

REGISTERED NUMBER: 02496522 (England and Wales)

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
AIRCRAFT CAPITAL LIMITED



AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

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for the year ended 31 December 2016

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AIRCRAFT CAPITAL LIMITED

COMPANY INFORMATION
for the year ended 31 December 2016

DIRECTORS:

J P M Schlatmann
A-B Tieleman
B Brouns
S W S Norton

REGISTERED OFFICE:

5th Floor
6 St Andrew Street
London
EC4A 3AE

REGISTERED NUMBER:

02496522 (England and Wales)

AUDITORS:

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

GROUP STRATEGIC REPORT
for the year ended 31 December 2016

The directors present their strategic report and audited consolidated financial statements for the group for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The group's principal activity is the leasing out of aircraft.

REVIEW OF BUSINESS

The directors do not currently anticipate any change in the groups business or activities in the future.

During the year the group has generated a profit of €21,000 (2015 - €1,342,000 profit) and net cash inflow after financing of €204,000 (2015 - €502,000). As the outstanding finance lease and loan creditors, and related interest charges, decline over coming years, the group is expected to begin generating profitable trading results.

PRINCIPAL RISKS AND UNCERTAINTIES

The group operates in a difficult market of limited scale leasing activities. Due to the straight forward nature of the group, the group directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the group.

The group is exposed to risks associated with identifying suitable lessees for the group's aircraft, at financially viable rentals, and the associated risk of default by lessees. The group's activities also expose it to the financial risks of changes in foreign exchange currency rates. This is managed on a group basis and the group does not enter into forward contracts or hedging arrangements.

Liquidity risk is managed by actively monitoring the liquidity and cash flow position of the group to ensure it has sufficient cash in order to fund its activities.

SIGNIFICANT EVENTS

On 25 October 2016, Sanne (the Liquidator) was appointed to act as liquidator of the subsidiary company, Aircraft Capital Leasing I Limited.

GOING CONCERN

Projections from 31 December 2016, prepared by the directors, for the next three and five years, including sensitivity analysis on key assumptions made, anticipates positive operating cash-flows. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual group financial statements.

The directors have considered the financial situation of the subsidiary company, Aircraft Capital Leasing I Limited, including events during the year and subsequent to the period-end. Due to the appointment of the Liquidator on 25 October 2016, the directors considered that preparing the subsidiary company's financial statements on a going concern basis is not appropriate and therefore the accounts of the subsidiary company are prepared on the break-up basis.

FUTURE DEVELOPMENTS

For 2017, the group expects to continue its current leasing activity and will look for possible options for extending its leasing activities.

On 23 June 2016 the UK voted to leave the EU. At the date of signing these accounts the directors do not foresee any immediate risks crystallising, however, they acknowledge the uncertainty that now exists. The directors will continue to keep this under review.

BY ORDER OF THE BOARD:



J.P.M. Schlatmann - Director

Date: 15 June 2017

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

REPORT OF THE DIRECTORS
for the year ended 31 December 2016

The directors present their directors' report and audited consolidated financial statements for the group for the year ended 31 December 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016 (2015 - €nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

JP M Schlatmann

A-B Tieleman

B Brouns

R N Arthur - resigned 31 December 2016

S W S Norton - appointed 31 December 2016

The directors in office at 31 December 2016 did not have any disclosable interest in the shares of Aircraft Capital Limited or any other group company other than J P M Schlatmann and A-B Tieleman who both maintain an indirect interest as a result of 50% and 25% shareholdings respectively in GA-Finance b.v., incorporated in the Netherlands, the ultimate parent undertaking.

POLITICAL CONTRIBUTIONS

The group made no political donations or incurred any political expenditure during the year (2015 - €nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the Statement of financial Position of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this report of the directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

REPORT OF THE DIRECTORS
for the year ended 31 December 2016

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

BY ORDER OF THE BOARD:


.....
J.P.M. Schatmann - Director

Date: 15 June 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AIRCRAFT CAPITAL LIMITED**

We have audited the financial statements of Aircraft Capital Limited for the year ended 31 December 2016 on pages six to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

S Beavis

Stephanie Beavis (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date: 15 June 2017

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 31 December 2016 (comparative information for 2015 is located on page 7)

	Notes	2016 Continuing €'000	2016 Discontinued €'000	2016 Total €'000
TURNOVER		6,858	-	6,858
Cost of sales		<u>(4,271)</u>	<u>-</u>	<u>(4,271)</u>
GROSS PROFIT		2,587	-	2,587
Administrative expenses		<u>(431)</u>	<u>(54)</u>	<u>(485)</u>
OPERATING PROFIT/(LOSS)	4	2,156	(54)	2,102
Interest payable and similar charges	5	<u>(2,142)</u>	<u>(5)</u>	<u>(2,147)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		14	(59)	(45)
Tax on profit/(loss) on ordinary activities	6	<u>-</u>	<u>66</u>	<u>66</u>
PROFIT FOR THE FINANCIAL YEAR		<u>14</u>	<u>7</u>	21
OTHER COMPREHENSIVE INCOME				
Loss on FX translation				(75)
Income tax relating to other comprehensive income				<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX				<u>(75)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				<u><u>(54)</u></u>
Profit attributable to: Owners of the parent				<u>21</u>
Total comprehensive income attributable to: Owners of the parent				<u><u>(54)</u></u>

The notes on pages 14 to 23 form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016**

	Notes	2015 Continuing €'000	2015 Discontinued €'000	2015 Total €'000
TURNOVER		7,012	438	7,450
Cost of sales		(4,317)	-	(4,317)
GROSS PROFIT		2,695	438	3,133
Administrative expenses		(274)	(134)	(408)
		2,421	304	2,725
Other operating income		-	1,067	1,067
OPERATING PROFIT	4	2,421	1,371	3,792
Interest payable and similar charges	5	(2,319)	(131)	(2,450)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		102	1,240	1,342
Tax on profit on ordinary activities	6	-	-	-
PROFIT FOR THE FINANCIAL YEAR		<u>102</u>	<u>1,240</u>	1,342
OTHER COMPREHENSIVE INCOME				
Loss on FX translation				(343)
Income tax relating to other comprehensive income				-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX				<u>(343)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				<u>999</u>
Profit attributable to: Owners of the parent				<u>1,342</u>
Total comprehensive income attributable to: Owners of the parent				<u>999</u>

The notes on pages 14 to 23 form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2016**

		2016 €'000	2015 €'000
FIXED ASSETS	Notes		
Tangible assets	8	42,426	46,697
Investments	9	-	-
		<u>42,426</u>	<u>46,697</u>
CURRENT ASSETS			
Debtors	10	472	585
Cash at bank	11	<u>3,220</u>	<u>3,016</u>
		3,692	3,601
CREDITORS			
Amounts falling due within one year	12	<u>(6,911)</u>	<u>(6,638)</u>
NET CURRENT LIABILITIES		<u>(3,219)</u>	<u>(3,037)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		39,207	43,660
CREDITORS			
Amounts falling due after more than one year	13	<u>(42,266)</u>	<u>(46,665)</u>
NET LIABILITIES		<u>(3,059)</u>	<u>(3,005)</u>
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Retained earnings	17	<u>(3,059)</u>	<u>(3,005)</u>
SHAREHOLDERS' FUNDS	19	<u>(3,059)</u>	<u>(3,005)</u>

The financial statements were approved by the Board of Directors on 15 June 2017 and were signed on its behalf by:


J.P. M. Schlatmann - Director

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

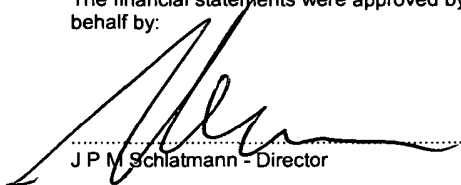
COMPANY STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2016

	Notes	2016 €'000	2015 €'000
FIXED ASSETS			
Investments	9	<u>984</u>	<u>984</u>
		<u>984</u>	<u>984</u>
CURRENT ASSETS			
Debtors	10	-	3
Cash at bank	11	<u>101</u>	<u>101</u>
		101	104
CREDITORS			
Amounts falling due within one year	12	<u>(1,207)</u>	<u>(1,174)</u>
NET CURRENT LIABILITIES		<u>(1,106)</u>	<u>(1,070)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(122)</u>	<u>(86)</u>
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Retained earnings	17	<u>(122)</u>	<u>(86)</u>
SHAREHOLDERS' FUNDS	19	<u>(122)</u>	<u>(86)</u>

The financial statements were approved by the Board of Directors on behalf by:

15 June 2017

and were signed on its


J P M. Schlatmann - Director

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Retained earnings €'000	Total equity €'000
Balance at 1 January 2015	(4,004)	(4,004)
Changes in equity		
Total comprehensive income	<u>999</u>	<u>999</u>
Balance at 31 December 2015	<u>(3,005)</u>	<u>(3,005)</u>
Changes in equity		
Total comprehensive income	<u>(54)</u>	<u>(54)</u>
Balance at 31 December 2016	<u><u>(3,059)</u></u>	<u><u>(3,059)</u></u>

The notes on pages 14 to 23 form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Retained earnings €'000	Total equity €'000
Balance at 1 January 2015	45	45
Changes in equity		
Total comprehensive income	<u>(131)</u>	<u>(131)</u>
Balance at 31 December 2015	<u>(86)</u>	<u>(86)</u>
Changes in equity		
Total comprehensive income	<u>(36)</u>	<u>(36)</u>
Balance at 31 December 2016	<u><u>(122)</u></u>	<u><u>(122)</u></u>

The notes on pages 14 to 23 form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2016**

		2016 €'000	2015 €'000
Cash flows from operating activities	Notes		
Cash generated from operations	1	6,511	8,968
Interest paid		(2,147)	(2,450)
Tax paid		<u>66</u>	<u>-</u>
Net cash from operating activities		<u>4,430</u>	<u>6,518</u>
Cash flows from investing activities			
Sale of tangible fixed assets		<u>-</u>	<u>857</u>
Net cash from investing activities		<u>-</u>	<u>857</u>
Cash flows from financing activities			
Loan movement in year		-	(2,824)
Capital repayments in year		(4,226)	(4,049)
Net cash from financing activities		<u>(4,226)</u>	<u>(6,873)</u>
Increase in cash and cash equivalents		<u>204</u>	<u>502</u>
Cash and cash equivalents at beginning of year	2	3,016	2,514
Cash and cash equivalents at end of year	2	<u>3,220</u>	<u>3,016</u>

The notes on pages 14 to 23 form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2016**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016 €'000	2015 €'000
(Loss)/profit before taxation	(45)	1,342
Depreciation charges	4,271	4,316
Profit on disposal of fixed assets	-	(141)
Gain/(loss) on Translation	(21)	1,263
Exchange on loan balances	24	78
Finance costs	<u>2,147</u>	<u>2,450</u>
	6,376	9,308
Decrease in trade and other debtors	113	207
Increase/(decrease) in trade and other creditors	<u>22</u>	<u>(547)</u>
Cash generated from operations	<u>6,511</u>	<u>8,968</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2016

	31.12.16 €'000	1.1.16 €'000
Cash and cash equivalents	<u>3,220</u>	<u>3,016</u>

Year ended 31 December 2015

	31.12.15 €'000	1.1.15 €'000
Cash and cash equivalents	<u>3,016</u>	<u>2,514</u>

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016**

1. GENERAL INFORMATION

Aircraft Capital Limited ("the Company") is a private limited company incorporated and domiciled in England and Wales, registration number 02496522. The address of its registered office is 5th Floor, 6 St. Andrew Street, London, EC4A 3AE.

2. ACCOUNTING POLICIES

Accounting convention

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Directors and Strategic Report on pages 2 to 4. The directors have considered the factors that impact the group's future development, performance, cash-flows and financial position along with current liquidity, in forming their opinion on the going concern status.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Going Concern

Projections from 31 December 2016, prepared by the directors, for the next three and five years, including sensitivity analysis on key assumptions made, anticipates positive operating cash-flows. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements of the subsidiary company, Aircraft Capital Leasing I Limited, have been prepared on a basis other than that of going concern and include where appropriate, writing down the subsidiary's assets to net realisable value. The directors have considered the financial situation of the subsidiary company including any events subsequent to the period-end.

On 25 October 2016, the Liquidator was appointed to the subsidiary company to act as a liquidator, with the intention of liquidating the subsidiary company's assets.

Due to the appointment of the Liquidator, the directors consider that including the results of this subsidiary company on a going concern basis is not appropriate. It is the expectation of the Board of Directors that the subsidiary company will be liquidated in the twelve months following the date of signing of these consolidated financial statements. As a result the results of the subsidiary company have been presented as discontinued.

Functional currency

The financial statements are presented in Euros, the functional currency of the company.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing at the Statement of Financial Position date. Income and expenses are translated at the average exchange rates for the year.

2. ACCOUNTING POLICIES- continued

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2016. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated Statement of Comprehensive Income from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own Statement of Comprehensive Income.

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Aircraft and related engines 4 - 10 years

Additional depreciation is charged to reduce the carrying value of specific assets to their recoverable amount where impairment is considered to have occurred.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the Statement of Financial Position and the gains or losses on translation are included in the Statement of Comprehensive Income.

Leases and lease income as lessor

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Operating lease rentals receivable are credited to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Where fixed assets are financed by leasing agreements which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit. Assets held under finance leases are depreciated over the shorter of the lease terms and the estimated useful lives.

Turnover

Turnover derives from operating leases of aircrafts. Lease income is recognised over the lease term on a straight-line basis. Incentives for the agreement of a new or renewed operating leases are recognised as a reduction of the rental income over the lease term, irrespective of the incentives nature or form, or the timing of payments.

2. ACCOUNTING POLICIES - continued

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Statement of Financial Position date, except as otherwise required by FRS 102.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and monies held in the group bank account.

Debtors

Short term debtors are measured at transaction price less any impairment.

Creditors

Short term trade creditors are measured at the transaction price.

Classification of financial instruments issued by the Company

Following the adoption of FRS 102, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

3. DIRECTORS' EMOLUMENTS

There were no employees during the year (2015 - nil).

No directors received any remuneration from or in respect of the group or the company during the year (2015 - €nil).

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

4. OPERATING PROFIT

The operating profit is stated after charging:

	2016 €'000	2015 €'000
Depreciation of owned tangible fixed assets	-	45
Depreciation of leased tangible fixed assets	4,271	4,271
Exchange gain/(loss)	14	50
Provision for maintenance written off	-	(1,067)
Auditors' remuneration		
-Audit of these financial statements	15	11
-Other services relating to taxation	14	17
	<u>14</u>	<u>17</u>

The analysis of the groups turnover by geographical area was, 100% to the rest of Europe.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 €'000	2015 €'000
Interest on finance lease	2,142	2,319
Mortgage	5	103
Interest payable to related undertaking	-	28
	<u>2,147</u>	<u>2,450</u>

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

6. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the period was as follows:

	2016 €'000	2015 €'000
Current tax:		
UK Corporation Tax	<u>(66)</u>	<u>-</u>

UK corporation tax has been charged at 20% (31 Dec 2015 - 20.25%)

Factors affecting the tax charge/(credit)

The tax assessed is higher (31 Dec 2015 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 €'000	2015 €'000
Profit/(Loss) on ordinary activities before tax	<u>(45)</u>	<u>1,342</u>
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (31 Dec 2015 - 20.25%)	(9)	272
Effects of:		
Tax losses utilised in year	(11)	(174)
Non deductible expenditure	15	-
Unrecognised deferred tax	-	(8)
Other timing differences	1	-
Adjustment in respect of prior year	(66)	-
Difference in overseas tax rates	<u>4</u>	<u>(90)</u>
	<u>(66)</u>	<u>-</u>

Factors that may affect future tax charges

At 31 December 2016 there are accumulated losses of €nil (31 Dec 2015 - €nil) available to the company. Additional accumulated losses available to the group for set off against profits of the same trade which are estimated at €36.57m (31 Dec 2015 - €36.57m). In addition there is €8.07m (31 Dec 2015 - €8.07m) of depreciation charged in excess of capital allowances claimed. A deferred tax asset of €8.00m (31 Dec 2015 - €8.00m) has not been recognised due to the uncertainty of the future profit stream of the company.

In the Budget on 8 July 2015, the Chancellor announced planned reductions in the Corporation Tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. A further reduction to the corporation tax rate by 1% to 17% by 1 April 2020 was announced in the Chancellor's 2016 budget statement. This will reduce any future current tax charge accordingly. The unrecognised deferred tax figure at 31 December 2016 has been calculated based on the rate of 17% being the rate substantively enacted at the statement of financial position date.

7. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

The parent company's loss for the year was €36,406 (31 Dec 2015 - €130,765).

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016****8. TANGIBLE FIXED ASSETS****Group**Plant and
machinery
€'000**COST**At 1 January 2016
and 31 December 201668,766**DEPRECIATION**At 1 January 2016
Charge for year22,069
4,271

At 31 December 2016

26,340**NET BOOK VALUE**

At 31 December 2016

42,426

At 31 December 2015

46,697

Aircraft Capital Leasing A Limited had assets held under a finance lease with a net book value at 31 December 2016 of €42,425,856 (31 Dec 2015 - €46,697,244). The depreciation charge for the year on this asset amounted to €4,271,388 (31 Dec 2015 - €4,271,388).

9. FIXED ASSET INVESTMENTS**Company**Shares in
group
undertakings
€'000**COST**At 1 January 2016
and 31 December 2016984**NET BOOK VALUE**

At 31 December 2016

984

At 31 December 2015

984

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries**Aircraft Capital Leasing A Limited**

Registered office:

Nature of business: Aircraft Leasing

Class of shares:

Ordinary

%
holding
100.00

The above subsidiary is consolidated within these group accounts.

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016****9. FIXED ASSET INVESTMENTS - continued****Aircraft Capital Leasing I Limited**

Country of incorporation: Ireland

Nature of business: Aircraft leasing

Class of shares:	% holding
Ordinary	100.00

The above subsidiary is consolidated within these group accounts.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Other debtors	8	11	-	-
Prepayments and accrued income	<u>464</u>	<u>574</u>	<u>-</u>	<u>3</u>
	<u>472</u>	<u>585</u>	<u>-</u>	<u>3</u>

11. CASH AT BANK

	Group		Company	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Bank accounts	<u>3,220</u>	<u>3,016</u>	<u>101</u>	<u>101</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Other loans (see note 14)	1,322	1,280	-	-
Finance leases (see note 15)	4,423	4,225	-	-
Trade creditors	600	575	3	16
Amounts owed to group undertakings	369	-	1,192	1,142
Amounts owed to related undertakings	-	358	-	-
Accruals and deferred income	<u>197</u>	<u>200</u>	<u>12</u>	<u>16</u>
	<u>6,911</u>	<u>6,638</u>	<u>1,207</u>	<u>1,174</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2016 €'000	2015 €'000
Finance leases (see note 15)	41,484	45,908
Amounts owed to related undertakings	<u>782</u>	<u>757</u>
	<u>42,266</u>	<u>46,665</u>

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016****14. LOANS**

	Group	
	2016	2015
	€'000	€'000
Amounts falling due within one year or on demand:		
Other loans	<u>1,322</u>	<u>1,280</u>

The loan has been made to a subsidiary company and is secured on the assets and shares of that company.

Due to a suspension in loan repayments, the bank loan was in technical default during the year. As a result this full loan balance has been presented as due within one year at 31 December 2016 and 31 December 2015.

The loan balance of €1,322,000 (2015 - €1,280,000) relates to a bank loan made to the subsidiary company, Aircraft Capital Leasing I Limited.

15. LEASING AGREEMENTS**Group**

Minimum lease payments under finance leases fall due as follows:

	Finance leases	
	2016	2015
	€'000	€'000
Net obligations repayable:		
Within one year	4,423	4,225
Between one and five years	41,484	18,029
In more than five years	<u>-</u>	<u>27,879</u>
	<u>45,907</u>	<u>50,133</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2016	2015
			€	€
6	Ordinary	GBP£1	7	7
4	Ordinary	GBP£1	<u>4</u>	<u>4</u>
			<u>11</u>	<u>11</u>

The above called up share capital relates to both the group and the company.

17. RESERVES**Group**

	Retained earnings €'000
At 1 January 2016	(3,005)
Profit for the year	21
Loss on FX translation	<u>(75)</u>
At 31 December 2016	<u>(3,059)</u>

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

17. RESERVES - continued

Company

	Retained earnings €'000
At 1 January 2016	(86)
Deficit for the year	<u>(36)</u>
At 31 December 2016	<u>(122)</u>

18. RELATED PARTY DISCLOSURES

The directors R N Arthur and S W S Norton, are also directors of TMF Global Services (UK) Limited, which provided professional, accounting and administration services to the company and charged the company €32,344 (31 Dec 2015 - €32,206) for its services during the year. €nil was due at 31 December 2016 (31 Dec 2015 - €16,244). Aircraft Capital Leasing A Limited was charged €23,655 (31 Dec 2015 - €26,115) by TMF Global Services (UK) Limited for its services during the year. €nil was due at 31 December 2016 (31 Dec 2015 - €8,094).

The directors, J P M Schlatmann and A-B Tieleman, are also directors of General Asset-Finance Services b.v., which provided management services to Aircraft Capital Leasing A Limited and charged €90,000 (31 Dec 2015 - €90,000) for its services during the year. At 31 December 2016 €22,500 (31 Dec 2015 - €nil) was owed to General Asset-Finance Services b.v. Aircraft Capital Leasing I Limited was also charged €14,781 (31 Dec 2015 - €90,875) by General Asset-Finance Services b.v. for its services during the year. €nil was due at 31 December 2016 (31 Dec 2015 - €nil). At 31 December 2016 Aircraft Capital Leasing I Limited owed €369,493 (31 Dec 2015 - €357,733) to General Asset-Finance Services b.v., a group undertaking. Interest of 8% per annum, based on the actual number of days elapsed, a 30 day month and 360 day year, of €nil (31 Dec 2015 - €28,101) was payable for the year ended 31 December 2016 and is included in the amount owed.

During the year the group made sales to KLM Royal Dutch Airlines, a shareholder, of €6,859,983 (31 Dec 2015 - €6,859,983). At 31 December 2016, €nil (31 Dec 2015 - €nil) was owed from KLM Royal Dutch Airlines and €781,620 (USD \$825,000) was held on deposit from KLM Royal Dutch Airlines at the Statement of Financial Position date (31 Dec 2015 - €756,742 (USD \$825,000)).

Included within the profit for the year of the company was interest received of €73,832 (31 Dec 2015 - €73,510) from its subsidiary undertaking, Aircraft Capital Leasing I Limited.

At 31 December 2016 the company owed €1,191,977 (31 Dec 2015 - €1,141,620) to its subsidiary undertaking, Aircraft Capital Leasing A Limited.

At 31 December 2016 the company was owed €1,260,591 (31 Dec 2015 - €1,147,405) from its subsidiary undertaking Aircraft Capital Leasing I Limited. During the year a further provision of €73,832 (31 Dec 2015 - €73,381) was made for interest accrued on the inter-company debt.

ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

At 31 December 2016 the directors considered the company's ultimate parent undertaking to be GA-Finance b.v., which is registered in the Netherlands.

The directors also consider that this is the largest group for which group accounts including Aircraft Capital Limited are drawn up.

The financial statements of the company and its group can be obtained from 5th Floor, 6 St Andrew Street, London, EC4A 3AE.

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2016 €'000	2015 €'000
Profit for the financial year	21	1,342
Other comprehensive income relating to the year (net)	<u>(75)</u>	<u>(343)</u>
Net (reduction)/addition to shareholders' funds	(54)	999
Opening shareholders' funds	<u>(3,005)</u>	<u>(4,004)</u>
Closing shareholders' funds	<u><u>(3,059)</u></u>	<u><u>(3,005)</u></u>

Company

	2016 €'000	2015 €'000
Loss for the financial year	<u>(36)</u>	<u>(131)</u>
Net reduction of shareholders' funds	(36)	(131)
Opening shareholders' funds	<u>(86)</u>	<u>45</u>
Closing shareholders' funds	<u><u>(122)</u></u>	<u><u>(86)</u></u>