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**MSN 24471 LTD**

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**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**MSN 24471 LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	W J Flynn (resigned 17 March 2017) A R Kokas T M Steen A P Jackson (appointed 17 March 2017, resigned 31 July 2017) E Proud (appointed 17 March 2017)
<b>Company secretary</b>	Bird & Bird Company Secretaries Limited
<b>Registered number</b>	09406739
<b>Registered office</b>	12 New Fetter Lane London EC4A 1JP
<b>Independent auditors</b>	MA Partners LLP Chartered Accountants & Statutory Auditors 7 The Close Norwich Norfolk NR1 4DJ

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**MSN 24471 LTD**

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**MSN 24471 LTD**  
**REGISTERED NUMBER: 09406739**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
<b>Fixed assets</b>			
Tangible assets	5	7,779,361	8,296,247
		<u>7,779,361</u>	<u>8,296,247</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	1	1
Cash at bank and in hand	7	1,623,886	1,007,728
		<u>1,623,887</u>	<u>1,007,729</u>
Creditors: amounts falling due within one year	8	(161,155)	(8,821,772)
<b>Net current assets/(liabilities)</b>		<u>1,462,732</u>	<u>(7,814,043)</u>
<b>Total assets less current liabilities</b>		<u>9,242,093</u>	<u>482,204</u>
<b>Provisions for liabilities</b>			
Deferred tax	10	(136,802)	(87,795)
		<u>(136,802)</u>	<u>(87,795)</u>
<b>Net assets</b>		<u><u>9,105,291</u></u>	<u><u>394,409</u></u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Capital contribution	11	9,101,449	-
Profit and loss account	11	3,841	394,408
		<u>9,105,291</u>	<u>394,409</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2017.

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MSN 24471 LTD  
REGISTERED NUMBER: 09406739

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BALANCE SHEET (CONTINUED)  
AS AT 31 DECEMBER 2016

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.....  
**E Proud**  
Director

The notes on pages 4 to 10 form part of these financial statements.

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MSN 24471 LTD

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STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2016

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	Called up share capital	Capital contribution	Profit and loss account	Total equity
	\$	\$	\$	\$
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	394,408	394,408
	<hr/>	<hr/>	<hr/>	<hr/>
Shares issued during the period	1	-	-	1
At 1 January 2016	1	-	394,408	394,409
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	809,433	809,433
	<hr/>	<hr/>	<hr/>	<hr/>
Dividends: Equity capital	-	-	(1,200,000)	(1,200,000)
Capital contribution	-	9,101,449	-	9,101,449
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2016</b>	<b>1</b>	<b>9,101,449</b>	<b>3,841</b>	<b>9,105,291</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**1. General information**

MSN 24471 Ltd is a limited company incorporated in England and Wales. Its registered office address is 12 New Fetter Lane, London, United Kingdom, EC4A 1JP.

The continuing activity of the Company is that of leasing an aircraft.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements' presentation currency is United States Dollars.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Going concern**

The Company is profitable and in a position of positive equity. Revenue is guaranteed at its current level for at least the next 12 months per the leasing agreement and it is unlikely that the capital contribution would be withdrawn by the parent company. Based on the above, management consider the going concern basis as reasonable.

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rentals income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)**

**2.4 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Aircraft	- over the lease term (3 years for current aircraft)
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**2.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.7 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**2.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)**

**2.10 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**2.11 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.12 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the management of the Company is required to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed.

***Key sources of estimation uncertainty***

Any variation in the useful economic life of the aircraft held in tangible fixed assets will have an impact on both the balance sheet and the in-year financial position of the Company. There have been no significant revisions to the estimated life of the aircraft in the current financial year.

At each reporting date the Company assesses whether there is any indication of impairment to the value of tangible fixed assets. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. No impairment charge has been reported in the current financial year.

**4. Employees**

The average monthly number of employees, including the directors, during the period was as follows:

	2016 No.	2015 No.
Directors	3	3

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016

5. Tangible fixed assets

	Aircraft \$
<b>Cost or valuation</b>	
At 1 January 2016	8,549,370
At 31 December 2016	<u>8,549,370</u>
<b>Depreciation</b>	
At 1 January 2016	253,123
Charge for the period on owned assets	516,886
At 31 December 2016	<u>770,009</u>
<b>Net book value</b>	
At 31 December 2016	<u>7,779,361</u>
At 31 December 2015	<u>8,296,247</u>

6. Debtors

	2016 \$	2015 \$
Called up share capital not paid	1	1
	<u>1</u>	<u>1</u>

7. Cash and cash equivalents

	2016 \$	2015 \$
Cash at bank and in hand	1,623,886	1,007,728
	<u>1,623,886</u>	<u>1,007,728</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016

8. Creditors: Amounts falling due within one year

	2016 \$	2015 \$
Corporation tax	146,545	-
Other creditors	7,745	8,787,972
Accruals and deferred income	6,865	33,800
	<u>161,155</u>	<u>8,821,772</u>

9. Financial instruments

	2016 \$	2015 \$
<b>Financial assets</b>		
Basic financial assets measured at amortised cost	1,623,886	1,007,728
	<u>1,623,886</u>	<u>1,007,728</u>
<b>Financial liabilities</b>		
Basic financial liabilities measured at amortised cost	(7,744)	(8,787,972)
	<u>(7,744)</u>	<u>(8,787,972)</u>

Basic financial assets measured at amortised cost comprise cash and cash equivalents.

Basic financial liabilities measured at amortised cost comprise other creditors.

10. Deferred taxation

	2016 \$	2015 \$
At beginning of year	(87,795)	-
Charged to profit or loss	(49,007)	(87,795)
<b>At end of year</b>	<u>(136,802)</u>	<u>(87,795)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016

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**10. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2016 \$	2015 \$
Accelerated capital allowances	(136,802)	(132,350)
Tax losses carried forward	-	44,555
	<u>(136,802)</u>	<u>(87,795)</u>

**11. Reserves**

**Other reserves**

The promissory note held with Titan Aviation (Hong Kong) Limited for \$8,549,370, entered into during the prior period and bearing interest at 4% per annum, was repaid on 19 December 2016 by way of capital contribution from joint parent company AAWW International 2 Inc. The value of the promissory note as at 19 December 2016 was \$9,101,449, being the principal of \$8,549,370 plus accrued interest of \$552,079.

**Profit and loss account**

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**12. Controlling party**

The Company is a wholly owned subsidiary of AAWW International 2 Inc., a company registered in the British Virgin Islands. The ultimate controlling party is Atlas Air Worldwide Holdings, Inc., a company incorporated in Delaware.

**13. Auditors' information**

The company's auditor is MA Partners LLP and the Senior Statutory Auditor who signed the auditor's report is Frank Shippam BSc FCA DChA.

The auditor's report was unqualified and there were no matters the auditors drew attention to by way of emphasis.