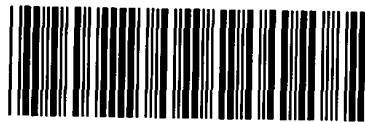


REGISTERED NUMBER: 02496522

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
FOR
AIRCRAFT CAPITAL LIMITED

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AIRCRAFT CAPITAL LIMITED

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for the year ended 31 December 2017

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AIRCRAFT CAPITAL LIMITED

COMPANY INFORMATION
for the year ended 31 December 2017

DIRECTORS:

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

SECRETARY:

TrueNoord Services B.V.

REGISTERED OFFICE:

5th Floor
6 St Andrew Street
London
EC4A 3AE

REGISTERED NUMBER:

02496522 (England and Wales)

AUDITORS:

Grant Thornton
Chartered Accountants
Statutory Auditors
Molyneux House
Bride Street
Dublin 8
D08 C8CN

AIRCRAFT CAPITAL LIMITED

GROUP STRATEGIC REPORT **for the year ended 31 December 2017**

The directors present their strategic report and audited consolidated financial statements for the group for the year ended 31 December 2017.

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 group's business or activities in the future.

During the year the group has generated a profit of €2,518,000 (2016 - €21,000 profit) and net cash inflow after financing of €51,000 (2016 - €204,000). As the outstanding finance lease and loan covenants, 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 28 December 2017, the subsidiary company, Aircraft Capital Leasing I Limited was liquidated.

GOING CONCERN

Projections from 31 December 2017, 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 liquidation of the subsidiary on 28 December 2017, 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.

AIRCRAFT CAPITAL LIMITED

GROUP STRATEGIC REPORT
for the year ended 31 December 2017

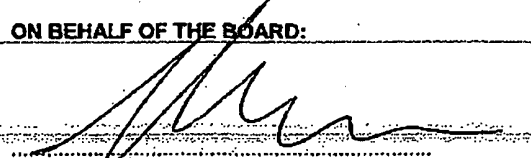
FUTURE DEVELOPMENTS

For 2018, the group expects to continue its current leasing activity and will look for possible options for extending its leasing activities.

On 29 March 2017, the United Kingdom (UK) government formally announced that the UK will leave the European Union (EU). The UK government has since begun the process negotiating the terms of the UK's future relationship with the EU. Although it is unknown what those terms will be, Brexit may create global uncertainty.

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.

ON BEHALF OF THE BOARD:


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

Date:

12 July 2018

AIRCRAFT CAPITAL LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 December 2017**

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017 (2016 - €nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

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

POLITICAL CONTRIBUTIONS

The group made no political donations or incurred any political expenditure during the year (2016 - €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 profit or loss 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 the financial statements have been prepared in accordance with applicable accounting standards, identify these standards, and note the effect and reasons for any material departure from these standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

EVENTS SINCE THE END OF THE REPORTING PERIOD

There are no transactions or events of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in future periods.

AIRCRAFT CAPITAL LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 December 2017

AUDITORS

During the year Grant Thornton were appointed as auditors of the company.

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

ON BEHALF OF THE BOARD:



J P M Schlattermann - Director

Date

12 July 2018

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AIRCRAFT CAPITAL LIMITED**

Opinion

We have audited the financial statements of Aircraft Capital Limited, which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Company statement of financial position and the Company statement of changes in equity for the year ended 31 December 2017, and the related notes to the financial statements and notes to the statement of cash flows, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements and Company financial statements is applicable law and accounting standards issued by the Financial Reporting Council, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Opinion on consolidated financial statements:

In our opinion, the consolidated financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the group and company as at 31 December 2017 and of the group's financial performance and cash flows and the company's performance for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely FRC's Ethical Standard concerning the integrity, objectivity and independence of the auditor. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorized for issue.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report. The directors are responsible for the other information. 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.

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

We have nothing to report in this regard.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRCRAFT CAPITAL LIMITED

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group and company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group and company's financial reporting process.

Responsibilities of the auditors for the audit of the financial statements

The objectives of an auditor 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.

As part of an audit in accordance with ISAs (UK), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the group or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

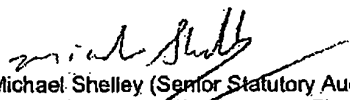
The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

Where the auditor is reporting on the audit of a group, the auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. The auditor is responsible for the direction, supervision and performance of the audit, and the auditor remains solely responsible for the auditor's opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AIRCRAFT CAPITAL LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.


Michael Shelley (Senior Statutory Auditor)
for and on behalf of Grant Thornton
Chartered Accountants
Statutory Auditors
Molyneux House
Bride Street
Dublin 8
D08 C8CN

Date: 12 July 2018

AIRCRAFT CAPITAL LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 31 December 2017

	Notes	2017 Continuing €'000	2017 Discontinued €'000	2017 Total €'000
TURNOVER		6,859	-	6,859
Cost of sales		<u>(4,271)</u>	<u>-</u>	<u>(4,271)</u>
GROSS PROFIT		2,588	-	2,588
Administrative expenses		<u>(488)</u>	<u>(20)</u>	<u>(508)</u>
OPERATING PROFIT/(LOSS)	4	2,100	(20)	2,080
Exceptional items	5	2,383	-	2,383
		4,483	(20)	4,463
Interest payable and similar expenses	6	<u>(1,945)</u>	<u>-</u>	<u>(1,945)</u>
PROFIT/(LOSS) BEFORE TAXATION		2,538	(20)	2,518
Tax on profit/(loss)	7	<u>-</u>	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>2,538</u>	<u>(20)</u>	2,518
OTHER COMPREHENSIVE LOSS				
Income tax relating to other comprehensive loss				<u>-</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX				<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR				<u>2,518</u>
Profit/(loss) attributable to: Owners of the parent				<u>2,518</u>
Total comprehensive income attributable to: Owners of the parent				<u>(20)</u>

The notes form part of these financial statements

AIRCRAFT CAPITAL LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 31 December 2017

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

The notes form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
31 December 2017

	Notes	2017 €'000	2018 €'000
FIXED ASSETS			
Tangible assets	9	38,154	42,426
Investments	10	-	-
		<u>38,154</u>	<u>42,426</u>
CURRENT ASSETS			
Debtors	11	300	472
Cash at bank	12	<u>3,271</u>	<u>3,220</u>
		3,571	3,692
CREDITORS			
Amounts falling due within one year	13	<u>(4,709)</u>	<u>(6,911)</u>
NET CURRENT LIABILITIES		<u>(1,138)</u>	<u>(3,219)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,016	39,207
CREDITORS			
Amounts falling due after more than one year	14	<u>(37,557)</u>	<u>(42,266)</u>
NET LIABILITIES		<u>(541)</u>	<u>(3,059)</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Retained earnings	18	<u>(541)</u>	<u>(3,059)</u>
SHAREHOLDERS' FUNDS	20	<u>(541)</u>	<u>(3,059)</u>

The financial statements were approved by the Board of Directors on 12 July 2018 and were signed on its behalf by:


J.P.M. Schlatmann - Director

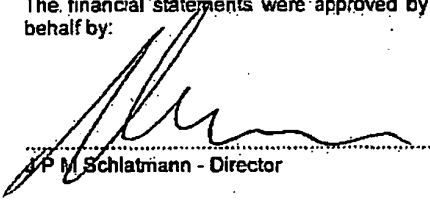
The notes form part of these financial statements

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

COMPANY STATEMENT OF FINANCIAL POSITION
31 December 2017

	Notes	2017 €'000	2016 €'000
FIXED ASSETS			
Investments	10	<u>984</u>	<u>984</u>
		<u>984</u>	<u>984</u>
CURRENT ASSETS			
Cash at bank	12	81	101
CREDITORS			
Amounts falling due within one year	13	<u>(1,137)</u>	<u>(1,207)</u>
NET CURRENT LIABILITIES		<u>(1,056)</u>	<u>(1,106)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(72)</u>	<u>(122)</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Retained earnings	18	<u>(72)</u>	<u>(122)</u>
SHAREHOLDERS' FUNDS	20	<u>(72)</u>	<u>(122)</u>

The financial statements were approved by the Board of Directors on 17 July 2018 and were signed on its behalf by:


P M Schlattmann - Director

The notes form part of these financial statements

AIRCRAFT CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Retained earnings €'000	Total equity €'000
Balance at 1 January 2016	(3,005)	(3,005)
Changes in equity		
Total comprehensive loss	(54)	(54)
Balance at 31 December 2016	(3,059)	(3,059)
Changes in equity		
Total comprehensive income	2,518	2,518
Balance at 31 December 2017	(541)	(541)

The notes form part of these financial statements

AIRCRAFT CAPITAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Retained earnings €000	Total equity €000
Balance at 1 January 2016	(86)	(86)
Changes in equity		
Total comprehensive income	<u>(36)</u>	<u>(36)</u>
Balance at 31 December 2016	<u>(122)</u>	<u>(122)</u>
Changes in equity		
Total comprehensive income	<u>50</u>	<u>50</u>
Balance at 31 December 2017	<u><u>(72)</u></u>	<u><u>(72)</u></u>

The notes form part of these financial statements

AIRCRAFT CAPITAL LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS**
for the year ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Cash flows from operating activities			
Cash generated from operations	1	8,109	6,511
Interest paid		(1,945)	(2,147)
Tax paid		—	66
Net cash from operating activities		6,164	4,430
Cash flows from financing activities			
Capital repayments in year		(4,423)	(4,226)
Amount written off loans upon liquidation		(1,690)	—
Net cash from financing activities		(6,113)	(4,226)
Increase in cash and cash equivalents		51	204
Cash and cash equivalents at beginning of year	2	3,220	3,016
Cash and cash equivalents at end of year	2	3,271	3,220

The notes form part of these financial statements

AIRCRAFT CAPITAL LIMITED**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2017****1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	€'000	€'000
Profit/(loss) before taxation	2,518	(45)
Depreciation charges	4,271	4,271
Gain/(loss) on translation	-	(21)
Exchange on loan balances	(86)	24
Finance costs	<u>1,945</u>	<u>2,147</u>
	8,648	6,376
Decrease in trade and other debtors	172	113
(Decrease)/increase in trade and other creditors	<u>(711)</u>	<u>22</u>
Cash generated from operations	<u>8,109</u>	<u>6,511</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the 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 2017

	31.12.17	1.1.17
	€'000	€'000
Cash and cash equivalents	<u>3,271</u>	<u>3,220</u>

Year ended 31 December 2016

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

The notes form part of these financial statements

AIRCRAFT CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2017

1. GENERAL INFORMATION

Aircraft Capital Limited ("the Company") is a private limited company, limited by shares, 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 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 financial statements have been prepared in thousands (€000's).

No significant judgements or key assumptions have been made by management in preparing these financial statements other than those outlined in the accounting policies below.

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 2017, 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 28 December 2017, the subsidiary company, Aircraft Capital Leasing I Limited was liquidated.

Due to the liquidation of the subsidiary company, the directors consider that including the results of this subsidiary company on a going concern basis is not appropriate. 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2017. 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.

AIRCRAFT CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **for the year ended 31 December 2017**

2. ACCOUNTING POLICIES - continued

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.

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

An impairment charge to reduce the carrying value of specific assets to their recoverable amount where impairment is considered to have occurred.

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.

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 have 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.

AIRCRAFT CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

2. ACCOUNTING POLICIES - continued

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 or 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.

DIRECTORS' EMOLUMENTS

There were no employees during the year other than the directors (2016 - nil).

No directors received any remuneration from or in respect of the group or the company during the year (2016 - nil).

4. OPERATING PROFIT

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

	2017	2016
€000		
Depreciation - of leased tangible fixed assets	4,272	4,271
Foreign exchange differences	77	(14)
Auditors' remunerations - audit of these financial statements	10	15
Auditors' remunerations - other services relating to taxation	-	14

Turnover is 100% attributable to the principal activity of the group, the leasing out of aircraft. The analysis of the groups turnover by geographical area was 100% to Europe.

5. EXCEPTIONAL ITEMS

Profit on liquidation of subsidiary

	2017	2016
€000		
2,383		

AIRCRAFT CAPITAL LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
for the year ended 31 December 2017**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017	2016
	€'000	€'000
Interest on finance lease	1,945	2,142
Mortgage	-	5
	<u>1,945</u>	<u>2,147</u>

7. TAXATION**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	2017	2016
	€'000	€'000
Current tax:		
UK corporation tax	-	(66)
Tax on profit/(loss)	-	(66)

UK corporation tax has been charged at 19.25% (2016 - 20%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	€'000	€'000
Profit/(loss) before tax	<u>2,518</u>	<u>(45)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	485	(9)
Effects of:		
Expenses not deductible for tax purposes	-	15
Utilisation of tax losses	(485)	(11)
Adjustments to tax charge in respect of previous periods	-	(86)
Other timing differences	-	1
Difference in overseas tax rates	-	4
	<u>-</u>	<u>(66)</u>

AIRCRAFT CAPITAL LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017****7. TAXATION - continued****Factors that may affect future tax charges**

At 31 December 2017 there are accumulated losses of €nil (31 Dec 2016 - €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 €35.80m (31 Dec 2016 - €36.57m). In addition there is €8.07m (31 Dec 2016 - €8.07m) of depreciation charged in excess of capital allowances claimed. A deferred tax asset of €7.48m (31 Dec 2016 - €8.00m) has not been recognised due to the uncertainty of the future profit stream of the company.

The UK corporation tax rate reduced to 19% from April 2017. The UK government announced a further reduction in the main rate of UK corporation tax to 17% from 1 April 2020. Where these reduced tax rates were enacted at the Statement of Financial Position date, they have been reflected in these financial statements as appropriate.

In addition, as part of the Finance Act 2017, the UK government has announced that restrictions on interest deductibility and loss relief will be implemented. Draft legislation has been released setting out the new provisions. This may impact the taxable profits of the company as well as the amount of carried-forward losses which can be utilised each year to offset taxable profits.

8. 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 profit for the year was €50,083 (31 Dec 2016 - €36,406 loss).

9. TANGIBLE FIXED ASSETS**Group**

	Aircraft and engines €'000
COST	
At 1 January 2017 and 31 December 2017	<u>68,766</u>
DEPRECIATION	
At 1 January 2017	26,340
Charge for year	<u>4,272</u>
At 31 December 2017	<u>30,612</u>
NET BOOK VALUE	
At 31 December 2017	<u>38,154</u>
At 31 December 2016	<u>42,426</u>

Aircraft Capital Leasing A Limited had assets held under a finance lease with a net book value at 31 December 2017 of €38,154,468 (31 Dec 2016 - €42,425,856). The depreciation charge for the year on this asset amounted to €4,271,388 (31 Dec 2016 - €4,271,388).

AIRCRAFT CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

10. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
€'000

COST

At 1 January 2017
and 31 December 2017

984

NET BOOK VALUE

At 31 December 2017

984

At 31 December 2016

984

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

Subsidiary

Aircraft Capital Leasing A Limited

Registered office: United Kingdom

Nature of business: Aircraft Leasing

Class of shares:

%
holding
100.00

Ordinary

The above subsidiary is consolidated within these group accounts

During the year the 100% subsidiary company, Aircraft Capital Leasing I Limited, incorporated in Ireland, was liquidated.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2017 €'000	2016 €'000
Other debtors	-	8
Prepayments	<u>300</u>	<u>464</u>
	<u>300</u>	<u>472</u>

12. CASH AT BANK

	Group		Company	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Bank accounts	<u>3,271</u>	<u>3,220</u>	<u>81</u>	<u>101</u>

AIRCRAFT CAPITAL LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
for the year ended 31 December 2017**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
Other loans (see note 15)	-	1,322	-	-
Finance leases (see note 16)	4,623	4,423	-	-
Trade creditors	23	600	-	3
Amounts owed to group undertakings	-	369	1,122	1,192
Accruals	63	197	15	12
	<u>4,709</u>	<u>6,911</u>	<u>1,137</u>	<u>1,207</u>

The €1,122,000 (2016 - €1,192,000) amount owed to group undertakings is expected to be paid via future dividend flows from group undertakings.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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

	Group	
	2017	2016
	€'000	€'000
Finance leases (see note 16)	36,861	41,484
Amounts owed to related undertakings	<u>696</u>	<u>782</u>
	<u>37,557</u>	<u>42,266</u>

Amounts owed to related undertakings are unsecured, interest free and repayable on demand.

15. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2017	2016
	€'000	€'000
Amounts falling due within one year or on demand:		
Other loans	<u>-</u>	<u>1,322</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Finance leases	
	2017	2016
	€'000	€'000
Net obligations repayable:		
Within one year	4,623	4,423
Between one and five years	<u>36,861</u>	<u>41,484</u>
	<u>41,484</u>	<u>45,907</u>

At 31 December 2017, an aircraft is held as security over various group loans and borrowings. Credit Agricole Corporate and Investment Bank hold security over the aircraft in respect of such borrowings within the group.

AIRCRAFT CAPITAL LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
for the year ended 31 December 2017**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2017	2016
Number:	Class:		€	€
6	Ordinary - A	GBP £1	7	7
4	Ordinary - B	GBP £1	4	4
			<u>11</u>	<u>11</u>

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

The Ordinary - A shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do confer any rights of redemption.

The Ordinary - B shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do confer any rights of redemption.

18. RESERVES**Called up Share Capital**

Represents the nominal value of shares that have been issued.

Retained Earnings

Includes all current and prior period retained profits and losses attributable to the Group.

19. FINANCIAL INSTRUMENTS

The analysis of the carrying amounts of the financial instruments of the group required under section 11 of FRS 102 is as follows:

	2017	2016
	€'000	€'000
Financial assets that are measured at amortised cost:		
Cash at bank	<u>3,271</u>	<u>3,220</u>
Financial liabilities that are measured at amortised cost:		
Trade creditors	23	600
Accruals	63	197
Amounts owed to related undertakings	<u>696</u>	<u>782</u>
	<u>782</u>	<u>1,579</u>

AIRCRAFT CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

20. RELATED PARTY DISCLOSURES

The director S W S Norton, is also directors of TMF Global Services (UK) Limited, which provided professional, accounting and administration services to the company and charged the company €19,602 (31 Dec 2016 - €32,344) for its services during the year. €nil was due at 31 December 2017 (31 Dec 2016 - €nil). Aircraft Capital Leasing A Limited was charged €20,350 (31 Dec 2016 - €23,655) by TMF Global Services (UK) Limited for its services during the year. €nil was due at 31 December 2017 (31 Dec 2016 - €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 €22,500 (31 Dec 2016 - €90,000) for its services during the year. At 31 December 2017, €nil (31 Dec 2016 - €22,500) was owed to General Asset-Finance Services b.v. Aircraft Capital Leasing I Limited was also charged €nil (31 Dec 2016 - €14,781) by General Asset-Finance Services b.v. for its services during the year. €nil was due at 31 December 2017 (31 Dec 2016 - €nil).

At 31 December 2017, Aircraft Capital Leasing I Limited owed €nil (31 Dec 2016 - €369,493) to General Asset-Finance Services b.v., a group undertaking. Following the liquidation of Aircraft Capital Leasing I Limited during the year the amount owing to General Asset-Finance Services b.v. was written off in full.

The director, J P M Schlattmann, is also a director of TrueNoord Services B.V., which provided management services to Aircraft Capital Leasing A Limited and charged €67,500 (2016 - €nil) for its services during the year. At 31 December 2017 €22,500 (2016 - €nil) was owed to TrueNoord Services B.V..

During the year the group made sales to KLM Royal Dutch Airlines, a shareholder, of €6,859,983 (31 Dec 2016 - €6,859,983). At 31 December 2017, €nil (31 Dec 2016 - €nil) was owed from KLM Royal Dutch Airlines and €696,496 (USD \$825,000) was held on deposit from KLM Royal Dutch Airlines at the Statement of Financial Position date (31 Dec 2016 - €781,620 (USD \$825,000)).

At 31 December 2017 the company owed €1,122,239 (31 Dec 2016 - €1,191,977) to its subsidiary undertaking, Aircraft Capital Leasing A Limited.

Included within the profit for the year of the company was interest received of €nil (31 Dec 2016 - €73,832) from its subsidiary undertaking, Aircraft Capital Leasing I Limited.

At 31 December 2017 the company was owed €nil (31 Dec 2016 - €1,260,591) from its subsidiary undertaking Aircraft Capital Leasing I Limited. During the year a further provision of €nil (31 Dec 2016 - €73,832) was made for interest accrued on the inter-company debt. Following the liquidation of its subsidiary undertaking the company has written off the amount due at the date of liquidation of €1,124,393, this amount had been fully provided for at 31 December 2016.

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

At 31 December 2017 the directors considered the company's ultimate parent undertaking to be TrueNoord Limited, 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.

The largest group in which the results of the company and its group are consolidated in TrueNoord Limited. The address of TrueNoord Limited's registered office is: Michelin House, 3rd Floor, 81 Fulham Road, London, SW3 6RD.

AIRCRAFT CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no transactions or events of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in future periods.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on July 2018.