection, aviation security and space regulation. The Group comprises the CAA (Authority) together with its subsidiary undertakings, Air Safety Support International Limited and CAA International Limited.

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

1.1 Basis of preparation

The consolidated financial statements of the CAA have been prepared in accordance with international accounting standards, as adopted by the UK, in conformity with the requirements of the Companies Act 2006, the Civil Aviation Act 1982, the Civil Aviation Act 2012 and the Accounts Directions for the year ended 31 March 2026 authorised by the Secretary of State for Transport. The consolidated financial statements have been prepared under the historical cost convention on a going concern basis as modified by financial assets and liabilities (including derivative instruments) being stated at fair value; year on year movements are taken through the Income Statement or Statements of Comprehensive Income.

The preparation of financial statements in conformity with international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where

assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 1.18.

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

It is not anticipated that the ongoing global conflicts in Ukraine and the Middle East will impact the going concern of the Group and Authority.

1.1.1 Changes in accounting policies and disclosures

Adoption of new and revised standards

A new standard impacting the Group that has been adopted in the financial statements for the year ended 31 March 2026 is:

- > Lack of exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The above amendment had a transition date of 1 January 2025. There has been no impact on the financial statements as a result of the amendment, nor is there expected to be any impact in the coming financial year.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB (International Accounting Standards Board) that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the Group for the period beginning 1 April 2026:

- > Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures); and
- > contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

The following amendments are effective for the period beginning 1 January 2027:

- > IFRS 18 Presentation and Disclosure in Financial Statements; and
- > IFRS 19 Subsidiaries without Public Accountability: Disclosures.
- > Apart from presentational changes, the above accounting standards are not expected to have a material impact on the financial statements of the Group or the Authority.

1.2 Consolidation

The CAA’s subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Shareholding of more than one half of the voting rights and the existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Air Travel Trust (ATT) does not operate for the benefit of the Authority and its exclusion from the consolidated financial statements has been directed by the Secretary of State for Transport.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. The accounting policies of subsidiaries are consistent with those of the Authority.

1.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CAA Executive Committee. The Executive Committee is responsible for strategic decisions, the allocation of resources and assessing performance of these operating segments.

1.4 Foreign currency translation

- (a) Functional and presentational currency
 - Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in pounds sterling, which is the Authority’s functional and presentational currency.
- (b) Transactions and balances
 - 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.

Foreign exchange gains and losses resulting from the movement in the fair value of foreign currency derivative instruments are recognised in the Statements of Comprehensive Income. All other foreign exchange gains and losses are presented in the Income Statement within ‘foreign exchange losses’.

Notes to the Financial Statements continued

1.5 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 Group 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 period 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.

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 value 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 assets’ costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings	10-30 years
Leasehold buildings	over the remainder of the lease
Plant and equipment	3-10 years
Furniture, fixtures & fittings	10 years
Vehicles	5 years
Right of use assets	Length of lease (2-10 years)

Assets in the course of construction are not depreciated. Once the asset is brought into use it is transferred to the relevant category and depreciation commences from that date.

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 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, amortisation, impairments and disposals’ in the Income Statement.

1.6 Intangible assets

Intangible assets are stated at historical cost less amortisation and impairment with amortisation charged to operating costs within the Income Statement. Historical cost includes expenditure that is directly attributable to the generation 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 Group, and the cost of the item can be measured reliably.

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

- > Software and development costs 5-10 years

Assets in the course of construction are not amortised. Once the asset is brought into use it is transferred to the relevant category and amortisation commences from that date.

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

1.8 Financial instruments

Financial assets and liabilities are initially recognised on the statement of financial position at fair value when the Group 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 the Income Statement.

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.

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).

Notes to the Financial Statements continued

1.8 Financial instruments continued

The Group’s financial assets, except derivatives, 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 Group’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 Group recognises a loss allowance for expected credit losses on investments in financial instruments that are measured at amortised cost including trade receivables and contract assets. The level 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 Group 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 Group 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 Group considers a financial asset to be in default when contractual payments are 365 days past due. In certain cases, however, the Group may also consider a financial asset

to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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.

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 ‘foreign exchange losses’ in the period 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.

Capital management

The capital structure of the Group consists of retained earnings only with a net surplus of £38,062k (2025: £31,956k). The Group’s main objective when managing capital is to safeguard its ability to continue as a going concern.

The Group reviews its capital structure regularly. The Group is not subject to any externally imposed capital requirements.

1.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. These are subsequently remeasured at their fair value and the gain or loss arising is recognised in the Income Statement within ‘Finance income - net’.

1.10 Contract balances

Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group 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 Group’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 Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group performs under the contract.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks or HM Treasury, and other short-term highly liquid investments with original maturities of three months or less.

1.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in other comprehensive income. In this case the tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management establishes a provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted, by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Financial Statements continued

1.12 Current and deferred income tax continued

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is not provided on temporary differences arising on investments in subsidiaries, as the timing of the reversal of the temporary differences associated with the investment, including dividend policy, is controlled by the Group.

1.13 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 period 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.

(b) Post-employment benefits - pension obligations (note 17)

The Group has defined benefit and defined contribution retirement benefit plans, and an unfunded scheme for past Board members.

The Group has two defined contribution plans, one in which contributions are paid into an independently administered fund and a second where contributions are paid to the Civil Service Pension Plan following the transfer of responsibility for regulating aviation security from the Department for Transport to the Civil Aviation Authority as from 1 April 2014.

The defined benefit plan, 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 plan was closed to new entrants on 30 November 2012. The asset recognised in the Statements of Financial Position in respect of the defined benefit scheme is the fair value of plan assets less the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the Statements of Comprehensive Income in the period in which they arise.

The CAA also operates an unfunded scheme for some past members of the Board. Costs associated with this scheme are charged to the Income Statement in accordance with the advice of a professionally qualified actuary. A current and a non-current liability are held in the Statements of Financial Position in respect of post employment benefits payable under this scheme.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group 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 reporting date are discounted to their present value.

1.14 Provisions and dilapidations

Provisions are recognised when the Group 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 has been 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 at the Balance Sheet date, and the risks specific to the obligation. The movement in the provision is recognised within 'Finance income - net'.

Where a dilapidations provision is included as part of a lease contract recognised under IFRS 16, the value of the provision is included within the right of use asset and lease liability balances in the Statements of Financial Position. These are measured at their present value, discounted by the interest rate implicit in the lease contract. The carrying value of the right of use asset is released to the Income Statement evenly over the lifetime of the lease.

1.15 Revenue recognition

The CAA has three types of revenue:

(a) Statutory charges

Revenue is primarily derived from 16 statutory charges schemes approved by the Secretary of State for Transport under section 11 of the Civil Aviation Act 1982. The charges are

published on the CAA website and fall broadly into the following categories across different regulatory disciplines:

- i) Annual charges
Represent fixed annual fees paid for the regulatory oversight of aviation provided by the CAA and are recognised over the period to which they relate, which typically coincides with the CAA's annual reporting cycle.
- ii) Variable charges
Represent fees paid for regulatory services where the customer consumes the service based on variable factors such as passenger or cargo volumes flown. Revenue is recognised based on actual volumes flown or another appropriate measure of consumption.
- iii) Application charges
Represent fees collected for applications received from operators and licence holders who are engaged in activities which fall under the CAA's regulatory authority. There is a wide range of services and activities that fall under the scope of application-based charges. Revenue is recognised when the specific service for example approval, registration, licensing or certification is delivered to the applicant and they obtain the approval or documentation sought.

(b) Eurocontrol service charges

Revenue is derived from the collection of en route air traffic service charges paid by airlines in accordance with Eurocontrol Financial Regulations applicable to the Route Charges System. CAA's share of these charges is based on its determined costs to provide such services. These charges are effective for a period of one year commencing on 1 January each year and are recognised as cost is incurred.

Notes to the Financial Statements continued

1.15 Revenue recognition continued

(c) Other revenue

i) Other service charges

The Group derives revenue from non-statutory aviation related activities which are either for a fixed price or derived on a time and materials expended basis. Revenue is recognised on completion of performance obligations under the contract.

The Group also derives revenue from its commercial aviation related services in providing examination services, training courses and aviation consultancy services. Such revenue is recognised at the contractual transaction price, in line with progress towards completion of the performance obligation of the service being provided.

ii) Rental income

Rental income arises from the letting of leased property, based on an open market rate. Revenue is measured at the rent amount in the lease agreement on a straight line basis over the lease term.

iii) Pensions administration

Revenue is derived from the recharging of the cost of providing services to the Civil Aviation Authority Pension Scheme and is recognised as the cost is incurred.

iv) Interest income

Interest income is recognised based on applicable interest rates on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1.16 Leases

At the inception of the contract, the Group assesses whether the contract contains any element relating to the lease of a specific asset. This is defined by the Group 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 Group is any amount, or aggregate amounts, which are considered immaterial to these Financial Statements. A lease liability value of £5,000 has been used for this assessment; or
- > where the Group 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 Group identifies a contract which contains an identifiable lease in line with the conditions above, a right-of-use asset and a lease liability are recognised. The right-of-use assets are separately identified under property, plant and equipment within the Statements 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 Group's incremental borrowing rate, which is in line with those advised by HM Treasury.

1.17 Government grants

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

Under the direction of the Secretary of State for Transport, Air Safety Support International Limited, a subsidiary of the CAA, carries out enhancement of regulatory oversight of aviation safety in the UK's Overseas Territories providing further assurance of safety standards. The operating costs are met primarily by way of a grant from the Department for Transport.

1.18 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.

Estimates and assumptions concerning the future are made by the Group and the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed as follows:

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The accounting standard IAS 19 requires that the Authority selects a discount rate based on yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. The funding strategy actually adopted and the investment portfolio held, are ignored for the purposes of IAS 19.

The assumption used for the year-end insured annuity policies includes the rolling forward of member data from 31 December 2024, updated for current mortality rates. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 17.

Intangible assets

Estimates are made in relation to the value in use and useful economic lives of the fixed assets. These are included within the impairment review calculations. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects the current market assessment of the time value of money. Additional information is disclosed in Note 10.

Notes to the Financial Statements continued

Expected credit losses

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

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. Due to their short-term nature, the carrying value of those approximates their fair value. Derivatives are the only financial instruments that are measured at fair value and are included in Level 2 in the above grouping classifications.

Deferred tax assets

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Additional information on deferred tax assets is disclosed in Note 16.



Notes to the Financial Statements continued

2. Business information

The business units have been based on the reports reviewed by the CAA Executive Committee that are used to make strategic decisions. The Executive Committee considers the activities from a regulatory function perspective. The country of domicile is the UK for all of the Group entities. The Executive Committee does not consider the performance according to the geographic location of its customers.

The reportable business units derive their revenue primarily from the Regulatory Sector, comprising the activities of Safety & Airspace Regulation (SARG), Consumers & Markets (CMG), Aviation Security (AvSec) and Space Regulation, in addition to that derived from UK en route Air Traffic Services (En Route) and the commercial activities of CAA International (CAAi). All other results are included in the Miscellaneous Services (Misc) column. In accordance with the Accounts Direction issued by the Department for Transport (DfT), disclosure is also given regarding revenue analysed between statutory scheme charges and other revenue.

Other grants from the DfT amounting to £2,953k during the year (2025: £2,643k), of which £172k relates to the release of a grant received for the refurbishment of Aviation House (2025: £173k) included within the regulatory sector, and £2,781k relates to work undertaken by Air Safety Support International Limited on behalf of the DfT (2025: £2,470k) included within Miscellaneous Services. As in prior years, part of the DfT funding has been deferred to be utilised against operating expenditure in future years. As at the year to 31 March 2026 funding of £383K has been deferred (2025: £725k deferred).

The business information for the year ended 31 March 2026 is as follows:

	SARG	CMG	AvSec	Space	Regulatory Sector subtotal	En Route	CAAi	Misc	Total
Revenue	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory and scheme charges	102,642	23,717	14,914	-	141,273	-	-	-	141,273
Eurocontrol service charges	-	-	-	-	-	27,981	-	-	27,981
Other revenue	1,192	1,856	1,266	8,587	12,901	-	7,067	32,571	52,539
Total revenue	103,834	25,573	16,180	8,587	154,174	27,981	7,067	32,571	221,793
Operating costs (excluding IAS19 pension scheme adjustments)	104,228	21,667	15,325	8,587	149,807	27,581	7,279	32,630	217,297
Profit before IAS 19 adjustments	(394)	3,906	855	-	4,367	400	(212)	(59)	4,496
IAS19 pension scheme adjustments	1,126	169	182	77	1,554	-	67	601	2,222
Operating profit	732	4,075	1,037	77	5,921	400	(145)	542	6,718
Profit before income tax	1,726	4,224	1,198	144	7,292	400	(85)	1,072	8,679

A reconciliation of operating profit to profit before income tax is provided as follows:

	£'000
Operating profit for reportable business units	6,718
Finance income	2,097
Finance costs	(136)
Profit before income tax	8,679

A breakdown of revenue from contract assets and liabilities is disclosed within Note 12.

Notes to the Financial Statements continued

2. Business information (continued)

The comparable business information for the previous year ended 31 March 2025, is as follows:

	SARG	CMG	AvSec	Space	Regulatory Sector subtotal	En Route	CAAi	Misc	Total
Revenue	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory and scheme charges	91,941	18,546	14,239	-	124,726	-	-	-	124,726
Eurocontrol service charges	-	-	-	-	-	24,976	-	-	24,976
Other revenue	1,198	1,819	2,011	7,705	12,733	-	8,578	34,089	55,400
Total revenue	93,139	20,365	16,250	7,705	137,459	24,976	8,578	34,089	205,102
Operating costs (excluding IAS19 pension scheme adjustments)	91,315	17,040	14,800	7,705	130,860	24,576	8,272	34,105	197,813
Profit before IAS 19 adjustments	1,824	3,325	1,450	-	6,599	400	306	(16)	7,289
IAS19 pension scheme adjustments	1,066	140	178	75	1,459	-	67	572	2,098
Operating profit	2,890	3,465	1,628	75	8,058	400	373	556	9,387
Profit before income tax	4,725	3,707	1,935	203	10,570	400	487	1,540	12,997

A reconciliation of operating profit to profit before income tax is provided as follows:

	£'000
Operating profit for reportable business units	9,387
Finance income	3,688
Finance costs	(78)
Profit before income tax	12,997

3. Employment costs

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

		2026 £'000	2025 £'000
	Note		
Wages and salaries		112,478	101,669
Social security costs		15,156	11,641
Defined benefit pension plan costs	17	8,711	9,245
Defined contribution pension plan costs	17	9,638	8,273
Unfunded pension plan costs	17	93	67
Other employee benefits expenses		2,161	1,497
Total employment costs		148,237	132,392

Other employee benefits expenses include termination payments, costs of relocation, professional subscriptions, car leasing and allowance costs.

The monthly average number of full-time equivalent employees (including Executive Members) for the Group during the year was:

	2026 Year-end	2026 Average	2025 Year-end	2025 Average
By business unit				
Safety & Airspace Regulation	859	852	856	814
Consumers & Markets	138	128	116	107
Aviation Security	141	138	136	136
Space	58	58	58	57
CAA International	45	51	54	51
Miscellaneous Services	466	455	459	437
Total employees	1,707	1,682	1,679	1,602

Notes to the Financial Statements continued

4. Board members’ and key management personnel emoluments

	2026	2025
Board member emoluments:	£'000	£'000
Salaries and fees	1,199	940
Benefits	7	4
Performance related payments	145	104
Emoluments excluding pension contributions	1,351	1,048
Pension contributions	169	123
Pension payments to past Board members	104	98
Board member emoluments	1,624	1,269

Details of aggregate emoluments for each of the 12 Board members (2025: 13) who received remuneration in the year are included in the table above. The Report by the People Committee provides details for each Board member.

	2026	2025
Other key management personnel emoluments:	£'000	£'000
Salaries and fees	1,295	1,272
Benefits	16	13
Performance related payments	93	76
Emoluments excluding pension contributions	1,404	1,361
Pension contributions	283	254
Other key management personnel emoluments	1,687	1,615

There were 8 employees considered to be other key management personnel in the year (2025: 9).

5. Auditors’ remuneration

	2026	2025
Fees payable to external auditor for:	£'000	£'000
Audit of parent corporation and consolidated financial statements	225	218
Audit of subsidiary company financial statements	29	28
Audit related assurance services	36	31
Total auditors’ remuneration	290	277

6. Profit for the year

Profit for the year has been arrived at after charging:

	2026	2025
Realised other losses:	£'000	£'000
Net foreign exchange losses on operating activities	6	10
Total realised other losses	6	10

	2026	2025
Short-term/low-value operating lease payments:	£'000	£'000
Properties (included within services and materials)	29	24
Total short-term/low-value operating lease payments	29	24

	Note	2026	2025
Depreciation, amortisation, impairments and disposals:		£'000	£'000
Depreciation on property, plant and equipment	9	1,915	1,889
Grant released on property, plant and equipment		(172)	(173)
Amortisation of intangible fixed assets	10	1,322	1,461
Impairment on software development costs	10	1,531	-
Profit on disposal of property, plant and equipment and software development		-	(1)
Total depreciation, amortisation, impairments and disposals		4,596	3,176

Profit or loss on disposals is shown within ‘Depreciation, amortisation, impairments and disposals’ on the Income Statement.

In the year ended 31 March 2022 the Department for Transport (DfT) provided £850k of grant funding for the continued refurbishment of Aviation House. This is being released on a systematic basis over the lives of the assets to which the resources were applied (see Note 15).

Notes to the Financial Statements continued

6. Profit for the year (continued)

	2026	2025
	£'000	£'000
Research expenditure (all in respect of safety regulation):		
Internal costs (included within employment costs)	2,576	1,474
External costs (included within research)	4	14
Total research expenditure	2,580	1,488

	2026	2025
	£'000	£'000
Charitable donations		
Confidential Human Factors Incident Reporting Programme	280	280
General Aviation Safety Council	1	20
UK Flight Safety Committee	20	20
Total charitable donations	301	320

7. Finance income and costs

	Note	2026	2025
		£'000	£'000
Finance income:			
Interest on short-term deposits		1,645	2,156
Interest received on overpayment of corporation tax		3	-
Employee benefit scheme - Expected return on assets	17	68,640	64,847
Employee benefit scheme - Interest charge on liabilities	17	(68,191)	(63,315)
Total finance income		2,097	3,688
Finance costs:			
Other interest costs		(1)	(2)
Lease contract interest expense	20	(44)	(49)
Interest paid on underpayment of corporation tax		(91)	(27)
Total finance costs		(136)	(78)
Finance income - net		1,961	3,610

8. Income tax charge

Analysis of tax charge in the year:

	2026	2025
	£'000	£'000
Current tax:		
UK corporation tax at 25% (2025: 25%) on profit for year	1,444	2,648
Adjustment in respect of prior years	-	(110)
Total current tax charge	1,444	2,538
Deferred tax:		
Origination and reversal of temporary differences	89	172
Adjustment in respect of prior periods	-	36
Origination and reversal of temporary differences in relation to the defined benefit pension scheme	668	656
Total deferred tax charge	757	864
Income tax charge	2,201	3,402

	2026	2025
	£'000	£'000
Reconciliation of effective tax rate:		
Profit before income tax	8,679	12,997
Corporation tax calculated at 25% (2025: 25%)	2,170	3,249
Tax effects of:		
Fixed asset differences	-	185
Expenses not deductible for tax purposes	26	36
Marginal relief	(1)	-
Adjustments to brought forward values	6	7
Adjustments to current tax charge in respect of previous periods	-	(112)
Adjustments to deferred tax charge in respect of previous periods	-	36
Temporary differences not recognised in the computation	-	1
Income tax charge	2,201	3,402

Notes to the Financial Statements continued

9. Property, plant and equipment

Group:	Freehold buildings	Leasehold improvements	Plant and equipment	Vehicles	Furniture, fixtures and fittings	Right of use assets	AuC*	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2024	21,942	1,534	2,681	114	5,205	6,076	61	37,613
Additions	-	-	-	-	44	483	494	1,021
Disposals	-	-	(787)	(23)	(127)	(738)	-	(1,675)
Transfer	-	-	-	-	77	-	(77)	-
Early exit of lease	-	-	-	-	-	(88)	-	(88)
At 31 March 2025	21,942	1,534	1,894	91	5,199	5,733	478	36,871
Additions	-	-	622	-	15	-	52	689
Disposals	-	-	(22)	(3)	-	-	-	(25)
Extension	-	-	-	-	-	230	-	230
Transfer	-	-	490	-	40	-	(530)	-
At 31 March 2026	21,942	1,534	2,984	88	5,254	5,963	-	37,765
Accumulated depreciation								
At 1 April 2024	21,617	776	2,384	78	3,013	3,398	-	31,266
Charge for the year	149	238	174	6	525	797	-	1,889
Eliminated on disposal	-	-	(787)	(23)	(127)	(738)	-	(1,675)
At 31 March 2025	21,766	1,014	1,771	61	3,411	3,457	-	31,480
Charge for the year	154	89	189	9	734	740	-	1,915
Eliminated on disposal	-	-	(22)	(3)	-	-	-	(25)
At 31 March 2026	21,920	1,103	1,938	67	4,145	4,197	-	33,370
Net book value								
At 31 March 2025	176	520	123	30	1,788	2,276	478	5,391
At 31 March 2026	22	431	1,046	21	1,109	1,766	-	4,395

* AuC: Assets in the course of construction

Authority:	Freehold buildings	Leasehold improvements	Plant and equipment	Vehicles	Furniture, fixtures and fittings	Right of use assets	AuC*	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2024	21,942	1,534	2,651	114	5,076	5,485	61	36,863
Additions	-	-	-	-	-	24	466	490
Disposals	-	-	(785)	(23)	-	(236)	-	(1,044)
Transfer	-	-	-	-	77	-	(77)	-
At 31 March 2025	21,942	1,534	1,866	91	5,153	5,273	450	36,309
Additions	-	-	622	-	-	-	40	662
Disposals	-	-	-	(3)	-	-	-	(3)
Transfer	-	-	450	-	40	-	(490)	-
Extension	-	-	-	-	-	230	-	230
At 31 March 2026	21,942	1,534	2,938	88	5,193	5,503	-	37,198
Accumulated depreciation								
At 1 April 2024	21,617	776	2,355	78	2,884	3,015	-	30,725
Charge for the year	149	238	172	6	525	655	-	1,745
Eliminated on disposal	-	-	(785)	(23)	-	(236)	-	(1,044)
At 31 March 2025	21,766	1,014	1,742	61	3,409	3,434	-	31,426
Charge for the year	153	89	182	10	723	656	-	1,813
Eliminated on disposal	-	-	-	(3)	-	-	-	(3)
At 31 March 2026	21,919	1,103	1,924	68	4,132	4,090	-	33,235
Net book value								
At 31 March 2025	176	520	124	30	1,744	1,839	450	4,884
At 31 March 2026	23	431	1,014	20	1,061	1,413	-	3,963

* AuC: Assets in the course of construction

Notes to the Financial Statements continued

9. Property, plant and equipment continued

Right of use assets

The values relevant to each category of leased assets are shown below:

	Group				Authority			
	Leasehold improvements	Plant and equipment	Vehicles	Total	Leasehold improvements	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2024	5,847	41	188	6,076	5,256	41	188	5,485
Additions	459	-	24	483	-	-	24	24
Disposals	(674)	(41)	(23)	(738)	(172)	(41)	(23)	(236)
Revaluation	(88)	-	-	(88)	-	-	-	-
At 31 March 2025	5,544	-	189	5,733	5,084	-	189	5,273
Extension	230	-	-	230	230	-	-	230
At 31 March 2026	5,774	-	189	5,963	5,314	-	189	5,503
Depreciation								
At 1 April 2024	3,300	40	58	3,398	2,916	40	59	3,015
Charge for the year	744	1	52	797	602	1	52	655
Eliminated on disposal	(674)	(41)	(23)	(738)	(172)	(41)	(23)	(236)
At 31 March 2025	3,370	-	87	3,457	3,346	-	88	3,434
Charge for the year	697	-	43	740	610	-	46	656
At 31 March 2026	4,067	-	130	4,197	3,956	-	134	4,090
Net book value								
At 31 March 2025	2,174	-	102	2,276	1,738	-	101	1,839
At 31 March 2026	1,707	-	59	1,766	1,358	-	55	1,413

10. Intangible assets

Group:	Software development costs	Assets in the course of construction	Total
	£'000	£'000	£'000
Cost			
At 1 April 2024	17,652	2,803	20,455
Additions	-	2,707	2,707
Transfer	2,552	(2,552)	-
At 31 March 2025	20,204	2,958	23,162
Transfer	2,958	(2,958)	-
At 31 March 2026	23,162	-	23,162
Accumulated amortisation and impairment			
At 1 April 2024	15,197	-	15,197
Charge for the year	1,461	-	1,461
At 31 March 2025	16,658	-	16,658
Charge for the year	1,322	-	1,322
Impairment	1,531	-	1,531
At 31 March 2026	19,512	-	19,512
Net book value			
At 31 March 2025	3,546	2,958	6,504
At 31 March 2026	3,650	-	3,650

Notes to the Financial Statements continued

10. Intangible assets continued

Authority:	Software development costs	Assets in the course of construction	Total
	£'000	£'000	£'000
Cost			
At 1 April 2024	16,196	2,803	18,999
Additions	-	2,707	2,707
Transfer	2,552	(2,552)	-
At 31 March 2025	18,748	2,958	21,706
Transfer	2,958	(2,958)	-
At 31 March 2026	21,706	-	21,706
Accumulated amortisation and impairment			
At 1 April 2024	13,840	-	13,840
Charge for the year	1,362	-	1,362
At 31 March 2025	15,202	-	15,202
Charge for the year	1,323	-	1,323
Impairment	1,531	-	1,531
At 31 March 2026	18,056	-	18,056
Net book value			
At 31 March 2025	3,546	2,958	6,504
At 31 March 2026	3,650	-	3,650

During the year £2,958k was transferred from ‘Assets under construction’ (AuC) to software development as the SORA platform went live in April 2025. This was phase two of the investments in software which is being delivered as part of the CAA’s Customer Experience & Modernisation Programme (CX&M).

An impairment review undertaken in the year ended 31 March 2026 resulted in an impairment charge of £1,531k for the PDRA system asset, driven by a decline in application volumes using this system as the regulatory and commercial landscape continues to evolve. Available for use intangible assets are reviewed at least annually for any indications of impairment. Intangible assets that have any elements still unavailable for use are tested for impairment using a value in use model, based on their approved business cases and adjusted for any known material changes. This testing occurs annually or whenever a material change to the project occurs. The current discount rate used in our models is 2%, which is a value provided by the HM Treasury and is in line with market rates.

A rise in the discount rate by 10 basis points (i.e. +0.1%) would not result in any further impairment. A decrease in the discount rate of 10 basis points (i.e. -0.1%) would not result in any reversal of impairments.

11. Investments in subsidiaries

£'000	Country of incorporation	Nature of business	Proportion of ordinary shares held by parent	Proportion of voting rights held by parent	Investment
CAA International Limited	UK	Aviation consultancy, training and examination services	100%	100%	£1
Air Safety Support International Limited	UK	Regulatory oversight	100%	100%	£1

The registered office of both subsidiaries is:
Aviation House
Beehive Ring Road
Crawley
West Sussex
England
RH6 0YR

Shares in Group undertakings

There was no movement in the investments in subsidiary undertakings during the year.

	2026	2025
	£	£
Beginning and end of the financial year	2	2

Investments in Group undertakings are recorded at cost which is the fair value of the consideration paid.

Notes to the Financial Statements continued

12. Trade and other receivables

	Note	Group		Authority	
		2026	2025	2026	2025
		£'000	£'000	£'000	£'000
Current receivables					
Trade receivables		6,850	7,307	5,647	6,425
Less: provision for doubtful trade receivables		(281)	(280)	(207)	(200)
Trade receivables - net		6,569	7,027	5,440	6,225
Social security and other taxes		-	(30)	-	(30)
Prepayments		5,006	6,336	4,867	5,968
Contract assets		22,444	18,531	21,238	16,975
Amounts due from related parties	21	-	-	-	273
Other receivables		177	192	177	162
Total current receivables		34,196	32,056	31,722	29,573
Non-current receivables:					
Other receivables		29	-	-	-
Total non-current receivables		29	-	-	-
Total trade and other receivables		34,225	32,056	31,722	29,573

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

Invoices raised in relation to statutory charges are due for payment immediately on presentation, unless otherwise stated in the Schemes of Charges. Standard credit terms for commercial activities are 30 days, unless otherwise specified in individual contracts with customers.

As at 31 March 2026 Group trade receivables of £1,865k (2025: £3,297k) were past their due date but were not impaired. The ageing analysis of these is as follows:

	Group		Authority	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Past due:				
Up to 3 months	1,513	3,241	1,306	2,958
From 3 to 12 months	326	56	49	8
Over 12 months	25	-	-	-
Total past due	1,865	3,297	1,355	2,966

Movements on the provision for doubtful trade receivables:

	Group		Authority	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Opening balance at 1 April	280	280	200	236
Provision for receivables impaired	124	138	113	83
Receivables written off during the year as uncollectable	(60)	(13)	(61)	(13)
Unused amounts reversed	(72)	(48)	(15)	(48)
Expected credit loss provision	9	(77)	(30)	(58)
Closing balance at 31 March	281	280	207	200

The creation and release of provision for doubtful receivables have been included in ‘Other expenses’ in the Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The expected credit loss figure has been arrived at by allocating a risk probability against different categories of debt after removing balances against which a specific provision has already been made. The probabilities for each category of debt have been calculated based on the average actual loss experienced over the past three financial years. The provision is foward-looking, based on the expected losses of debtor balances held at the reporting date.

Details of this are as follows:

Group:	Probability		Gross value		Expected credit loss	
	2026	2025	2026	2025	2026	2025
	%	%	£'000	£'000	£'000	£'000
Trade debtors not due	1	1	3,940	3,401	39	35
Trade debtors overdue by 0-30 days	2	2	1,224	2,463	24	50
Trade debtors overdue by 31-60 days	4	4	197	704	8	28
Trade debtors overdue by 61-90 days	8	8	93	74	7	6
Trade debtors overdue by 91-365 days	16	16	326	56	54	12
Trade debtors overdue in excess of 365 days	32	32	25	-	8	-
Other debtors not subject for impairment	-	-	1,046	609	-	-
Expected credit loss provision			6,850	7,307	140	131

Notes to the Financial Statements continued

12. Trade and other receivables continued

Authority:	Probability		Gross value		Expected credit loss	
	2026	2025	2026	2025	2026	2025
	%	%	£'000	£'000	£'000	£'000
Trade debtors not due	1	1	3,419	3,140	34	31
Trade debtors overdue by 0-30 days	2	2	1,070	2,284	21	46
Trade debtors overdue by 31-60 days	4	4	143	655	6	26
Trade debtors overdue by 61-90 days	8	8	93	19	7	2
Trade debtors overdue by 91-365 days	16	16	49	8	8	1
Other debtors not subject for impairment	-	-	873	319	-	-
Expected credit loss provision			5,647	6,425	76	106

The creation and release of provision for doubtful receivables have been included in 'Other expenses' in the Income Statement.

The maximum exposure to credit risk at the reporting date is the carrying value of all financial assets. The Group does not hold any collateral as security.

The values of trade receivables and other receivables are denominated in the following currencies:

	Group		Authority	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
British Pounds	6,711	7,149	5,613	6,387
Euros	6	34	4	-
Thai Baht	26	32	-	-
Other currencies	3	4	-	-
Total trade and other receivables	6,746	7,219	5,617	6,387

The risk of currency fluctuations impacting amounts receivable from third parties is not material to these Financial Statements.

Contract balances:	Group			
	Contract assets		Contract liabilities	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Opening balance at 1 April	18,531	18,317	(13,003)	(16,001)
Transfers in the period from contract assets to trade receivables	(18,531)	(18,221)	-	-
Excess of revenue recognised over cash (or rights for cash)	22,444	18,435	-	-
Amounts included in contract liabilities that were recognised as revenue during the period	-	-	9,786	11,286
Cash received in advance of performance and not recognised as revenue during the period	-	-	(7,318)	(8,288)
Closing balance at 31 March	22,444	18,531	(10,535)	(13,003)

	Authority			
	Contract assets		Contract liabilities	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Opening balance at 1 April	16,975	16,232	(11,643)	(14,152)
Transfers in the period from contract assets to trade receivables	(16,975)	(16,232)	-	-
Excess of revenue recognised over cash (or rights for cash)	21,238	16,975	-	-
Amounts included in contract liabilities that were recognised as revenue during the period	-	-	9,116	9,941
Cash received in advance of performance and not recognised as revenue during the period	-	-	(6,670)	(7,432)
Closing balance at 31 March	21,238	16,975	(9,197)	(11,643)

Notes to the Financial Statements continued

13. Cash and cash equivalents

The following cash and cash equivalents are included within the Statement of Financial Position:

	Note	Group		Authority	
		2026	2025	2026	2025
		£'000	£'000	£'000	£'000
Cash at bank and in hand		1,967	887	1,143	(297)
Short-term deposits		50,442	24,171	50,442	24,171
Total cash and cash equivalents in the Statement of Financial Position		52,409	25,058	51,585	23,874
Bank overdrafts	15	(3,440)	-	(3,574)	-
Total cash and cash equivalents in the Statement of Cash Flows		48,969	25,058	48,011	23,874

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

The Group has assessed its exposure to liquidity risk as part of the going concern assessment, details of which can be found in Note 1.1. The risk of currency fluctuations impacting amounts held in foreign currencies is not material to these Financial Statements.

The Group overdraft of £3,440k (2025: £nil), Authority £3,574k (2025: £nil), in Note 15 arose due to a payment run committed at year end but processed by the bank in April. Neither the Group or the Authority went overdrawn during this period.

14. Borrowings

The Authority has maximum borrowing powers of £550 million (2025: £550 million) under the Civil Aviation Act 1982 (as amended). The Authority does not currently utilise an overdraft facility as current and future expected cashflows are sufficient to the extent that no use of such a facility is anticipated in the foreseeable future.

15. Trade and other payables

	Note	Group		Authority	
		2026	2025	2026	2025
		£'000	£'000	£'000	£'000
Current liabilities:					
Trade payables		1,775	5,142	1,652	4,765
Social security and other taxes		175	116	176	113
Amounts due to related parties	21	-	-	6,643	6,831
Accrued expenses		9,634	9,042	9,154	8,581
Contract liabilities	12	10,437	12,730	9,128	11,399
Other payables		38,544	8,577	38,461	8,491
Overdraft		3,440	-	3,574	-
Total current trade and other payables		64,005	35,607	68,788	40,180
Non-current liabilities:					
Other payables		480	489	480	489
Contract liabilities	12	98	273	69	244
Total non-current trade and other payables		578	762	549	733
Total trade and other payables		64,583	36,369	69,337	40,913

The Group overdraft of £3,440k (2025: £nil), Authority £3,574k (2025: £nil), in note 15 arose due to a payment run committed at year end but processed by the bank in April. Neither the Group or the Authority went overdrawn during this period.

The carrying amount of trade and other payables is deemed to approximate their fair value. The Group 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 Group carries no risk in relation to interest rate fluctuations. The risk of currency fluctuations impacting amounts payable to third parties is not material to these Financial Statements. A separate line for lease liabilities has been included within the Group's Statement of Financial Position to improve the presentation and transparency of its Financial Statements.

Notes to the Financial Statements continued

15. Trade and other payables continued

In the year ended 31 March 2022 the Department for Transport (DfT) provided the CAA with liquidity funding support. Contained within this grant funding was an element to support the redevelopment of the CAA’s estates portfolio. Of this, £850k was incurred on capital expenditure and the associated grant is being released on a systematic basis over the lives of the assets to which the resources were applied.

Included in contract liabilities are the amounts shown below in respect of the grants received from the DfT:

	Group		Authority	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
No later than 1 year	173	173	173	173
Later than 1 year and not later than 5 years	69	244	69	244
Total grant outstanding	242	417	242	417

16. Deferred income tax

The gross movement on the deferred income tax account is as follows:

	Group		Authority	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Opening balance at 1 April	104	312	94	300
Income Statement tax charge	(89)	(207)	(85)	(206)
Other comprehensive income tax charge	(7)	(1)	(6)	(1)
Closing balance at 31 March	8	104	3	94

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the taxation authority where there is an intention to settle the balances on a net basis.

The offset amounts are as follows:

	Group		Authority	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Deferred tax assets	8	104	3	94
Deferred tax liabilities	-	-	-	-
Deferred tax assets - net	8	104	3	94

The movement in deferred tax assets and liabilities during the year is as follows:

	Group			Authority		
	Accelerated tax depreciation	Other	Total	Accelerated tax depreciation	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Deferred tax assets / (liabilities)						
At 1 April 2025	(250)	354	104	(260)	353	94
Income statement tax charge	(80)	(9)	(89)	(75)	(10)	(85)
Other comprehensive income tax charge	-	(7)	(7)	-	(6)	(6)
At 31 March 2026	(330)	338	8	(335)	337	3

The rate of 25% has been reflected in the calculation of deferred tax at the Balance Sheet date. The Statement of Comprehensive Income shows a deferred tax credit of £130k (2025: credit £6,725k) which is a result of movements in the pension scheme surplus (see Note 17). On the face of the Statements of Financial Position, the deferred income tax liability of £2,233k (2025: £1,695k) relates to the pension scheme surplus (see Note 17).

Notes to the Financial Statements continued

17. Retirement benefit obligations

The Group's retirement benefit obligations comprise of both defined benefit and defined contribution retirement benefit plans, as well as an unfunded scheme for past Board members. The Group's main plan is the Civil Aviation Authority Pension Scheme which is a defined benefit plan that was closed to new entrants on 30 November 2012. After that date new entrants have been able to join a defined contribution plan, currently the Civil Aviation Authority Personal Pension Plan, contract based arrangement. In order to further mitigate the increase in the defined benefit liabilities the CAA has introduced a cap on the growth of future pensionable earnings. The cap is based upon the members' pensionable earnings as at the 31 March 2013 level plus inflation.

Defined contribution plan: a defined contribution plan is a pension arrangement under which the benefits are linked to contributions paid; the performance of each individual's chosen investments and the form in which the individuals choose to take their benefits. The Group has two defined contribution plans, one in which contributions are paid into an independently administered fund and a second where contributions are paid to the Civil Service Pension Plan following the transfer of responsibility for regulating aviation security from the Department for Transport to the Civil Aviation Authority as from 1 April 2014. The Income Statement charge in respect of the defined contribution plans represents the contributions payable by the Group based on a percentage of the employees' pay. The CAA has no exposure to investment and other experience risks. Costs associated with these schemes of £9,638k (2025: £8,273k) were charged to the Income Statement (see Note 3).

Unfunded scheme: the CAA also operates an unfunded scheme for some past members of the Board. The revaluation of the unfunded scheme at the end of the period has resulted in a charge of £93k (2025: £67k) to the Income Statement in accordance with the advice of a professionally qualified actuary (see Note 3). A non-current liability of £652k (2025: £668k) and a current liability of £108k (2025: £104k) are held in the Statements of Financial Position in respect of post employment benefits payable under this scheme.

Defined benefit plan: a defined benefit plan is a pension arrangement under which participating members receive a pension benefit at retirement determined by the plan rules dependent upon factors such as age, years of service, and pensionable pay and it is not dependent upon the contributions made by the Group or members. The Income Statement service cost in respect of the defined benefit plan represents the increase in the defined benefit liability arising from pension benefits earned by active members in the current period. The CAA is exposed to investment and other experience risks. The pension cost relating to the scheme is assessed in accordance with the advice of independent qualified actuaries and is such as to spread the cost of pensions over the working lives of the employees who are scheme members.

The scheme is currently governed by the Trust Deed and Rules effective from 6 April 2006 and amending documents. The assets of the scheme are held in a separate trustee administered fund. The Trustee is responsible for the operation and the governance of the scheme, including making decisions regarding the scheme's funding and investment strategy in conjunction with the CAA. The Trustee directors meet at least quarterly and, with the exception of the independent Chair, most of the Trustee directors are either contributing members or beneficiaries of the scheme.

In July 2015, the Trustee of the scheme, with the support of the CAA, agreed to purchase a bulk annuity contract with Rothesay Life in respect of pensioners at 31 December 2014, with a second contract put in place with Pensions Insurance Corporation in January 2017 for uninsured pensioners at 30 June 2016. In July 2018, a further tranche of pensioner liabilities was insured with Pensions Insurance Corporation covering the uninsured pensioner population at 31 March 2018. During the 2020/21 financial year an additional contract was placed, with Legal and General, covering the uninsured pensioner population at 31 August 2020. The value of the buy-in policies held on behalf of the members is equal to the value of the benefits covered by the policy and is included under the asset class 'Insured annuity policies'. The value of these benefits as at 31 March 2026 is estimated to be £899 million (2025: £907 million).

The last formal actuarial valuation of the CAA Section of the Civil Aviation Authority Pension Scheme was carried out as at 31 December 2024. Following discussions with the Scheme Actuary, the Trustee determined and agreed with the CAA the assumptions to be used for the latest actuarial valuation as at 31 December 2024. The 2024 valuation revealed a deficit of £51.2 million. To eliminate the funding shortfall, the CAA will pay contributions in line with the updated Schedule of Contributions which came into effect on 16 October 2025 and will be payable over the period to 31 December 2034.

The funding rate was set at 28.2% of pensionable earnings for the year 2025/26 (2024/25: 28.2%) in respect of which the CAA paid contributions of £10.9 million (2025: £10.3 million). The expected contribution for the Group in the 2026/27 year is £10.9 million. The expected future benefit payments for 2025/26 are forecast to be £106.8 million for the Group.

The methodology underlying the formal valuation differs from that used for annual IAS 19 disclosures, particularly in relation to the financial assumptions

used. The formal valuation has a more prudent basis than IAS 19 disclosures and this is allowed for by means of adjustments to the discount rate and future improvements in mortality assumptions, and the inclusion of a reserve for contingent events. The main differences in methodology are summarised below:

- IAS 19 disclosures:
- (i) Discount rate based on AA-rated corporate bonds.
 - (ii) Best estimate assumptions for future improvements in mortality.
 - (iii) No allowance for a reserve for contingent events.
- Measurement of liabilities for the 31 December 2024 formal valuation:
- (i) Discount rates:
 - Pensioner and deferred liabilities - gilt yields less 0.1% p.a.
 - Pre-retirement discount rate for active members - gilt yields plus 0.75% p.a.
 - (ii) Allowance for additional future improvements in mortality above best estimate assumptions.
 - (iii) Allowance for a reserve for contingent events.

	2026	2025
	£'000	£'000
Statements of Financial Position assets for Group and Authority:		
Post employment benefits - fully funded pension fund	6,700	5,086
Total Statements of Financial Position assets	6,700	5,086
Statements of Financial Position obligations for Group and Authority:		
Non-current post employment benefits - unfunded pension scheme	(652)	(668)
Current post employment benefits - unfunded pension scheme	(108)	(104)
Total Statements of Financial Position obligations	(760)	(772)
Income Statement charge for Group:		
Pension benefits (Note 3)	8,711	9,245
Post employment benefits - unfunded pension scheme (Note 3)	93	67
Total Income Statement charge	8,804	9,312

Notes to the Financial Statements continued

17. Retirement benefit obligations continued

Funded pension benefits

The amounts recognised in the Statement of Financial Position are determined as follows:

	2026	2025
	£'000	£'000
Fair value of plan assets	1,259,109	1,251,230
Present value of future obligations	(1,250,176)	(1,244,449)
Surplus in funded scheme	8,933	6,781
Related deferred tax liability at 25% (2025: 25%) (Note 16)	(2,233)	(1,695)
Net surplus in funded pension scheme	6,700	5,086

The CAA has determined, based on legal advice, that it has a right to any surplus that arises within the scheme. As such no asset ceiling (IFRIC14) is applied.

The movement in the funded pension scheme surplus are as follows:

	2026	2025
	£'000	£'000
Surplus in funded pension scheme brought forward	6,781	31,052
Income Statement movement	(8,262)	(7,713)
Remeasurement effects recognised in Statements of Comprehensive Income	(521)	(26,901)
Employer contributions	10,935	10,343
Surplus in funded pension scheme carried forward	8,933	6,781

The movements in the defined benefit obligations (DBO) over the year are as follows:

	2026	2025
	£'000	£'000
DBO brought forward	1,244,449	1,352,878
Current service cost (excluding administration costs)	5,709	6,988
Interest costs on the DBO	68,191	63,315
Scheme participants' contributions	44	45
Actuarial gain - membership experience	54,186	4,546
Actuarial gain - demographic assumptions	3,277	22,023
Actuarial gain - financial assumptions	(22,333)	(102,347)
Benefits paid from scheme assets	(103,347)	(102,999)
DBO carried forward	1,250,176	1,244,449

The movements in the fair value of plan assets in the year are as follows:

	2026	2025
	£'000	£'000
Fair value of assets brought forward	1,251,230	1,383,930
Interest income on scheme assets	68,640	64,847
Return on scheme assets less than discount rate	34,609	(102,679)
Employer contributions	10,935	10,343
Scheme participants' contributions	44	45
Benefits paid	(103,347)	(102,999)
Administrative costs paid	(3,002)	(2,257)
Fair value of assets carried forward	1,259,109	1,251,230

The CAA provides pensions administration services to the scheme and has charged £1,276k (2025: £1,113k) over the course of the year.

The scheme assets are allocated as follows:

	2026		2025	
	£m	%	£m	%
Index linked (UK)	141.9	11.3	141.5	11.3
Total dedicated bond fund	141.9	11.3	141.5	11.3
Pooled investments vehicles - equity	68.5	5.4	69.3	5.5
Total quoted equities	68.5	5.4	69.3	5.5
Insured annuity policies	898.9	71.4	906.6	72.5
Total insured annuity policies	898.9	71.4	906.6	72.5
Alternatives	44.9	3.6	40.9	3.3
Corporate debt/bonds	76.8	6.1	71.1	5.7
Cash and cash equivalents	27.2	2.2	21.8	1.7
Total other holdings	148.9	11.8	133.8	10.7
Fair value of scheme assets carried forward	1,259.1	100.0	1,251.2	100.0

As disclosed earlier in this note, the scheme holds a number of bulk purchasing annuity (buy-in) contracts in respect of ensuring all future payments to existing pensioners as at 31 August 2020. The value of the buy-in policies held on behalf of the members matches the value of the benefits covered by the policy and is included under the asset class 'Insured annuity policies'.

Notes to the Financial Statements continued

17. Retirement benefit obligations continued

Amounts recognised in the Income Statement are as follows:

	2026	2025
	£'000	£'000
Current service cost	5,709	6,988
Administrative costs paid	3,002	2,257
Total Income Statement charge included in employment costs	8,711	9,245
Net interest on defined benefit obligation	68,191	63,315
Expected return on funded pension scheme assets	(68,640)	(64,847)
Total credit to finance income (Note 7)	(449)	(1,532)
Total charge included in Income Statement	8,262	7,713

Analysis of the amounts recognised in Statements of Comprehensive Income:

	2026	2025
	£'000	£'000
Actuarial loss due to liability experience	54,186	4,546
Actuarial gain due to liability assumption changes	(19,056)	(80,324)
Return on scheme assets less than discount rate	(34,609)	102,679
Actuarial loss recognised in Statements of Comprehensive Income	521	26,901

The principal actuarial assumptions used for the purpose of IAS 19 were as follows:

	2026	2025
	% PA	% PA
Discount rate	6.05	5.70
Inflation assumption (RPI)	3.35	3.20
Inflation assumption (CPI)	3.00	2.75
Rate of increase in salaries in future years (over the next 3 years)	2.80	2.65
Rate of increase in salaries in future years (3 years onwards)	2.10	2.00
Rate of increase in pensions (pre 1 June 2015) *	3.35	3.20
Rate of increase in pensions (post 1 June 2015) *	3.00	2.75

* In excess of any guaranteed minimum pension

Mortality assumptions are based on the Self-Administered Pension Scheme All Pensioner Light series 3 tables with allowance for future improvements in line with the Continuous Mortality Investigation 2024 Core Projections model. The expected lifetime of a current pensioner who is aged 60 and the expected lifetime of a current non-pensioner (at age 60) are shown in years below:

Age	Males/Years	Females/Years
60	28.0	29.7
60 in 10 years	28.7	30.4

Additional information

Expected contributions for the following year-end:

	2027
	£'000
Employer	10,900
Scheme participants	44
Total expected contributions for the following year-end	10,944

The principal risks that the scheme is exposed to include:

Investment risk: the present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate it will reduce the reported surplus.

Longevity risk: the present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: the present value of the defined benefit plan liability is calculated by reference to future salaries of plan participants. As such, an increase in salary of plan participants will increase the plan liability.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, expected salary increases and mortality. The table below shows the effect of changes in those assumptions:

Assumption	Base assumption	Sensitivity	Effect on Defined Benefit Obligation
Discount rate increase	6.05%	0.5% increase	4% reduction
Discount rate decrease	6.05%	0.5% decrease	5% increase
Inflation increase	3.35% (RPI), 3% (CPI)	0.5% increase	4% increase
Inflation decrease	3.35% (RPI), 3% (CPI)	0.5% decrease	4% decrease
Mortality rating	100% (male) / 98% (female)	1 year decrease	4% increase
Salary increase	2.8% (1-3 years), 2.1% (3+ years)	0.5% increase	0.3% increase

Notes to the Financial Statements continued

18. Financial instruments by category

Assets as per Statements of Financial Position:

Group:	2026			2025		
	Assets at fair value through the Income Statement	Other financial assets at amortised cost	Total	Assets at fair value through the Income Statement	Other financial assets at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other receivables	-	6,746	6,746	-	7,219	7,219
Cash and cash equivalents	-	52,409	52,409	-	25,058	25,058
Short-term investments	-	5,000	5,000	-	-	-
Net book amount	-	64,155	64,155	-	32,277	32,277

Assets as per Statements of Financial Position:

Authority:	2026			2025		
	Assets at fair value through the Income Statement	Other financial assets at amortised cost	Total	Assets at fair value through the Income Statement	Other financial assets at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other receivables	-	5,617	5,617	-	6,660	6,660
Cash and cash equivalents	-	51,585	51,585	-	23,874	23,874
Short-term investments	-	5,000	5,000	-	-	-
Net book amount	-	62,202	62,202	-	30,534	30,534

Trade and other receivables includes trade receivables net of expected credit losses and other receivables where a contractual receipt of payment is due. Statutory amounts receivable, contract assets and prepayments have been excluded.

Short-term investments of £5,000k relates to a fixed term deposit which matured in April 2026.

Liabilities as per Statements of Financial Position:

Group:	2026			2025		
	Liabilities at fair value through the Income Statement	Other financial liabilities at amortised cost	Total	Liabilities at fair value through the Income Statement	Other financial liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	-	44,239	44,239	-	14,208	14,208
Lease liabilities	-	2,918	2,918	-	3,549	3,549
Net book amount	-	47,157	47,157	-	17,757	17,757

Liabilities as per Statements of Financial Position:

Authority:	2026			2025		
	Liabilities at fair value through the Income Statement	Other financial liabilities at amortised cost	Total	Liabilities at fair value through the Income Statement	Other financial liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	-	49,137	49,137	-	20,577	20,577
Lease liabilities	-	2,547	2,547	-	3,085	3,085
Net book amount	-	51,684	51,684	-	23,662	23,662

Trade and other payables includes trade payables, lease liabilities and other payables where a contractual payment is due. Statutory amounts payable, contract liabilities and accrued expenses have been excluded.

The Group and Authority are exposed to risks that arise from its use of financial instruments. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

Financial risk management disclosures are set out in the Chief Financial and Operating Officer's Statement on pages 54 to 61

Notes to the Financial Statements continued

19. Cash generated from / (used in) operations

	Group		Authority	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Profit before income tax	8,679	12,997	8,631	12,384
Adjustments for:				
Depreciation, amortisation, impairment and adjustment on disposal	4,768	3,349	4,667	3,106
Grant amortisation	(172)	(173)	(172)	(173)
Finance income - net	(1,961)	(3,610)	(1,710)	(3,295)
Unrealised foreign exchange difference	26	5	24	4
Withholding tax movements	(2)	2	-	-
Early exit of lease	-	89	-	-
Lease termination	-	(142)	-	(3)
Changes in working capital:				
- Trade and other receivables	(2,168)	(1,978)	(2,149)	(2,515)
- Trade and other payables	24,938	(10,588)	25,009	(9,342)
IAS19 current service cost net of cash contributions	(2,224)	(1,098)	(2,224)	(1,098)
Cash generated from / (used in) operations	31,884	(1,147)	32,076	(932)

20. Commitments

Capital commitments

At 31 March 2026 the Group had capital commitments totalling £125k that were contracted for but not provided (2025: £nil). The commitments relate to additional office furniture and improvement works in the Westferry Office.

Lease liabilities

	Note	Group		Authority	
		2026	2025	2026	2025
		£'000	£'000	£'000	£'000
Brought forward		3,549	4,165	3,085	3,895
Additions		230	470	230	11
Early terminations		-	(142)	-	(3)
Interest expense	7	44	49	25	43
Lease payments		(905)	(993)	(793)	(861)
Total lease liabilities		2,918	3,549	2,547	3,085

Analysis of lease liabilities:

Non-current	1,981	2,686	1,673	2,299
Current	937	863	874	786
Total lease liabilities	2,918	3,549	2,547	3,085

Right of use assets associated with the lease liabilities above of £1,766k for the Group (2025: £2,276k) and £1,413k for the Authority (2025: £1,839k) were included within the Statements of Financial Position at the end of the current financial period (Note 9).

21. Related party transactions

Group

The Civil Aviation Authority is a statutory corporation whose duties, powers and functions are established in and pursuant to primary and secondary legislation. By virtue of provisions in the Civil Aviation Act 1982, the Airports Act 1986 and the Transport Act 2000 in specified circumstances the Secretary of State for Transport may direct the Civil Aviation Authority as to the performance of those duties, powers and functions.

During the year the Group has undertaken work for the Department for Transport (DfT) and has recognised revenue of £33,014k (2025: £30,841k). At the end of the year £nil was owed by the DfT to the CAA (2025: £932k). The CAA also purchased £57k of services from the DfT in the year (2025: £93k), primarily in relation to an employee secondment.

The Air Travel Trust (ATT) exists to fund repatriation or reimbursement of holiday-makers in the event of the failure of a tour operator. The ATT is funded by contributions made when ATOL-protected holidays are purchased and, in certain circumstances, has recourse to bonds or insurance. Selina Chadha, Tracey Martin (Board members of the CAA) and Jonathan Spence, (Secretary to the CAA) together with Trisha McAuley (Non Executive Director of the CAA) were Trustees of the ATT during the year. As detailed in Note 1.2, the ATT is excluded from the consolidated financial statements of the CAA.

During the year, the CAA charged £2,441k (2025: £3,819k) for administration services to the ATT, of which £12k was accrued at the year end.

During the year revenue of £21k (2025: £42k) was invoiced to The Royal Air Force (RAF) by the CAA, primarily in respect of desk rental at CAA's offices. Air Vice-Marshal Ian “Cab” Townsend was a Non-Executive member of the CAA Board during part of the year (appointed in November 2025, following the departure of Air Vice-Marshal Suraya Marsall), he also serves as Assistant Chief of the Air Staff on the RAF Board.

Board member and key management personnel emoluments are detailed in Note 4 and the People Committee Report.

The following revenue transactions with fellow Group undertakings occurred during the year:

	2026	2025
	£'000	£'000
Re-charge of corporate legal, finance, IT and facilities costs:		
CAA International Limited	682	695
Air Safety Support International Limited	384	376
Re-charge of corporate Board member costs:		
CAA International Limited	26	44
Air Safety Support International Limited	21	29
Work carried out on behalf of other Group entities with regard to technical assistance:		
Air Safety Support International Limited	27	20
Work carried out on behalf of other Group entities with regard to commercial aviation related services:		
CAA International Limited	596	1,109
Total intra Group income	1,736	2,273

Notes to the Financial Statements continued

The following expenditure transactions with fellow Group undertakings occurred during the year:

	2026	2025
	£'000	£'000
Work carried out by Group entities with regard to aviation regulatory services:		
CAA International Limited	(257)	(160)
Cost of internal training delivered by other Group entities:		
CAA International Limited	(393)	(281)
Cost of internal exams hosting and maintenance charges by other Group entities:		
CAA International Limited	(322)	(285)
Total intra-group charges	(972)	(726)

	2026	2025
	£'000	£'000
Interest receivable on Group trading balances:		
Air Safety Support International Limited	1	1
Interest payable on Group trading balances:		
CAA International Limited	(258)	(307)
Net interest payable on Group trading balances	(257)	(306)

The year-end balances owing (by)/to the Authority (to)/by Group undertakings

		2026	2025
	Note	£'000	£'000
CAA International Limited	15	(6,636)	(6,831)
Air Safety Support International Limited	12	(7)	273
Total payables owing to Group undertakings		(6,643)	(6,558)

As part of the treasury function, the Group operates a cash pooling arrangement for the Authority and CAA International Limited. A number of other functions, including payroll and accounts payable, are carried out and settled by the Authority on behalf of its subsidiaries. These transactions are not included in the above disclosures. The Group 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 that all group entities are fully owned subsidiaries, each with an assessment that they are a going concern, therefore there is no expectation of non-recovery of intra-group debt and all balances are repayable on demand.

22. Ultimate controlling party

The Corporation's ultimate controlling party is the Secretary of State for Transport in pursuance of the Civil Aviation Act 1982 and the Civil Aviation Act 2012.

CAA (Report) Direction 2026

The Secretary of State for Transport, in exercise of their power under Section 21(2)(d) of the Civil Aviation Act 1982 hereby specifies that the Annual Report of the Civil Aviation Authority (the Group which is comprised of the Authority and its subsidiaries) ending 31 March 2026, and in respect of any subsequent accounting year, should include:

1. The agreed performance and service aims of the Group, and the outturn against them;
2. the main features of the latest Strategic Plan of the Group;
3. an audited statement of efficiency;
4. a full and fair review of the development of the business during the year, the significance of the circumstances facing the Group, and an indication of likely future developments for each of the significantly different classes of business;
5. dealing separately with the Group's financial position:
 - a. A comparison of results against targets, including an explanation of the relationship between current and historic cost accounts and the significance of returns on assets employed;
 - b. comments on and changes to funding levels;
 - c. significant changes in property, plant and equipment and intangible assets, with a brief description of the assets involved;
 - d. a description of activities in the field of research;
 - e. comments on other relevant aspects of the financial results; and
 - f. a summary of significant events up to the end of the reporting period.

6. a five-year summary of the Group's financial results, including and identifying amongst other things:

- a. Appropriate analyses of income and expenditure and assets and liabilities;
- b. total equity;
- c. operating profit/(loss), as appropriate, before interest, expressed as a return on average current cost of total equity, excluding treatment of the pension scheme under International Accounting Standard 19, analysed between the different classes of business;
- d. a statement of the target rate of return achieved by the Regulatory operations over the period, calculated on the basis of average total equity measured on a current cost basis;
- e. an explanation of the manner in which returns have been calculated, including a clear definition of the target rate of return and the key assumptions applied;
- f. comparisons of performance against other financial targets which have been agreed with the Group; and
- g. this Direction and the relevant extant Accounts Direction.

The Secretary of State has agreed that the CAA shall continue to make a separate report on its Growth Duty which they will lay before both Houses of Parliament, alongside the Annual Report and Accounts. The CAA should also continue to publish both of these reports on its website.

The Report Direction previously issued to the Civil Aviation Authority dated 25 April 2025 is hereby revoked.

David Silk
Director Aviation

Signed by authority of the Secretary of State
13 May 2026

CAA (Accounts) Direction 2026

The Secretary of State for Transport, with the approval of the Treasury, in pursuance of section 15(1) of the Civil Aviation Act 1982, hereby gives the following Direction:

1. The statement of accounts, which it is the duty of the Civil Aviation Authority (the Group, which is comprised of the Regulatory Authority and its subsidiaries) to prepare in respect of its financial year ending 31 March 2026 and in respect of any subsequent accounting year, shall comprise:
 - a. An annual report;
 - b. a statement on internal control;
 - c. a statement of Board members' responsibilities;
 - d. an Income Statement;
 - e. a Statement of Comprehensive Income;
 - f. a Balance Sheet of the Regulatory Authority and of the Group;
 - g. a Statement of Changes in Equity; and
 - h. a Statement of Cashflows.

Including in each case such notes as may be necessary for the purposes referred to in paragraphs 2 and 3 below.

The statement of accounts shall, without limiting the information given, meet insofar as they are appropriate to public corporations:

- a. The accounting and disclosure requirements of companies legislation currently in force;
- b. the accounts disclosure requirements of paragraphs 9.8.6 and 9.8.8 of the UK Listing Rules;
- c. International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- d. any additional disclosure or accounting requirements that the Treasury may issue from time to time in respect of public corporations' accounts.

2. Clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards is given in Schedule 1 to this Direction. The annual accounts shall include the information set out in Schedule 2 to this Direction.
3. The accounts kept and the statement prepared in pursuance of Section 15, subsection (1) of the Civil Aviation Act 1982 ("the Act") shall be audited by auditors who are appointed, after consultation with the CAA, for each year by the Secretary of State, and a person shall not be so appointed unless he / she is eligible for appointment as a company auditor under the Companies Act 2006 or is a member of the Chartered Institute of Public Finance and Accountancy with a current practicing certificate and approved to carry out the audit by a firm of auditors registered with one of the bodies listed below:
 - > The Institute of Chartered Accountants in England and Wales;
 - > the Institute of Chartered Accountants of Scotland;
 - > the Association of Chartered Certified Accountants;
 - > Chartered Accountants Ireland;
 - > any other body of accountants established in the United Kingdom and for the time being recognised for the purposes of the Companies Act 2006 by the Secretary of State; but
 - > a Scottish firm may be so appointed if each of the partners therein is qualified to be so appointed.

This paragraph supersedes section 15, subsection (2) of the Civil Aviation Act 1982.

4. The Direction issued to the Authority dated 7 April 2022 is hereby revoked.

David Silk
Director Aviation

Signed by authority of the Secretary of State
13 May 2026

CAA (Accounts) Direction 2026 continued

Schedule 1

1. The Companies Act 2006 requires certain information to be disclosed in the Director's Report. To the extent that it is appropriate; the information relating to the Civil Aviation Authority shall be contained in the Annual Report.
2. The Income Statement shall be prepared in accordance with International Accounting Standard (IAS) 1.
3. The summary financial position shall be prepared in accordance with IAS 1, separating the classification of the current and non-current assets, and current and non-current liabilities on the face of the Balance Sheet.
4. The Civil Aviation Authority has no power over the Air Travel Trust Fund (ATTF) and no exposure to variable returns from its involvement with the ATTF. Accordingly, the ATTF shall not be consolidated as part of the Group Financial Statements.

Schedule 2

Supplementary Information

1. The Income Statement or the notes thereto shall include:
 - a. analyses of revenue and operating profit or loss over the following:
 - > Regulatory Sector made up of:
 - > Safety & Airspace Regulation;
 - > Consumers & Markets;
 - > Aviation Security; and
 - > Space.
 - > UK en route Air Traffic Services;
 - > CAA International; and
 - > Miscellaneous Services.
 - b. revenue shall be analysed, as appropriate, between statutory and scheme charges and other income;
 - c. expenditure shall be analysed between employment costs, services and materials, repairs and maintenance, research, depreciation, amortisation and disposals, other gains/(losses) (as appropriate) - net and other expenses; and
 - d. a statement showing separately the interest on capital loans.
2. The Balance Sheet or a note thereto shall show:
 - a. The Group's maximum borrowing power; and
 - b. all sums borrowed showing separately amounts borrowed from the National Loans Fund and other borrowings and showing separately when repayment is due.
3. The statement of accounts or notes thereto shall include the amount, source and purpose of capital grants receivable.



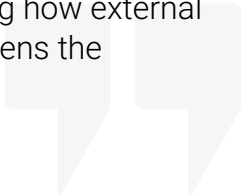


Panels

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Summary

This section provides independent perspectives from advisory panels. It summarises their work, insights and recommendations on consumer and environmental issues, showing how external expertise informs decision-making and strengthens the organisation’s approach.



Our Panels

Advisory panels

We have two key independent advisory panels to help us with our work. Both are non-statutory bodies established to act as a 'critical friend' to the organisation. They provide expert advice to make sure that independent, expert views are factored into our policy development and decisions.

Consumer Panel

The Consumer Panel focuses on the interests of current and potential aviation consumers, and citizen issues, such as noise from flight paths.

The key activities of the Panel are to:

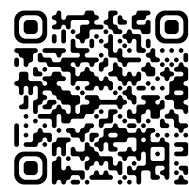
- > Help the organisation to understand fully, and take account of, the interests of consumers in our policy development and decisions;
- > use and request research to understand the aviation consumer experience; and
- > provide the organisation with feedback from a consumer perspective on the effectiveness of its policies and practices.

Environmental Sustainability Panel

The Environmental Sustainability Panel supports and challenges us on the delivery of our [environmental sustainability strategy](#) as we develop our policy and position across our regulatory and advisory functions. It also undertakes a similar role with the wider aviation and aerospace sectors as they manage and reduce their negative environmental impacts, such as emissions and noise, and advises Government.

The key activities of the Panel are to:

- > Provide expert technical advice to the organisation to support our work programme relating to our environmental roles, or on specific tasks that we may require, including input to our response to any relevant external consultations;
- > help us to understand and take account of environmental interests and impacts in our regulatory policy and framework (although the panel will not be expected to review or comment on individual regulatory decisions);
- > challenge and support us on our progress towards our strategic focus on improving environmental performance, both within the aviation and aerospace sectors and within the organisation itself; and
- > provide advice and critique on our research and help identify where further research may be needed to inform our sustainability agenda.



Scan QR Code or click [here](#) to read more about the CAA's environmental sustainability strategy.

Environmental Sustainability Panel

Summary of 2025/26 Annual Report

The Civil Aviation Authority (CAA) Environmental Sustainability Panel was established in June 2022 as a specialist, non-statutory and non-executive panel providing scientific, technical and strategic expertise and insight to the CAA. The Panel acts as a ‘critical friend’ to support and challenge the CAA on delivery and evolution of its Environmental Sustainability Strategy, alongside insight into broader objectives of the CAA to deepen the organisation’s understanding of environmental matters. This covers a wide range of environmental impacts and effects of aviation, from emissions that lead to global climate change (and the mitigations and adaptations that must be made to accommodate the resulting changing weather) to the more local impacts from aviation noise and air quality on local communities and biodiversity.

The role of the Environmental Sustainability Panel

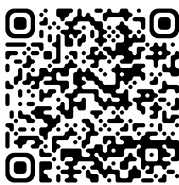
The Panel provides insight and expertise across a broad range of disciplines to support the CAA in its execution of its own environmental agenda, roles and responsibilities, as well as where the CAA has identified embedding environmental sustainability as a priority in its corporate objectives. This reaches across many areas of CAA work such as airspace modernisation, innovation, economic regulation, consumer information and environmental reporting. The Panel provides advice, insights and expertise to the CAA as policy is being developed to ensure that, where our duties and powers require it, environmental sustainability is being considered in policies and decision-making. It aims to build a broader understanding and knowledge of environmental sustainability challenges and opportunities throughout the CAA embedding sustainability thinking into our work.

The Panel does this by:

- > Supporting and challenging the delivery and future evolution of the CAA’s Environmental Sustainability Strategy: supporting the CAA to develop and deliver a robust and informed strategic focus on how it will improve environmental performance within its roles as set out in its Environmental Sustainability Strategy;
- > providing expert scientific, technical and strategic advice in response to requests from the CAA for assistance on specific projects: providing credible research and evidence that may be considered by the CAA in its policy development and decision-making;
- > helping the CAA to embed sustainability as a cross-organisational theme: contributing to a knowledge delivery programme that builds and strengthens the CAA’s collective knowledge, skills and understanding of sustainability impacts and issues; and
- > proactively providing wider strategic input based on the Panel’s own broad experience and expertise of sustainability developments in both the aviation industry and more widely, supporting the CAA to identify where it may have an emerging role. The Panel also brings attention to issues and areas of best practice that are evolving across environmental sustainability.

This has included:

- > Input and challenge to the evolution of the CAA’s Environmental Sustainability Strategy, as the CAA undertakes a strategy refresh including supporting the CAA to use systems mapping to develop an outcomes-focused approach;
- > expert environmental and scientific insights and research to inform CAA programmes of work including the Airspace Modernisation Strategy, the Hydrogen Challenge, and reviews of the Heathrow and NATS price controls;



Scan QR Code or click [here](#) to read more about the CAA’s Environmental Sustainability Panel.

- > supporting the CAA in the development of the Aviation Environmental Review (AER), including development of a five-year roadmap and technical input on the different areas of environmental impact that the AER reports on leveraging considerable expertise of environmental reporting held across panel members;
- > support to the development of the CAA’s Environmental Sustainability Literacy, by delivering webinars and a sustainability-themed conference for the CAA, providing written resources on key strategic topics, discussing key issues directly with the CAA’s Senior Leadership Team, providing the CAA with the latest relevant research and providing critical insight and review of developments in industry and academia;
- > provision of briefing notes for the Board, Executive Committee and Senior Leadership Team on deep scientific and technical matters such as the science of contrails and contrail cirrus and production route and public expectations around Sustainable Aviation Fuel, bringing latest research and understanding into their thinking; and
- > meeting with the Board and the Executive Committee and regular meetings between the Panel Chair and the CAA Chair and Chief Executive.

Panel Chair’s commentary

The Panel has continued to develop and mature as an advisory body, looking at how to support the CAA in a more strategic way, as well as continuing to provide advice and support on individual projects. Our advice and challenge has been instrumental in helping the CAA develop its roles and ambition regarding environmental sustainability in the aerospace sector and helped build a more robust strategic awareness of environmental sustainability issues, including bringing insights from other sectors, links with other scientific and Government-led groups and updates on progress internationally.

The Panel has helped to increase knowledge and awareness within the CAA of the environmental impact of aviation, particularly on local impacts from noise and poor air quality, and global impacts from emissions, as well as looking at synergies between sustainability and consumer issues. This has supported the CAA as it continues to evolve its considerations of environmental sustainability from the outset of projects and programmes of work.

Aviation is a difficult sector to decarbonise at a faster rate, it is predicted to become one of the biggest emitters of carbon in the UK, second only to the agricultural sector. The issues of noise and air quality are also difficult to resolve. Both the pace and ability to act for a commercially mature, globally integrated sector which is so globally integrated are the challenges. The Panel will continue to support the CAA as it works to understand its role in both enabling and holding the sector account as it pursues its own vision of **Protecting people, enabling aerospace**.

Dr Ruth Mallors-Ray OBE,

Chair of the CAA Environmental Sustainability Panel

Consumer Panel

Summary of 2025/26 Annual Report

The Civil Aviation Authority (CAA) Consumer Panel is an independent non-statutory body providing expert advice to the CAA to ensure the consumer interest remains central to policy development. The Panel acts as a 'critical friend', helping the CAA to understand fully and take account of the interests of current and potential aviation consumers. We publish our own Work Programme and Annual Reports, which are available on the Consumer Panel page of the CAA website.

Over the last year, we have seen a period of strategic and regulatory change focused on the Government's growth agenda including the Regulatory Action Plan. At the same time, we have seen another year of growth for the aviation sector, with passenger demand continuing to grow and rising passenger numbers expected to continue in 2026. This new landscape has provided the strategic backdrop against which we have been progressing our work over this reporting year.

During this period, we have continued to deliver on our Work Programme covering November 2024 to November 2026. Our overriding focus is on navigating the new 'post-pandemic' aviation landscape in the best interests of consumers, by building the evidence base, driving better outcomes for consumers and influencing future frameworks.

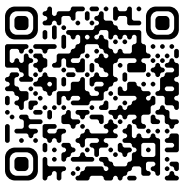
In addition to progressing key areas of focus in our Work Programme, we have seen an increase in other work being brought proactively to the Panel for input across the CAA's wide remit. We have also seen growing interest from colleagues across the CAA, including ExCo and Board members, asking to observe formal Panel meetings. These trends suggest the Panel's visibility and impact across the CAA is continuing to grow, which is encouraging.

In 2025/26, we are pleased to have provided support, advice and guidance to progress several areas of work across the CAA, including the following areas:

Consumer protection and accessibility

We provided input at the CAA's June 2025 and January 2026 Board meetings on progress against the CAA's new Consumer Work Programme. We continue to be very supportive of the additional investment in the Consumer Protection team (which we have long called for) and welcome the progress made over the last year in respect of several new projects to which we have input, including:

- > The UK261 Compliance Programme, which focuses on the industry's compliance with relevant obligations towards consumers;
- > research on improved communications with consumers during disruption and follow-on work to ensure they are better informed and empowered to make decisions when disruption occurs;
- > the independent review of CAA-approved Alternative Dispute Resolution (ADR) schemes which was recently published;
- > work on accessibility, including the first review under the CAA's Airlines Accessibility Framework, the proposed approach to updating the Airports Accessibility Framework, the Wheelchair (Mobility Aid) Damage consultation, sitting on the Department for Transport's (DfT) Aviation Accessibility Task and Finish Group (AATFG), helping shape AATFG report recommendations as well contributing to the Aviation Accessibility Implementation Group (AAIG). More generally, lived experience of disability on the Panel has helped highlight the risks of digital exclusion and screen reader compatibility across the CAA's work and publications, which has created more awareness and understanding of this important issue.



Scan QR Code or click [here](#) to read more about the CAA's Consumer Panel.

We have continued to work with the CAA on making best use of its existing powers where this benefits consumers and strongly advocate our long-held position for the CAA to be given stronger consumer powers, akin to other regulators.

In summary, over the last year we consider there has been a positive step change in the CAA's ambition and approach towards its Consumer Protection and Accessibility work, which is welcome. We encourage the CAA to continue developing its work in this area, and to horizon scan to identify future consumer challenges.

Consumer interest

We welcome the progress made against one of our key recommendations provided in late 2024, in response to a request from the CAA's Chair, who asked the Panel to consider how the CAA could deliver more for consumers. Among other things, we recommended that a cross-CAA 'consumer network' be created that embeds targeted consumer focused resource to promote a better understanding of the consumer interest in different policy areas, informed by a 'consumer interest' mapping exercise across the organisation.

Following the Panel Chair's attendance at the June 2025 Board meeting, the CAA undertook a survey to identify how the consumer interest is understood and considered across the organisation. The Panel's input was sought throughout the development of the survey which was launched in late 2025, with the results discussed at the January 2026 Panel and CAA Board meetings. We welcome the CAA's work in progressing the survey, and consider the findings provide a useful platform for further work and cross-CAA collaboration. Using the survey's findings, the Panel has been asked to propose a list of options for the CAA to consider how it can further embed

consideration of the consumer interest across the organisation. We look forward to further engagement on this work, and other recommendations provided by the Panel in late 2024, and would like to thank CAA colleagues for their proactive and constructive approach in responding to the Panel's feedback.

In parallel, other developments have contributed to greater awareness, understanding and consideration of the consumer interest across the CAA:

- > Strengthened ExCo/Board engagement and requirements on colleagues to consider the consumer interest and engage with the Panel at an earlier stage; and
- > a strong Panel focus on promoting consumer vulnerability, via the Vulnerability Toolkit across various strands of work including the Consumer Interest survey, Innovation, Aviation Security and the Aviation Consumer Survey as set out below.

We also welcome the CAA's recognition of the importance of considering the consumer interest as part of its cross-CAA economic analysis and impact assessment work and look forward to contributing to this area in due course.

Innovation

We have continued to input into the Law Commission's project looking at autonomy in the aviation sector, which forms part of UK Research and Innovation's (UKRI) Future of Flight Challenge. We held a workshop with the Law Commission to discuss our earlier substantive submission to its consultation and next steps and in particular, we raised the importance of building consumer and public acceptance, confidence and trust in future flight technologies through iterative research and engagement alongside the development of a new regulatory framework. We were pleased to hear the Law Commission took on

Consumer Panel: Summary of 2025/26 Annual Report continued

board our advice to engage with the Director of UKRI's Future Flight Challenge Social Science Research Programme at the University of Birmingham about consumer attitudes on societal readiness, and public perceptions towards future flight technologies.

Among other issues, we discussed with the Law Commission how to embed a stronger consumer focus, including interactions between the Consumer Principles and AI Principles and how consumer vulnerability and existing consumer protection and accessibility frameworks could be considered and adapted to a crewed and uncrewed Vertical Take-off and Landing (VTOL) context. We will continue to engage with the Law Commission, the CAA and UKRI as this project progresses.

We also participated in horizon scanning with CAA colleagues to understand the latest signals and trends, including topics such as quantum technologies, digital twins, neuromorphic computing, and metaverse technologies in aviation, to explore potential implications for the CAA, the industry and consumers. In February, the Panel's Secretariat attended a horizon scanning workshop on the Panel's behalf focused on identifying and analysing key developments in aviation and adjacent sectors over the next five to ten years, to help uncover unknowns, understand emerging trends and assess their implications for consumers, industry stakeholders and the public more generally.

We continue to work with the CAA as it develops its approach to the regulation of AI in aviation and its use in the CAA, following the publication of its AI Strategy and an AI/Consumer Principles 'think piece' we helped develop last year. The CAA's latest work on AI and approach to strategic research and intelligence was presented at a recent Panel meeting, and more recently we have worked with CAA colleagues to help map out how AI

is being and could be used across the end-to-end passenger journey, and what this could mean for consumers in terms of potential benefits, opportunities, risks and challenges. We are mindful that the use of AI is gathering pace across the industry and has the potential to have wide reaching implications for consumers. This is also a key area of focus for the Government in the context of its growth agenda, as a key enabler to unlock innovation and productivity. We will continue to input and provide advice in this important area.

Environmental sustainability

We have once again input into the CAA's Aviation Environmental Review (AER), by exploring what information is likely to be of interest to consumers, and how this information should be presented, contextualised and promoted in an accessible format. The Panel provided feedback on the AER roadmap, including what consumers want to know now and in the future, and whether there is scope to link the AER to the CAA's Consumer Environmental Information project, which has recently been published. We welcome the publication of the Environmental Information project, which is an important piece of work that the Panel has contributed to and helped influence over several years.

We provided input on the CAA's Environmental Sustainability Strategy refresh, advising on the importance of building consumer confidence and trust in respect of environmental information to inform consumer choices and decisions around sustainability, and addressing greenwashing. We have also worked with the Environmental Sustainability Panel on cross-cutting issues around environmental information highlighting the importance of considering sustainability and consumer issues in a holistic way, that considers interactions and trade-offs.

Independent Review of NATS (En Route) Plc's (NERL) Flight Planning System Failure in August 2023

We have continued to input on the NATS Independent Review Report recommendations, providing independent validation of the CAA's approach to implementing relevant recommendations that relate to its safety, economic regulation, consumer protection and resilience roles. The Panel has been consulted on relevant milestones over this reporting year and a status report on the air traffic control failure was published¹ in May 2026 with two recommendations remaining open. In June 2026 a final addendum to this report was submitted to the Department for Transport noting that all recommendations are now closed or embedded into operational regulatory practices.

¹See CAP3193 Recommendations from the Independent Review of NERL's August 2023 Flight Planning System Failure: Second update on progress.

Aviation Security

We have had a particular focus on Aviation Security (AvSec) this reporting year, including proactive engagement with CAA AvSec colleagues who have presented at Panel meetings on various topics including human factors, aviation security training and updates to aviation security regulations following the introduction of new screening technologies across UK airports. We welcome the CAA's additional work on the screening of passengers with accessibility requirements, disabilities, hidden disabilities or who may wear medical devices such as stoma pouches or insulin pumps, following the introduction of new screening technologies.

We also welcome the enhanced collaboration and engagement between the Aviation Security and Consumer Protection teams

and across the CAA more broadly, as well as with industry and charities to address issues raised by the new screening technologies. We were also particularly pleased to contribute to discussions around extending the medical device awareness card and promoting awareness of the card to consumers. More recently, we held a workshop with AvSec colleagues on their proposed approach to AvSec Risk Based Oversight.

We would also like to thank the AvSec and the Consumer Protection teams for facilitating and organising five airport tours across different geographical regions including Belfast, Edinburgh and Luton airports, which gave Panel members valuable, practical insights into the end to end passenger journey.

Economic regulation

We have continued to contribute to the CAA's approach to the Heathrow airport price control review (H8). This includes advising on the team's approach to consumer research and how this has been used to inform the H8 Business Plan and investment decisions, learning lessons from the H7 process as well as Outcome Based Regulation. We have also engaged with CAA colleagues on the potential expansion of runway capacity at Heathrow airport and its implications for consumers.

As part of the NR28 price control process for NATS (En Route) Plc, we provided advice to the CAA on draft research methodology proposals, as well as reviewing and providing feedback on the research findings in a joint workshop with the CAA, NERL and NERL's research agency and have also engaged with the CAA on its draft method statement and draft business plan guidance.

Consumer Panel: Summary of 2025/26 Annual Report continued

Safety

Similar to our earlier input on a Safety Risks Assurance Board Paper, we were asked to provide input on a draft ExCo paper setting out the Safety and Airspace Regulation Group’s approach to European Aviation Safety Agency rulemaking activity. While we do not have technical safety expertise and much of this work is outside our remit, we welcomed the opportunity to highlight implications this work could have for consumers and suggest possible mitigations, which should be guided by the overarching objective of maintaining a high standard of consumer confidence and trust in the safety of aviation. More recently, we have been approached to provide a consumer perspective on the CAA’s National Aviation Safety Plan to ensure it reflects a consumer focus, and provide assurance on its readability and accessibility.

Consumer insights

Following publication of the NATS Independent Review’s Final Report, the CAA commissioned Yonder to undertake consumer research into communication with passengers during disruption. Building on our earlier advice to the CAA on the draft brief, we continued to contribute, including by helping shape the draft questionnaire, and we offered insights and analysis of the results. We also offered advice on the accessibility of the report before publication, to ensure it was screen reader compatible.

We input to the design of wave 14 of the Aviation Consumer Survey, providing advice on new questions and areas to explore, and offered insights and analysis of the results. In particular, we suggested the CAA considers a stronger focus on consumer vulnerability as per the approach set out in the Vulnerability Toolkit and on disruption, building on Yonder’s research.

We have also engaged with the Director of UKRI’s Future Flight Challenge Social Science Research Programme at the University of Birmingham to discuss the latest Future of Flight research and trends, and have promoted this work across the CAA. As highlighted above, we continue to advocate for the importance of understanding consumer sentiment and attitudes in innovation and Future of Flight and encourage the CAA/UKRI to continue to share insights and work together on this important issue.

Other areas

We discussed the CAA’s Annual Strategic Objectives for 2026/27 to ensure they retain a strong consumer focus, provided feedback on the CAA’s approach to managing consumer risks and engaged with the CAA’s General Counsel on the CAA’s legal approach to its Consumer Protection work. We also contributed to the CAA’s ongoing work on Air Travel Organisers’ Licensing reform, had workshops with colleagues on the customer experience programme and the State of Industry project. The Panel’s Chair also participated in the CAA Board’s Effectiveness Review.

Conclusion

We welcome the CAA’s ongoing proactive and constructive engagement with the Panel, including increased engagement between the CAA’s Senior Executive and Panel. This includes the Panel Chair’s attendance at two CAA Board meetings per year and more regular sharing of the Board’s forward agenda and the Panel Chair being sighted on ExCo and Board papers with particular relevance to consumers. We also welcome the increased engagement from Non-Executive Directors, including their attendance at Consumer Panel meetings.

The terms of two Panel members sadly end in March 2026. I would like to take this opportunity to thank Jackie Minor and David Thomas for their valuable contributions to the Panel since 2018. Their contributions will be much missed, but we look forward to welcoming two new members in April 2026.

My term as Chair of the Consumer Panel is also sadly coming to an end in December 2026. Over my eight years as Chair, there have been and continue to be a number of challenges facing aviation consumers, including navigating the Covid-19 pandemic, but overall there has been significant progress in ensuring a fairer, more accessible, competitive, resilient and dynamic aviation landscape, that empowers consumers to make informed decisions to participate in the market and have better access to redress when things go wrong.

While the work continues, the Panel has played an important role as the CAA’s ‘critical friend’ in helping make aviation better for consumers. I would like to thank past and present Panel members and CAA colleagues for helping build a collaborative and constructive relationship between the Panel and CAA over the years - ensuring aviation consumers remain at the heart of policy development and decision making, and helping the CAA uphold consumer choice, value and fair treatment to improve consumer outcomes in the ever-changing and ever-challenging aviation sector.

The Rt. Hon Jenny Willott OBE

Chair of the CAA Consumer Panel



UK Civil Aviation
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