

REGISTERED NUMBER: 02496522 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
FOR
AIRCRAFT CAPITAL LIMITED

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AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

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for the year ended 31 December 2014

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AIRCRAFT CAPITAL LIMITED

COMPANY INFORMATION

for the year ended 31 December 2014

DIRECTORS:

J P M Schlatmann
A-B Tieleman
B Brouns
R N Arthur

REGISTERED OFFICE:

5th Floor
6 St Andrews Street
London
EC4A 3AE

REGISTERED NUMBER:

02496522 (England and Wales)

SENIOR STATUTORY AUDITOR:

Stephanie Beavis

AUDITOR:

KPMG LLP
6 Lower Brook Street
Ipswich
IP4 1AP

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

STRATEGIC REPORT
for the year ended 31 December 2014

The directors present their strategic report and audited consolidated financial statements for the group for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The groups principal activity is the leasing 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 loss of €190,000 (2013 - €3,640,000) and net cash inflow after financing of €1,170,000 (2013 - €411,000). The results for the year were affected by non-recurring impairment charges on tangible fixed assets of €590,000 (2013 - €4,421,000), partially offset by receipts under a deficiency agreement of €nil (2013 - €2,229,000). 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 SUBSEQUENT EVENTS

On 31 March 2015, the lease agreement between the subsidiary company, Aircraft Capital Leasing I Limited and Cimber A/S was terminated. During the following months the subsidiary company was unable to find another lessee willing to lease the aircraft.

Due to the termination of the lease agreement with Cimber A/S, the subsidiary company was unable to make scheduled mortgage repayments to RBS during 2015. Consequently on 15 September 2015, PricewaterhouseCoopers LLP (the Receiver) was appointed to act as joint receiver and agent of the seller, with the intention of selling the aircraft and liquidating the subsidiary company's assets, in order to partially repay Royal Bank of Scotland (RBS).

On 15 October 2015 an agreement was reached between the Receiver and an external third party for the sale of one aircraft for US\$1,450,000, which shall be used to reimburse RBS.

GOING CONCERN

Projections from 31 December 2014, 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 subsequent to the period-end. Due to the appointment of the Receiver on 15 September 2015 and the sale of its assets on 15 October 2015, 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 have not been prepared on a going concern basis of accounting.


AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

STRATEGIC REPORT
for the year ended 31 December 2014

FUTURE DEVELOPMENTS

For 2015, the group expects to continue its current leasing activity and will look for possible options for extending its leasing activities.

BY ORDER OF THE BOARD:



J.P. M. Schlatmann - Director

Date: 21 December 2015

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

REPORT OF THE DIRECTORS
for the year ended 31 December 2014

The directors present their directors' report and audited consolidated financial statements for the group for the year ended 31 December 2014.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2014 (2013 - €nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

J P M Schlatmann
A-B Tieleman
B Brouns
R N Arthur

The directors in office at 31 December 2014 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 (2013 - €nil).

CHANGE OF NAME

On 26 March 2014, a subsidiary company passed a special resolution changing its name from KLM Amsterdam Limited to Aircraft Capital Leasing A Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

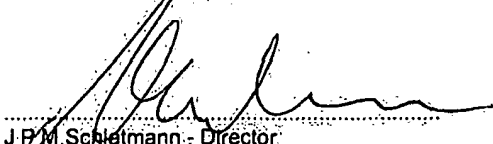
AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

REPORT OF THE DIRECTORS
for the year ended 31 December 2014

AUDITOR

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

BY ORDER OF THE BOARD:


.....
J.F.M. Schlemann - Director

Date: 21 December 2015

**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 2014 on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Financial Reporting Council'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 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 for which the financial statements are prepared is consistent with the financial statements.

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
6 Lower Brook Street
Ipswich
IP4 1AP

Date: 22 December 2015

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

	Notes	2014 €'000	2013 €'000
TURNOVER		<u>7,929</u>	<u>10,610</u>
Continuing operations		7,113	7,120
Discontinued operations		<u>816</u>	<u>3,490</u>
Cost of sales	2	<u>(5,076)</u>	<u>(9,777)</u>
GROSS PROFIT	2	2,853	833
Administrative expenses	2	<u>(393)</u>	<u>(1,484)</u>
OPERATING PROFIT/(LOSS)	4	<u>2,460</u>	<u>(651)</u>
Continuing operations		2,499	2,315
Discontinued operations		<u>(39)</u>	<u>(2,966)</u>
Interest payable and similar charges	5	<u>(2,651)</u>	<u>(2,887)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(191)	(3,538)
Tax on loss on ordinary activities	6	<u>1</u>	<u>(102)</u>
LOSS FOR THE FINANCIAL YEAR FOR THE GROUP		<u>(190)</u>	<u>(3,640)</u>

The notes on pages 14 to 24 form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2014

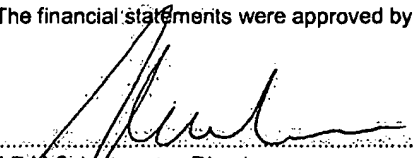
	2014 €'000	2013 €'000
LOSS FOR THE FINANCIAL YEAR	(190)	(3,640)
(Loss)/gain on FX translation	<u>(479)</u>	<u>118</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE FINANCIAL YEAR	<u>(669)</u>	<u>(3,522)</u>

The notes on pages 14 to 24 form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**CONSOLIDATED BALANCE SHEET**
31 December 2014

	Notes	2014 €'000	2013 €'000
FIXED ASSETS			
Tangible assets	8	<u>52,922</u>	<u>57,543</u>
CURRENT ASSETS			
Debtors	10	792	1,044
Cash at bank		<u>2,514</u>	<u>1,344</u>
		3,306	2,388
CREDITORS			
Amounts falling due within one year	11	<u>(9,350)</u>	<u>(8,140)</u>
NET CURRENT LIABILITIES		<u>(6,044)</u>	<u>(5,752)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		46,878	51,791
CREDITORS			
Amounts falling due after more than one year	12	<u>(50,882)</u>	<u>(55,126)</u>
NET LIABILITIES		<u>(4,004)</u>	<u>(3,335)</u>
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Profit and loss account	16	<u>(4,004)</u>	<u>(3,335)</u>
SHAREHOLDERS' DEFICIT	18	<u>(4,004)</u>	<u>(3,335)</u>

The financial statements were approved by the Board of Directors on 21 December 2015 and were signed on its behalf by:


J.P.M. Schatmann - Director

The notes on pages 14 to 24 form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**COMPANY BALANCE SHEET**
31 December 2014

	Notes	2014 €'000	2013 €'000
FIXED ASSETS			
Investments	9	<u>984</u>	<u>984</u>
		<u>984</u>	<u>984</u>
CURRENT ASSETS			
Debtors	10	3	595
Cash at bank		<u>95</u>	<u>90</u>
		98	685
CREDITORS			
Amounts falling due within one year	11	<u>(1,037)</u>	<u>(909)</u>
NET CURRENT LIABILITIES		<u>(939)</u>	<u>(224)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>45</u>	<u>760</u>
CAPITAL AND RESERVES			
Called up share capital	15		-
Profit and loss account	16	<u>45</u>	<u>760</u>
SHAREHOLDERS' FUNDS	18	<u>45</u>	<u>760</u>

The financial statements were approved by the Board of Directors on 21 December 2015 and were signed on its behalf by:


.....
J.P.M. Schlatmann - Director

The notes on pages 14 to 24 form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**CONSOLIDATED CASH FLOW STATEMENT**
for the year ended 31 December 2014

	Notes	2014 €'000	2013 €'000
Net cash inflow from operating activities	1	8,487	9,196
Returns on investments and servicing of finance	2	(2,651)	(2,887)
Taxation		(97)	-
Capital expenditure	2	(329)	-
		5,410	6,309
Financing	2	(4,240)	(5,898)
Increase in cash in the year		<u>1,170</u>	<u>411</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period after financing		1,170	411
Cash outflow from decrease in debt and lease financing		<u>4,240</u>	<u>5,898</u>
Change in net debt resulting from cash flows		5,410	6,309
Foreign exchange		<u>(449)</u>	<u>180</u>
Movement in net debt in the year		4,961	6,489
Net debt at 1 January		<u>(60,357)</u>	<u>(66,846)</u>
Net debt at 31 December		<u>(55,396)</u>	<u>(60,357)</u>

The notes on pages 14 to 24 form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2014

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 €'000	2013 €'000
Operating profit/(loss)	2,460	(651)
Depreciation and impairment charges	5,127	9,585
(Loss)/gain on FX translation	(169)	224
Exchange gain/(loss) on loan balances	80	(27)
Decrease in debtors	252	255
Increase/(decrease) in creditors	737	(190)
Net cash inflow from operating activities	<u>8,487</u>	<u>9,196</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2014 €'000	2013 €'000
Returns on investments and servicing of finance		
Interest paid	(2,651)	(2,887)
Net cash outflow for returns on investments and servicing of finance	<u>(2,651)</u>	<u>(2,887)</u>
Capital expenditure		
Purchase of tangible fixed assets	(329)	-
Net cash outflow for capital expenditure	<u>(329)</u>	<u>-</u>
Financing		
Loan movement in year	(367)	(2,193)
Capital repayments in year	(3,873)	(3,705)
Net cash outflow from financing	<u>(4,240)</u>	<u>(5,898)</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2014

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.14 €'000	Cash flow €'000	Foreign exchange €'000	At 31.12.14 €'000
Net cash:				
Cash at bank	<u>1,344</u>	<u>1,170</u>	-	<u>2,514</u>
	<u>1,344</u>	<u>1,170</u>	-	<u>2,514</u>
Debt:				
Finance leases	(58,055)	3,873	-	(54,182)
Debts falling due within one year	<u>(3,646)</u>	<u>367</u>	<u>(449)</u>	<u>(3,728)</u>
	<u>(61,701)</u>	<u>4,240</u>	<u>(449)</u>	<u>(57,910)</u>
Total	<u>(60,357)</u>	<u>5,410</u>	<u>(449)</u>	<u>(55,396)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2014

1. 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 applicable accounting standards and under the historical cost accounting rules. 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 5. 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 2014, 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 the events subsequent to the period-end.

On 15 September 2015, the Receiver was appointed to the subsidiary company to act as a joint receiver and agent of the seller, with the intention of selling the aircraft and liquidating the subsidiary company's assets. On 15 October 2015 and agreement was reached between the Receiver and an external third party for the sale of the aircraft for US\$1,450,000.

Due to the appointment of the Receiver and subsequent sale of the subsidiary company's revenue generating assets, 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 balance sheet date. Income and expenses are translated at the average exchange rates for the year.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2014. 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 profit and loss account 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 profit and loss account.

Investments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

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 balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases lease income as lessor

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Operating lease rentals receivable are credited to the profit and loss account 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.

Taxation

The charge for taxation is based on the loss 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 balance sheet date, except as otherwise required by FRS 19.

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

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

2. ANALYSIS OF OPERATIONS

	Continuing €'000	2014 Discontinued €'000	Total €'000
Cost of sales	<u>4,362</u>	<u>714</u>	<u>5,076</u>
Gross profit	<u>2,751</u>	<u>102</u>	<u>2,853</u>
Net operating expenses:			
Administrative expenses	<u>252</u>	<u>141</u>	<u>393</u>
	Continuing €'000	2013 Discontinued €'000	Total €'000
Cost of sales	<u>4,362</u>	<u>5,415</u>	<u>9,777</u>
Gross profit/(loss)	<u>2,758</u>	<u>(1,925)</u>	<u>833</u>
Net operating expenses:			
Administrative expenses	<u>443</u>	<u>1,041</u>	<u>1,484</u>

3. DIRECTORS' EMOLUMENTS

There were no employees during the year (2013 - nil).

No directors received any remuneration from or in respect of the group or the company during the year (2013 - €nil).

4. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging/(crediting):

	2014 €'000	2013 €'000
Impairment of owned fixed assets	590	4,421
Depreciation of owned tangible fixed assets	266	893
Depreciation of leased tangible fixed assets	4,271	4,271
Exchange gain/(loss)	122	(60)
Bad debts	(25)	633
Auditor's remuneration		
-Audit of these financial statements	19	17
-Other services relating to taxation	<u>14</u>	<u>21</u>

The analysis of the groups turnover by geographical area was: 96.77% to the rest of Europe and 3.23% to Australia.

Included within turnover is the amount of €nil (2013 - €2,229,000 (USD 2,960,506)) received by the subsidiary company, Aircraft Capital Leasing I Limited, in respect of a deficiency agreement that occurred due to the default of a lease agreement.

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	€'000	€'000
Interest on finance lease	2,495	2,662
Mortgage	133	202
Interest payable to related undertaking	<u>23</u>	<u>23</u>
	<u>2,651</u>	<u>2,887</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

6. TAXATION

Analysis of the tax (credit)/charge

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

	2014 €'000	2013 €'000
Current tax:		
UK Corporation Tax	<u>(1)</u>	<u>102</u>

UK corporation tax has been charged at 21.49% (31 Dec 2013 - 23.25%)

Factors affecting the tax charge/(credit)

The tax assessed is higher (31 Dec 2013 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 €'000	2013 €'000
Loss on ordinary activities before tax	<u>(191)</u>	<u>(3,538)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.49% (31 Dec 2013 - 23.25%)	(41)	(823)
Effects of:		
Tax losses not utilised	(59)	(37)
Tax losses utilised in the year	(28)	-
Capital allowances for period less than depreciation	132	1,050
Other timing differences	(5)	-
Difference in overseas tax rates	<u>-</u>	<u>(88)</u>
	<u>(1)</u>	<u>102</u>

Factors that may affect future tax charges

At 31 December 2014 there are accumulated losses of €nil (31 Dec 2013 - €25,065) available to the company. Additional accumulated losses available to the group for set off against profits of the same trade which are estimated at €36.10m (31 Dec 2013 - €36.18m). In addition there is €8.30m (31 Dec 2013 - €5.51m) of depreciation charged in excess of capital allowances claimed. A deferred tax asset of €8.80m (31 Dec 2013 - €5.83m) has not been recognised due to the uncertainty of the future profit stream of the company.

A reduction in the UK corporation tax rate from 23% to 21% (effective 1 April 2014) was substantively enacted on 2 July 2013. Further reduction to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

In the budget on 8 July 2015 the Chancellor announced additional planned reductions to the UK corporation tax rate to 18% by 2020. This will reduce the group's future current tax charge accordingly.

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the year was €714,864 (31 Dec 2013 - €188,333).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

8. TANGIBLE FIXED ASSETS

Group	Plant and machinery €'000
COST	
At 1 January 2014	78,341
Additions	329
Exchange differences	<u>1,017</u>
At 31 December 2014	<u>79,687</u>
DEPRECIATION	
At 1 January 2014	20,798
Charge for year	4,537
Impairment for year	590
Exchange differences	<u>840</u>
At 31 December 2014	<u>26,765</u>
NET BOOK VALUE	
At 31 December 2014	<u>52,922</u>
At 31 December 2013	<u>57,543</u>

Aircraft Capital Leasing A Limited had assets held under a finance lease with a net book value at 31 December 2014 of €50,968,632 (31 Dec 2013 - €55,240,020). The depreciation charge for the year on this asset amounted to €4,271,388 (31 Dec 2013 - €4,271,388).

Air Nostrum transferred two aircraft engines to the subsidiary, Aircraft Capital Leasing I Limited, on 25 February 2014, with a market value of EUR 329,137 (USD 400,000). Due to the Receiver taking control of the aircraft and engines, the tangible assets were sold for an amount equal to their net book value on 15 October 2015.

9. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings €'000
COST	
At 1 January 2014 and 31 December 2014	<u>984</u>
NET BOOK VALUE	
At 31 December 2014	<u>984</u>
At 31 December 2013	<u>984</u>

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
for the year ended 31 December 2014**9. FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries**Aircraft Capital Leasing A Limited**

Country of incorporation: England and Wales

Nature of business: Aircraft Leasing

	%
Class of shares:	holding
Ordinary	100.00

The above subsidiary is consolidated within these group accounts.

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	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Trade debtors	171	413	-	-
Amounts owed by group undertakings	-	-	-	595
Other debtors	2	-	-	-
Prepayments and accrued income	619	631	3	-
	<u>792</u>	<u>1,044</u>	<u>3</u>	<u>595</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Other loans (see note 13)	3,728	3,646	-	-
Finance leases (see note 14)	4,049	3,873	-	-
Trade creditors	79	5	-	2
Amounts owed to group undertakings	-	-	1,028	898
Amounts owed to related undertakings	321	-	-	-
Corporation tax	-	98	-	-
Other creditors	203	135	-	-
Accruals and deferred income	970	383	9	9
	<u>9,350</u>	<u>8,140</u>	<u>1,037</u>	<u>909</u>

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014****12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	2014	2013
	€'000	€'000
Finance leases (see note 14)	50,133	54,182
Amounts owed to related undertakings	679	882
Other creditors	<u>70</u>	<u>62</u>
	<u>50,882</u>	<u>55,126</u>

13. LOANS

	Group	
	2014	2013
	€'000	€'000
Amounts falling due within one year or on demand:		
Other loans	<u>3,728</u>	<u>3,646</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, arising from the termination of the Air Nostrum lease in the prior year, 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 2014 and 31 December 2013. Restructuring of the loan was finalised in June 2014.

The loan balance of €3,728,000 relates to an RBS loan made to the subsidiary company, Aircraft Capital Leasing I Limited (see note 19 for further details).

14. OBLIGATIONS UNDER LEASING AGREEMENTS

Group		Finance leases	
		2014	2013
		€'000	€'000
Net obligations repayable:			
Within one year		4,049	3,873
Between one and five years		18,104	22,152
In more than five years		<u>32,029</u>	<u>32,030</u>
		<u>54,182</u>	<u>58,055</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2014		2013	
Number:	Class:	Nominal value:	€	€	€	€
6	Ordinary	GBP£1	7	7		
4	Ordinary	GBP£1	4	4		
			<u>11</u>	<u>11</u>		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

16. RESERVES

Group

Profit
and loss
account
€'000

At 1 January 2014

(3,335)

Loss for the financial year

(190)

Loss on FX translation

(479)

At 31 December 2014

(4,004)

Company

Profit
and loss
account
€'000

At 1 January 2014

760

Loss for the financial year

(715)

At 31 December 2014

45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

17. RELATED PARTY DISCLOSURES

The director R N Arthur, is also a director of TMF Management (UK) Limited, which provided professional, accounting and administration services to the company and charged the company €33,424 (31 Dec 2013 - €26,711) for its services during the year. No amounts were due at 31 December 2014 (31 Dec 2013 - €nil). Aircraft Capital Leasing A Limited was charged €25,781 (31 Dec 2013 - €21,392) by TMF Management (UK) Limited for its services during the year. No amounts were due at 31 December 2014 (31 Dec 2013 - €nil).

The directors, J P M Schlattmann 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 2013 - €90,000) for its services during the year. No amounts were due at 31 December 2014 (31 Dec 2013 - €nil). Aircraft Capital Leasing I Limited was also charged €90,124 (31 Dec 2013 - €89,886) by General Asset-Finance Services b.v. for its services during the year. No amounts were due at 31 December 2014 (31 Dec 2013 - €nil). At 31 December 2014 Aircraft Capital Leasing I Limited owed €320,900 (31 Dec 2013 - €283,224) to General Asset-Finance Holdings 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 €23,471 (31 Dec 2013 - €23,492) was payable for the year ended 31 December 2014 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 2013 - €6,859,983). At 31 December 2014, €123,000 (31 Dec 2013 - €123,000) was owed from KLM Royal Dutch Airlines and €678,845 (USD \$825,000) was held on deposit from KLM Royal Dutch Airlines at the balance sheet date (31 Dec 2013 - €599,129 (USD \$825,000)).

Included within the profit for the year of the company was interest received of €60,182 (31 Dec 2013 - €60,236) from its subsidiary undertaking, Aircraft Capital Leasing I Limited.

At 31 December 2014 the company owed €1,027,514 (31 Dec 2013 - €897,980) to its subsidiary undertaking, Aircraft Capital Leasing A Limited.

At 31 December 2014 the company was owed €765,918 (31 Dec 2013 - €595,734) from its subsidiary undertaking Aircraft Capital Leasing I Limited. During the year a provision of €765,918 (31 Dec 2013 - €198,578) was made for a bad debt.

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

At 31 December 2014 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.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2014	2013
	€'000	€'000
Loss for the financial year	(190)	(3,640)
Other recognised gains and losses relating to the year (net)	(479)	118
Net reduction of shareholders' funds	(669)	(3,522)
Opening shareholders' funds	(3,335)	187
Closing shareholders' funds	(4,004)	(3,335)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2014	2013
	€'000	€'000
Loss for the financial year	(715)	(188)
Net reduction to shareholders' funds	(715)	(188)
Opening shareholders' funds	760	948
Closing shareholders' funds	45	760

19. POST BALANCE SHEET EVENTS

On 31 March 2015, the lease agreement between the subsidiary company, Aircraft Capital Leasing I Limited and Cimber A/S was terminated. During the following months the subsidiary company was unable to find another lessee willing to lease the aircraft.

Due to the termination of the lease agreement with Cimber A/S, the subsidiary company was unable to make scheduled mortgage repayments to Royal Bank of Scotland (RBS) during 2015. Consequently on 15 September 2015, PricewaterhouseCoopers LLP (the Receiver) was appointed to act as joint receiver and agent of the seller, with the intention of selling the aircraft and liquidating the subsidiary company's assets, in order to partially repay RBS.

The aircraft has been impaired down to its recoverable amount. On 15 October 2015 an agreement was reached between the Receiver and an external third party for the sale of one aircraft for US\$1,450,000, which shall be used to reimburse RBS.

At 31 December 2014 the subsidiary company, Aircraft Capital Leasing I Limited had a loan with RBS with a balance at that date of €3,728,000 (US\$4,530,586). This loan is non-recourse to the rest of the group and no other group entity has provided any guarantee against this loan. The subsidiary company is expected to be liquidated and at that point the loan will be removed and a gain recognised in relation to any unpaid amounts.

On 1 June 2015 the subsidiary company, Aircraft Capital Leasing A Limited sold one of its aircraft for US\$940,000.