

COMPANY REGISTRATION NUMBER: 09355024

FINTAS AVIATION LEASING UK TWO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2021

FINTAS AVIATION LEASING UK TWO LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 SEPTEMBER 2021

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FINTAS AVIATION LEASING UK TWO LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 SEPTEMBER 2021

COMPANY INFORMATION

Registered number	09355024 (England and Wales)
The board of directors	TMF Corporate Directors Limited Joint Corporate Services Limited Nita Savjani
Company secretary	TMF Corporate Administration Services Limited 8th Floor 20 Farringdon Street London, EC4A 4AB United Kingdom
Registered office	c/o TMF Group 8th Floor 20 Farringdon Street London, EC4A 4AB United Kingdom
Independent auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

**FINTAS AVIATION LEASING UK TWO LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

INTRODUCTION

The directors present their report on the affairs of Fintas Aviation Leasing UK Two Limited (the 'Company' or 'Lessor') together with the audited financial statements for the year ended 30 September 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was incorporated in the United Kingdom on 15 December 2014, as a private company limited by shares under the Companies Act 2006 with the registration number 09355024. The Company is a special purpose vehicle established for the purpose of operating as a holding company of one aircraft, type Boeing 737-800 with manufacturer's serial number 37774 together with its engines (the 'Aircraft').

The Aircraft is owned by Qortuba Limited (the 'Head Lessor'), which has leased it to the Company. The Company has subleased the Aircraft to Nok Airlines Public Company Limited (the 'Lessee'). The transaction is a 'lease in – lease out' aviation deal.

The Company is 100% owned by ALAFCO Aviation Lease and Financing Company K.S.C.P. (the Shareholder).

FINANCIAL RISK MANAGEMENT

The most significant risks facing the Company are credit risk, liquidity risk, technical, maintenance and environmental risks and public liability risk. The Company is not exposed to other financial risks such as interest rate risk and price risk due to the nature of its operations.

Foreign currency risk

All material balances in the Company's assets and liabilities are denominated in US dollar which is the Company's functional and presentation currency and therefore there is no significant foreign currency risk. The Company is exposed to foreign exchange risk because the functional currency differs from the currency in which administrative expenses are incurred. The risk is however very minimal.

Credit risk

Credit risk arises from the possibility of the Lessee failing to meet its contractual obligations to the Company. The Company's ability to generate income is dependent on the financial position of the Lessee.

The Company's cash and cash equivalents are held with Barclays Bank Plc, which was rated by Moody's Investor Service's as A1 at the end of the reporting date.

FINTAS AVIATION LEASING UK TWO LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Management of liquidity risk is achieved by monitoring actual and forecasted cash flows.

Financial risk management objectives and policies

The objective of the Company's capital management is to ensure strong capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised. The Company's capital is comprised of issued share capital and retained profit.

The Company manages its capital structure through adjustments dependent on economic conditions. In order to maintain or adjust the capital structure, the Company may choose to change or amend dividend payments or issue new share capital to its shareholder. There were no changes to the objectives, policies or processes during the year ended 30 September 2021.

Technical, maintenance and environment risks

The Lessee undertakes the responsibility for ensuring that the Aircraft complies with current environmental, technical and maintenance regulations and statutory obligations where necessary. The directors monitor these risks in conjunction with the Shareholder.

Public liability risk

The Lessee is responsible for ensuring that the Aircraft has adequate insurance cover.

FUTURE PROSPECTS AND DEVELOPMENTS

Although there are some adverse impact on the business operations due to the reasons outlined below, the Company has sufficient resources to continue in operational existence to the foreseeable future and has no current plans to deviate from its current structure.

GOING CONCERN

Having considered the Company's actual and expected cashflows as well as the current position of the net assets appearing on the statement of financial position, the directors have a reasonable expectation that the Company is adequately resourced to continue in existence for the foreseeable future. Furthermore, the directors believe that the going concern basis is an appropriate basis for the preparation of the financial statements of the Company.

FINTAS AVIATION LEASING UK TWO LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

COVID-19

In December 2019, an outbreak of coronavirus (COVID-19) in Wuhan, China was first reported, causing respiratory illnesses which in some cases can lead to loss of human life. COVID-19, being easily transmissible, rapidly spread across the world and by March 2020 the WHO declared this a global pandemic.

Covid-19 pandemic and responsive government actions have caused significant economic disruption and a dramatic reduction in commercial airline traffic, resulting in a broad adverse impact on air travel, the aviation industry, all of which has impacted our results of operations. The continued impact of the Covid- 19 pandemic on the business will depend, among other things, on the duration of the pandemic and the speed and effectiveness of vaccination efforts; the rate of recovery in air travel and the aviation industry, including the future demand for commercial aircraft; and global economic conditions.

The temporary suspension of global and local passenger transportation had an adverse effect on the Company's ongoing business operations as from March 2020 onwards the Lessee (Nok Airlines Public Company Limited – the “Lessee” or “Nok”) failed to honour their lease payment commitments and on 29 September 2021, the Central Bankruptcy Court issued an order to approve Nok's Rehabilitation Plan. A Letter of Intent between ALAFCO and Nok was also issued on the same date and is treated as an amendment to the original lease.

EVENTS AFTER THE REPORTING PERIOD

NOK Airlines have been making its lease payments in-line with the above Letter of Intent since February 2022 and is expected to continue effecting payments in accordance with the amended terms for the foreseeable future.

On behalf of the board



Nita Savjani

for and behalf of TMF Corporate Directors Limited
Director
31 October 2022

FINTAS AVIATION LEASING UK TWO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the audited financial statements for the year ended 30 September 2021.

RESULTS AND DIVIDENDS

The directors are satisfied with the results of operations of the Company for the current year and expect the Company will continue as a going concern for the foreseeable future.

The results for the reporting period are set out on pages 10 to 13. The loss incurred by the Company during the year is USD57,468 (2020: profit USD13,182). No dividends were paid by the Company during the year or post statement of financial position date (2020: USDNil).

DIRECTORS

The directors who served the Company during the year and to the date of approval of these financial statements were as follows:

TMF Corporate Directors Limited
Joint Corporate Services Limited
Nita Savjani

EMPLOYEES

The Company had no employees during the financial year or prior year.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- as far as they are aware there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors are unaware; and
- the directors have taken all the steps that ought to have been 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.

INDEPENDENT AUDITOR

The auditors, UHY Hacker Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report is approved by the board on 31 October 2022 and signed on its behalf by:



Nita Savjani
for and behalf of TMF Corporate Directors Limited
Director

**FINTAS AVIATION LEASING UK TWO LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Statement of directors' responsibilities

The directors are responsible for preparing 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board of directors on 31 October 2022 and signed by its order by TMF Corporate Directors Limited.



Nita Savjani
for and behalf of TMF Corporate Directors Limited
Director

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
FINTAS AVIATION LEASING UK TWO LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Opinion

We have audited the financial statements of Fintas Aviation Leasing UK Two Limited (the 'Company') for the year ended 30 September 2021 which comprise the statement of comprehensive income and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS's) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been 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 (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the company's ability to continue as a going concern. We also draw your attention to note 16 in the financial statements, which indicates that the Lessee, Nok Airlines Public Limited Company, have been made its lease payments in-line with the Letter of Intent dated 29 September 2021 since February 2022. Nok has also fully and effectively implemented the Business Rehabilitation Plan and the progress has been communicated to The Stock Exchange of Thailand in September 2022. As discussed in note 2, the company has the support of its parent company to meet its liabilities as and when they fall for at least twelve months from the date of approval of the financial statements. These conditions along with other matters explained in note 8, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 or apparent material misstatements, 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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
FINTAS AVIATION LEASING UK TWO LIMITED (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Based on our understanding of the entity, we have identified that such irregularities will not impact the financial statements as the entity is a special purpose vehicle in respect of its lease-in-lease-out arrangement. However, we have identified that the entity has to comply with IFRS and Companies Act 2006 as these will have a direct impact on the preparation of the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls) and we have identified that the likelihood of an unusual transaction outside the normal course of business is considered nil as all the transactions occurred during the year relate to the above-mentioned arrangement.

Audit procedures performed included: review of the financial statement and disclosures to underlying supporting documentation, review of contracts and related correspondences specifically in relation to the lease income receivables and the lease expense payables, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
FINTAS AVIATION LEASING UK TWO LIMITED (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Matthew Anderson (Senior Statutory Auditor)
for and behalf of UHY Hacker Young
Chartered Accountants
Statutory Auditor

31 October 2022

FINTAS AVIATION LEASING UK TWO LIMITED
STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	Year ended 30 September 2021 USD	Year ended 30 September 2020 USD
REVENUE	3	1,803,827	4,310,034
RENT EXPENSE	4	-	(3,199,500)
GROSS PROFIT		<u>2,870,327</u>	<u>1,110,534</u>
Administrative expenses	5	(2,926,520)	(1,093,066)
OPERATING LOSS		<u>(56,194)</u>	<u>17,468</u>
Foreign exchange gains/ (losses)		(1,275)	(1,335)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(57,468)</u>	<u>16,133</u>
Tax on profit on ordinary activities	6	10,919	(2,951)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(46,548)</u>	<u>13,182</u>

All amounts relate to continuing operations.

The notes on pages 14 to 19 are an integral part of these financial statements.

FINTAS AVIATION LEASING UK TWO LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	30 September 2021 USD	30 September 2020 USD
CURRENT ASSETS			
Trade and other receivables	8	11,359	1,803,188
Cash	9	29,664	66,517
		<u>41,023</u>	<u>1,869,705</u>
TOTAL ASSETS		<u>41,023</u>	<u>1,869,705</u>
CURRENT LIABILITIES			
Trade and other payables	10	13,387	1,795,520
NET CURRENT ASSETS		<u>27,637</u>	<u>74,185</u>
NET ASSETS		<u>27,637</u>	<u>74,185</u>
CAPITAL AND RESERVES			
Called up equity share capital	11	1	1
Retained profit		27,636	74,184
TOTAL EQUITY		<u>27,637</u>	<u>74,185</u>

The notes on pages 14 to 19 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 31 October 2022 and signed on its behalf by:



Nita Savjani
for and behalf of TMF Corporate Directors Limited
Director

Company registration number: 09355024

FINTAS AVIATION LEASING UK TWO LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital USD	Retained earnings USD	Total USD
Balance as at 1 October 2019	1	61,002	61,003
Profit for the year and total comprehensive income	-	13,182	13,182
Balance as at 30 September 2020	<u>1</u>	<u>74,184</u>	<u>74,185</u>
Balance brought forward at 1 October 2020	1	74,184	74,185
Profit for the year and total comprehensive income	-	(46,548)	(46,548)
Balance as at 30 September 2021	<u>1</u>	<u>27,636</u>	<u>27,637</u>

The notes on pages 14 to 19 are an integral part of these financial statements.

FINTAS AVIATION LEASING UK TWO LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021	2020
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ Profit before tax	(57,468)	16,133
Taxation paid	10,919	(2,951)
	<u>(46,548)</u>	<u>13,812</u>
CHANGES IN WORKING CAPITAL		
Decrease in trade and other receivables	1,791,829	(1,318,742)
Decrease in trade and other payables	(1,782,133)	1,294,211
NET CASH GENERATED FROM OPERATIONS	<u>9,696</u>	<u>(24,531)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,853)	(11,349)
Cash at the beginning of the year	66,517	77,866
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>29,664</u>	<u>66,517</u>

The notes on pages 14 to 19 are an integral part of these financial statements.

FINTAS AVIATION LEASING UK TWO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 GENERAL INFORMATION

The Company is a private company limited by shares registered in the United Kingdom. The address of the registered office is 8th Floor, 20 Farringdon Street, London, EC4A 4AB. The Company is domiciled in England and is a wholly-owned subsidiary of ALAFCO Aviation Lease and Financing Company K.S.C.P. The Company leases flight equipment under operating leases to airlines.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom ("IFRSs as adopted by the UK"), IFRIC Interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. As explained in the Directors' report, the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

The Company's main transactions are in US dollars and therefore the functional and presentational currency used by the Company is US dollars.

IFRS 16, Leases

IFRS 16 specifies the recognition, measurement, presentation and disclosure requirements for leases effective for accounting periods beginning on or after 1 January 2019. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The directors have evaluated the impact of this standard and have determined that the contractual lease agreement which the Company is party to does not contain a lease by the definition to which it has been prescribed by the standard. On this basis, the provisions of IFRS 16 have not been applied and it has been concluded that the impact is nil.

Lease

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date i.e. whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Revenue recognition

Revenue arises from lease rental income. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business net of discounts.

Lease rental income from operating leases is recognised in income on a straight-line basis from the date of delivery of aircraft to the end of the lease term. Rental income received but unearned, under the lease agreement, is recorded in rentals received in advance in the statement of financial position until earned.

Head lease rent

Head lease rent charges for operating leases are recognised as expenses on a straight-line basis from the date of delivery of aircraft to the end of the lease term. Head lease rent charge paid but not due, under the lease agreement, is recorded in prepaid rent expense in the statement of financial position until due.

Foreign currencies

The functional and reporting currency of the Company is the US dollar. Share capital of the Company was raised in Sterling and is translated at the historical rate in US dollar. Any amounts paid for expenses in a currency other than US dollars, are translated to US dollar on the date of invoice from the supplier and retranslated on the date of payment. Any amounts outstanding at the statement of financial position date are translated to US dollars at the closing rate at the statement of financial position date. Exchange rate differences are expensed in the statement of comprehensive income.

**FINTAS AVIATION LEASING UK TWO LIMITED NOTES
TO THE FINANCIAL STATEMENTS (continued) FOR THE
YEAR ENDED 30 SEPTEMBER 2021**

2 PRINCIPAL ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade and other receivables are measured at historical cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

Trade and other payables

Trade and other payables are measured at historical cost and are not interest bearing.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Tax expense

The current tax rate is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date being 19% for the year under review (2020: 19%).

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

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

Maintenance

Under all lease contracts the lessee has the obligation to pay for maintenance costs on airframes, engines and other major life-limited components which arise during the term of the lease. In certain cases the lessee may have the obligation to pay supplemental rent based on usage. The usage may be calculated based on hourly usage or on the number of cycles operated, depending on the lease contract. Upon presentation of invoices evidencing the completion of qualifying maintenance on the aircraft, the lessee is reimbursed for the costs with respect to such work up. However, as the maintenance reserve relates to the head lessor, the directors now consider that the maintenance reserve asset and liability should not be shown in the Company's financial statements.

3 LEASE REVENUE

All income is derived from aircraft leasing activities, net of amortisation of lease incentives.

4 RENT EXPENSES

	2021	2020
	USD	USD
Head lease rent charge	(1,066,500)	3,199,500

5 ADMINISTRATIVE EXPENSES

	2021	2020	
	USD		USD
Bad debt expense			
Auditor's remuneration	2,892,344	1,066,500	
Tax services	9,791	8,844	
Administrative fees	2,087	1,653	
Bank charges	22,192	15,730	
Total administrative expenses	107	339	
		2,926,520	
	1,093,066		

**FINTAS AVIATION LEASING UK TWO LIMITED NOTES
TO THE FINANCIAL STATEMENTS (continued) FOR THE
YEAR ENDED 30 SEPTEMBER 2021**

6 TAX EXPENSE

	2021	2020
	USD	USD
Current tax		
Current tax on profits for the financial year	(10,919)	2,951
Tax charge for the financial year	(10,919)	2,951
Reconciliation		
(Loss)/ Profit before tax	(57,468)	16,133
UK corporation tax at the effective rate of 19% (2020: 19%)	(10,919)	3,065
Tax expense for the financial year	(10,919)	3,065

Tax rates

On 23 September 2022, the UK Government announced that the increase in corporation tax rate to 25% and the introduction of a small profits rate of tax from 1 April 2023 (previously announced in the Spring Budget 2021) would no longer go ahead. The corporation tax will remain at 19% from 1 April 2023.

7 PARTICULARS OF EMPLOYEES

The Company had 0 employees for the year ended 30 September 2021, therefore no salaries or wages were paid or were payable to employees during the financial year or the prior year.

No remuneration was paid or is payable by the Company to the directors during the reporting period (2020: Nil).

Fees payable to TMF Global Services (UK) Limited, as disclosed in note 15, include a fee for directors' services.

**FINTAS AVIATION LEASING UK TWO LIMITED NOTES
TO THE FINANCIAL STATEMENTS (continued) FOR THE
YEAR ENDED 30 SEPTEMBER 2021**

8 TRADE AND OTHER RECEIVABLES

	2021	2020
	USD	USD
Called up share capital not paid	1	1
Trade debtors	-	1,447,687
Prepayments	-	355,500
Corporation tax receivable	11,358	-
	<u>11,359</u>	<u>1,803,188</u>

9 CASH AND CASH EQUIVALENTS

	2021	2020
	USD	USD
Cash at bank	-	-
	<u>29,664</u>	<u>66,517</u>

10 TRADE AND OTHER PAYABLES

	2021	2020
	USD	USD
Accruals	13,387	11,399
Corporation tax payable	-	2,951
Deferred revenue	-	359,170
Trade creditors	-	1,422,000
	<u>13,387</u>	<u>1,795,520</u>

11 SHARE CAPITAL

	2021	2020
	USD	USD
Issued and unpaid	-	-
1 ordinary share capital of £1 per share	<u>1</u>	<u>1</u>

All ordinary shares carry full voting, dividend and capital distribution rights.

**FINTAS AVIATION LEASING UK TWO LIMITED NOTES
TO THE FINANCIAL STATEMENTS (continued) FOR THE
YEAR ENDED 30 SEPTEMBER 2021**

12 FINANCIAL INSTRUMENTS

The directors have recognised the following risks within the business:

Credit risk

Credit risk arises from the possibility of the Lessee failing to meet its contractual obligations to the Company. The Company's ability to generate income is dependent on the financial position of the Lessee.

The Company's cash and cash equivalents are held with Barclays Bank Plc, which was rated by Moody's Investor Service's as A1 at the end of the reporting date. This is monitored by management.

Capital management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of equity attributable to equity holders of the issued capital and retained earnings as disclosed in the statement of changes in equity.

Management of liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments.

The Company's responsibility of liquidity risk management rests with the board of directors which has formulated liquidity management tools to service this requirement. The principal policy objective in relation to liquidity is to ensure that the Company is able to access sufficient liquidity to meet its obligations as they fall due.

Management of liquidity risk is achieved by monitoring actual and forecasted cash flows.

13 OPERATING LEASE COMMITMENTS

The Company leases out the Aircraft under an operating lease which was due to expire on 30 January 2025 but was extended to 30 July 2031 in the year, with fixed rentals over the same period.

Future commitments for minimum rentals under the non cancellable operating leases as of 30 September 2021 are shown below:

	2021	2020
	USD	USD
Amount payable under operating leases		
Within one year	772,048	4,266,000
Between two and five years	10,284,074	14,220,000
After five years	12,342,868	-
Total	23,398,990	18,486,000

**FINTAS AVIATION LEASING UK TWO LIMITED NOTES
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YEAR ENDED 30 SEPTEMBER 2021**

14 RENTAL INCOME

Minimum future rentals on non cancellable operating leases of the aircraft delivered as of 30 September 2021 are shown below:

	2021	2020
	USD	USD
Amount receivable under operating leases		
Within one year	780,000	4,310,034
Between two and five years	10,390,000	14,366,781
After five years	12,470,000	-
Total	<u>23,640,000</u>	<u>18,676,815</u>

15 RELATED PARTY TRANSACTIONS

During the financial year rental expenditure in respect of the lease of the aircraft conducted with Qortuba Limited, amounted to USD1,066,500 (2020: USD3,199,500). At the year end, the prepayment of this rental expenditure amounted to USDNil (2020: USD355,500). Qortuba Limited is a wholly owned subsidiary of the parent company. The amount payable by the Company to Qortuba Limited at the end of the financial year is USDnil (2020: USDnil).

The Company is a special purpose entity managed by its Board of directors, which comprise of the following directors: TMF Corporate Directors Limited, Joint Corporate Services Limited, and Nita Savjani. During the financial year, no remuneration was paid or is payable at the year-end by the Company to its directors (2020: nil). However, Joint Corporate Services Limited and TMF Corporate Directors Limited are subsidiaries, of TMF Global Services (UK) Limited which provides corporate services to the Company for which fees of USD22,192 were paid in relation to the reporting period (2020: USD15,730).

16 EVENTS AFTER THE REPORTING PERIOD

NOK Airlines (Nok Airlines Public Company Limited - the "Lessee or "Nok") have been making its lease payments in-line with the Letter of Intent dated 29 September 2021 since February 2022 and is expected to continue effecting payments in accordance with the amended terms for the foreseeable future.

In addition, based on the letter of 28 September 2022 from Nok to The Stock Exchange of Thailand, it shows that Nok has fully and effectively implemented the Business Rehabilitation Plan. This letter was issued to communicate the progress from 29 June 2022 to 28 September 2022.

The Company expects the overall business to recover given that travelling situation is improving and therefore, the performance of the Letter of Intent should not be an issue in the coming years.

17 PARENT COMPANY AND HOLDING COMPANY

The Company is 100% owned by ALAFCO Aviation Lease and Financing Company K.S.C.P. The Company's ultimate parent and controlling party is Kuwait Finance House K.S.C.P. incorporated in Kuwait.

The consolidated accounts of ALAFCO Aviation Lease and Financing Company K.S.C.P. are available to the public and may be obtained at www.alafco-kw.com. The largest group in which the results of the company are consolidated is that headed by Kuwait Finance House K.S.C.P. and whose accounts may be obtained from Kuwait Chamber of Commerce and Industry Building Annexe, Third Floor, Abdul Aziz Hamid Alsagar Street, Al-Mirqab, Kuwait or at www.kfh.com/cn/.

18 APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 31 October 2022.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.