

Registration number: 04297036

Triangle Regional Aircraft Leasing Limited
Directors' Report and Financial Statements
for the Financial Year Ended 31 December 2019



Triangle Regional Aircraft Leasing Limited

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Triangle Regional Aircraft Leasing Limited

Company Information

Directors	N Fegan M Furstein (US) J Atkeson (US)
Company secretary	S Dichlian
Registration number	04297036
Registered office	1 Bishop Square St Albans Road West Hatfield Hertfordshire AL10 9NE
Banker	Citibank NA Citigroup Centre Canada Square Canary Wharf London E14 5LB
Independent auditor	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm 29 Earlsfort Terrace Dublin 2 Ireland

Triangle Regional Aircraft Leasing Limited

Strategic Report for the Year Ended 31 December 2019

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

Principal activity

The principal activity of Triangle Regional Aircraft Leasing Limited (the "Company") is commercial aircraft and engine leasing, and the sale of aircraft engines and spare parts.

Review of the business

The Company's profit for the year, before taxation, was US\$8,884,784 (2018: US\$6,573,094 profit before taxation). No dividend was proposed and paid during the year (2018: US\$nil) to the parent company.

The directors are satisfied with the Company's progress and no significant changes to the operation of the Company are anticipated in the foreseeable future.

Key performance indicators

In managing the Company, the directors use a series of key performance indicators against which the performance of the Company is measured. The principal indicators used include the following:

Lease rates achieved compared to market rates

Where new leases and lease extensions are contracted, they are consistent with market rates. During 2019, leases were terminated on four spare engines. No new leases or lease extensions were contracted during 2019.

Number and percentage of aircraft and engines on/off lease

The composition of the portfolio is regularly reviewed. The percentage of aircraft and engines on/off lease is monitored on a monthly basis. Throughout 2019, the ratio of engines on/off lease was consistent with expectations as lease terms came to an end. At 31 December 2019, the Company held no aircraft and eight spare engines. Four engines were on lease and the remainder off lease.

Credit worthiness of customers and the level of lease income arrears

The credit worthiness of potential customers is investigated prior to entering into any transaction. The customer's ability to make payments and the level of lease income arrears is regularly reviewed and appropriate action taken where necessary. No debt provisions or debt write-offs were taken during 2019.

Sales prices achieved compared to market rates and volume of spare parts sales

Three engines were sold during the year, the sales prices achieved were consistent with market rates. The Company portfolio at the end of 2019 consisted of eight spare aircraft engines. The volume of aircraft spare parts sales achieved in the year was in line with the expectations of the directors.

Principal risks and uncertainties

The directors continue to monitor the key risks and uncertainties facing the Company, including:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. It is Company policy to investigate the credit worthiness of all counterparties prior to entering any transactions and to regularly review the counterparty's ability to make payments.

Cash flow risk

Cash flow risk is defined as the risk of being unable to fulfil current or future payment obligations in full or at the due date. The cash position of the Company is constantly monitored and short, medium and long term cash flow forecasts are regularly reviewed and appropriate action taken, where necessary.

Foreign currency risk

Foreign currency risk is the potential change in income or the value of net worth arising from changes in currency exchange rates. The Company is incorporated in the United Kingdom. However, as sales are principally transacted in US\$, the functional and presentation currency is US\$. Most of the Company's transactions are undertaken in US\$, and consequently are naturally hedged.

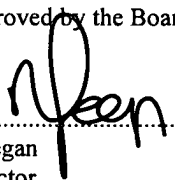
Triangle Regional Aircraft Leasing Limited

Strategic Report for the Year Ended 31 December 2019

Future developments

The directors are satisfied with the Company's progress and no significant changes to the operation of the Company are anticipated in the foreseeable future.

Approved by the Board on 28 January 2021 and signed on its behalf by:



.....
N Fegan
Director

Registered office:

1 Bishop Square
St Albans Road West
Hatfield
Hertfordshire AL10 9NE

Registration number:

04297036

Triangle Regional Aircraft Leasing Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report on the affairs of the Company, together with the financial statements and independent auditor's report, for the year ended 31 December 2019.

The review of business, key performance indicators, principal risks and uncertainties and future developments can be found in the Strategic report on pages 2 and 3 and form part of this report by cross reference.

Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the factors that impact the Company's future development, performance, cashflows and financial position in forming their opinion on the going concern basis and believe that the Company will be able to fulfil current and future payment obligations as they fall due. The directors have also considered the potential impact of COVID-19 on the financial position of the Company. While acknowledging the uncertainties that the COVID-19 is causing, the Directors have reached the conclusion that it is appropriate to prepare the financial statements on a going concern basis. This conclusion has been reached after the review of extensive forecasts and a range of scenario planning. See 'Subsequent events' paragraph below for further details.

Subsequent events

The outbreak of the COVID-19 coronavirus started in Wuhan, China and, in recent months, the world has been monitoring and reacting to the spread of the virus. As of January 2021, the virus has spread across the globe, with major outbreaks across China, the Middle East, Europe and America. This has resulted in widespread restrictions on the ability of people to leave their homes, socialise and travel.

In addition to the dire humanitarian consequences witnessed, there are also profound economic impacts, accentuated by the approach of many governments to impose some form of lockdown on the free movement of people. Restrictions on travel have triggered the cancellation of thousands of flights. Weak demand for air travel or an inability of airlines to operate from certain regions due to COVID-19 will affect the financial health of airlines, including the Company's lessees. A large number of airlines have grounded their fleets or suspended much of their services for several months. Airlines across the spectrum have initiated cost-containment and restructuring measures, with many pleading for governmental support to ensure survival. The trading challenges of the airlines also have severe consequences for their financiers and trading partners throughout the aviation eco-system. The reluctance and inability of people to travel due to virus-related concerns and the spiralling unemployment levels across the globe which impact the affordability of travel, will also impact the potential of the aviation industry to recover sharply.

As the COVID-19 pandemic escalates, airlines around the world, including the Company's lessees, are under enormous strain caused by the current unprecedented disruption to the industry. The specific impacts of the COVID-19 pandemic on the Company include the following:

- The events unfolding will negatively affect the airline lessees' ability to satisfy their lease payment obligations to the company. They may request concessions, deferrals and restructures of lease payment schedules;
- There is an increased risk of lessee default and the potential requirement to re-possess aircraft or engines, which will impair the recoverability of many lessee-related assets;
- Reduced lease cash flows from the Company's aircraft and engines, and from the sale of aircraft spare parts, may cause liquidity challenges and cause difficulty for the company servicing its own obligations, including debt service obligations, and
- Possible deterioration in aircraft, engines and aircraft spare parts residual values following a decline in air travel, although the extent and duration of this is unclear. In the event of lower passenger numbers, regional aircraft could be used in place of narrow-bodied aircraft in order to keep routes open as they are more economical to fly with fewer passengers.

The COVID-19 pandemic is a significant economic event for the aviation industry and, at the date of this report, the financial impact cannot currently be determined, with the full range of possible effects and outcomes currently unknown.

Triangle Regional Aircraft Leasing Limited

Directors' Report for the Year Ended 31 December 2019

Directors of the company

The directors who held office during the year were as follows:

N Fegan
M Furstein (US)
J Atkeson (US)

Charitable donations

During the year, the Company made donations of US\$nil (2018: US\$nil). No contributions to political organisations were made during the year (2018: US\$nil).

Independent auditor

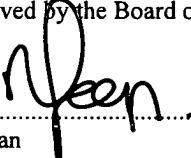
The independent auditor will be deemed to be reappointed and Deloitte Ireland LLP will therefore continue in office.

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- (2) the director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board on 28 January 2021 and signed on its behalf by:


.....
N Fegan
Director

Registered office:

1 Bishop Square
St Albans Road West
Hatfield
Hertfordshire AL10 9NE

Registration number:

04297036

Triangle Regional Aircraft Leasing Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 transactions, disclose with reasonable accuracy at any time the financial position of the company, enable them to ensure that the financial statements comply with the Companies Act 2006, and enable the financial statements to be audited. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRIANGLE REGIONAL AIRCRAFT LEASING LIMITED

Report on the audit of the financial statements

Opinion on the financial statements of Triangle Regional Aircraft Leasing Limited (the 'company')

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Income and Retained Earnings;
- the Statement of Financial Position; and
- the related notes 1 to 24, including a summary of significant accounting policies as set out in note 1.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 described below 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 Financial Reporting Council's (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.

Emphasis of matter – COVID-19 Pandemic

We draw your attention to note 23 in the financial statements, concerning the Covid-19 pandemic and its potential impact on the operations of the company. The Covid-19 pandemic is a significant economic event for the aviation industry and, at the date of this report, the financial impact cannot be determined, with the full range of possible effects and outcomes currently unknown. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRIANGLE REGIONAL AIRCRAFT LEASING LIMITED

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 respect of these matters.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRIANGLE REGIONAL AIRCRAFT
LEASING LIMITED**

We have nothing to report in respect of these matters.

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.

A handwritten signature in black ink, appearing to read "B O'Callaghan".

Brian O'Callaghan
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 28 January 2021

Triangle Regional Aircraft Leasing Limited

Statement of Income and Retained Earnings for the Year Ended 31 December 2019

	Note	2019 US\$	2018 US\$
Turnover	3	3,929,019	11,607,413
Cost of sales		<u>(3,212,502)</u>	<u>(9,323,449)</u>
Gross profit		716,517	2,283,964
Administrative expenses		(228,553)	(2,252,237)
Other operating expenses	4	(703,564)	(1,496,858)
Other operating income	5	-	250,000
Other gains and losses	6	<u>237,218</u>	<u>(400,979)</u>
Operating profit/(loss)		21,618	(1,616,110)
Interest receivable and similar income	7	<u>8,863,166</u>	<u>8,189,204</u>
Profit before tax	8	8,884,784	6,573,094
Taxation	12	<u>(1,811,657)</u>	<u>(1,840,095)</u>
Profit for the financial year		7,073,127	4,732,999
Retained earnings brought forward		<u>99,974,312</u>	<u>95,241,313</u>
Retained earnings carried forward		<u><u>107,047,439</u></u>	<u><u>99,974,312</u></u>

All of the results arise from continuing operations.

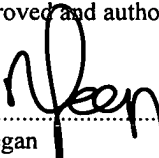
The Company has no recognised gains or losses in the financial year other than those dealt with in the statement of income and retained earnings. Accordingly, a statement of other comprehensive income for the year has not been presented.

Triangle Regional Aircraft Leasing Limited

Statement of Financial Position as at 31 December 2019

	Note	2019 US\$	2018 US\$
Fixed assets			
Tangible assets	13	432,788	1,540,066
Current assets			
Stocks	14	6,059,090	8,605,008
Debtors	15	129,598,662	119,744,753
Cash and cash equivalents	16	<u>682,452</u>	<u>2,779,155</u>
		136,340,204	131,128,916
Creditors: Amounts falling due within one year	17	<u>(1,725,550)</u>	<u>(4,694,667)</u>
Net current assets		<u>134,614,654</u>	<u>126,434,249</u>
Net assets		<u>135,047,442</u>	<u>127,974,315</u>
Capital and reserves			
Called up share capital	19	5	5
Share premium reserve		27,999,998	27,999,998
Retained earnings		<u>107,047,439</u>	<u>99,974,312</u>
Shareholders' funds		<u>135,047,442</u>	<u>127,974,315</u>

Approved and authorised by the Board on 28 January 2021 and signed on its behalf by:


 N Fegan
 Director

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

Triangle Regional Aircraft Leasing Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional and presentation currency of Triangle Regional Aircraft Leasing Limited is considered to be US Dollars because that is the currency in which the Company's sales are transacted.

Summary of disclosure exemptions

Triangle Regional Aircraft Leasing Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent Triangle Aviation (UK) Holdings Limited, which may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, disclosure of transactions or balances with other wholly owned subsidiaries of Triangle Aviation (UK) Holdings Limited and disclosure of remuneration of key management personnel.

Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the factors that impact the Company's future development, performance, cashflows and financial position in forming their opinion on the going concern basis and believe that the Company will be able to fulfil current and future payment obligations as they fall due. The directors have also considered the potential impact of COVID-19 on the financial position of the Company. While acknowledging the uncertainties that the COVID-19 is causing, the Directors have reached the conclusion that it is appropriate to prepare the financial statements on a going concern basis. This conclusion has been reached after the review of extensive forecasts and a range of scenario planning. See note 23 'Subsequent events' for further details.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the statement of financial position date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the statement of financial position date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Interest income and expense

Interest income and expenses are recognised in the statement of income and retained earnings on an accruals basis by reference to the principal outstanding and at the effective interest rate applicable.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Tangible fixed assets and depreciation

Aircraft and are stated at the lower of depreciation cost and their recoverable amount.

Depreciation is charged to the statement of income and retained earnings on a straight-line basis over the useful life of the aircraft down to an estimated residual value (determined to be 5% of original cost). The estimated useful lives of the aircraft are determined to be 20 years from new, with each part of the aircraft determined to have the same useful life.

Recoverable amount is the greater of net realisable value of the aircraft and its value in use. Net realisable value is the amount for which an asset could be disposed, less any direct selling costs. Value in use represents the present value of the future cash flows obtainable as a result of the aircraft's continued use, including those resulting from its ultimate disposal.

The assessment of current market values and future appraised market values for the purpose of impairment and value in use calculations is based on the average of half-life valuations provided by two independent aircraft appraisers.

Impairment losses on aircraft are recognised in the statement of income and retained earnings. Reversals of impairment losses are also recognised in the statement of income to increase the carrying value of the aircraft to an amount not greater than that which it would have been had the impairment not taken place.

Leased engines are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation for leased engine tangible fixed assets is calculated based on the actual usage of the engines whilst on lease.

Tax

Tax shown on the statement of income and retained earnings comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call 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 of change in value.

Stocks

Stock consists of aircraft spare parts and is stated at the lower of cost and net realisable value.

The cost of stock is either the original acquisition cost (for stock purchased for resale) or an allocation of a portion of an aircraft book value (for stock resulting from the parting-out of aircraft previously recognised within fixed assets). Net realisable value is the estimated selling price in the ordinary course of business.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Leases

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

All current leases where the Company acts as lessor are treated as operating leases.

Operating expenses

The operating expenses of the Company are recognised in the financial statements on an accruals basis.

Security deposits

Security deposits consist of deposits paid by the lessees prior to the inception and during the duration of the leases and are refundable to the lessees, based on the terms of the various aircraft lease agreements.

Equity

Ordinary shares are classified as equity. Dividends are recognised in the financial year in which they are approved.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Critical accounting judgements and key sources of uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where accounting judgements and estimation uncertainty have the most significant effect on the amounts recognised in the financial statements are described below:

Recoverability of receivables

Using information available at the statement of financial position date and in the subsequent period, the Company reviews its receivables balances and makes judgements based on an assessment of past experience, debt ageing and known customer circumstance in order to determine the appropriate level of allowance required to account for potential irrecoverable trade receivables.

Stock valuation

Stock consists of aircraft spare parts and is stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business. For some aircraft parts this estimate is based on an assessment of the value of the life remaining in the spare part, for others it is an estimated value based on the average of actual sales prices previously achieved.

3 Turnover

An analysis of the Company's turnover by geographical market is set out below:

	2019 US\$	2018 US\$
United Kingdom	1,220,685	3,069,285
Europe	784,774	507,037
Rest of the World	1,923,560	8,031,091
	<u>3,929,019</u>	<u>11,607,413</u>

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019 US\$	2018 US\$
Sale of aircraft spare parts	3,144,839	9,979,188
Operating lease rentals	784,180	1,628,225
	<u>3,929,019</u>	<u>11,607,413</u>

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

4 Other operating expenses

	2019 US\$	2018 US\$
Aircraft storage, redelivery and refurbishment	213,294	604,267
Impairment of engines	490,270	892,591
	<u>703,564</u>	<u>1,496,858</u>

5 Other operating income

	2019 US\$	2018 US\$
Release of reservation fee	-	250,000
	<u>-</u>	<u>250,000</u>

6 Other gains and losses

	2019 US\$	2018 US\$
Profit/(loss) on disposal of fixed assets	237,218	(400,979)
	<u>237,218</u>	<u>(400,979)</u>

7 Interest receivable and similar income

	2019 US\$	2018 US\$
Finance lease interest	-	32,062
Interest receivable on loans provided to group undertakings	8,863,166	8,157,142
	<u>8,863,166</u>	<u>8,189,204</u>

8 Profit before taxation

Profit before tax is stated after charging:

	2019 US\$	2018 US\$
Depreciation of tangible fixed assets	140,226	460,408
Impairment of tangible fixed assets	490,270	892,591
(Profit)/loss on disposal of fixed assets	<u>(237,218)</u>	<u>400,979</u>

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

9 Auditors' remuneration

	2019 US\$	2018 US\$
Audit of financial statements	<u>9,000</u>	<u>9,000</u>
	<u>9,000</u>	<u>9,000</u>
Other fees to auditors		
Taxation compliance services	<u>12,000</u>	<u>12,000</u>
	<u>12,000</u>	<u>12,000</u>

10 Staff costs

There were no employees in the year (2018: none) as all administrative activities of the Company are outsourced to Falko Regional Aircraft Limited, a fellow group undertaking.

11 Directors' remuneration

The directors are not directly remunerated by the Company. The notional allocation of the cost to the Company for their services was US\$16,500 (2018: US\$16,500).

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

12 Taxation

Tax charged/(credited) in the statement of income and retained earnings

	2019 US\$	2018 US\$
Current tax on profit		
Current tax charge income for the year	1,435,961	-
Adjustments in respect of prior years	266,986	343,500
Total current tax	<u>1,702,947</u>	<u>343,500</u>
Deferred tax		
Origination and reversal of timing differences	57,666	1,647,194
Effect of decreased tax rate	-	30,317
Adjustments in respect of prior years	51,044	(29,601)
Movement in deferred chargeable gains	-	(151,315)
Total deferred tax	<u>108,710</u>	<u>1,496,595</u>
Total tax charge	<u>1,811,657</u>	<u>1,840,095</u>

The closing deferred tax asset as at 31 December 2019 has been calculated at 19% reflecting the tax rate at which the deferred tax asset is expected to be reversed in future periods.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2019 US\$	2018 US\$
Profit before tax	<u>8,884,784</u>	<u>6,573,094</u>
Tax on profit at the standard tax rate of corporation tax of 19% (2018: 19%)	1,688,109	1,248,888
Group relief	(194,482)	398,306
Adjustment in respect of prior years	318,030	313,899
Impact of tax rate changes	-	30,317
Chargeable gains previously rolled over	-	(151,315)
Total tax charge	<u>1,811,657</u>	<u>1,840,095</u>

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

13 Tangible assets

	Engines US\$	Total US\$
Cost or valuation		
At 1 January 2019	3,522,838	3,522,838
Disposals	(674,471)	(674,471)
At 31 December 2019	2,848,367	2,848,367
Depreciation and impairment		
At 1 January 2019	1,982,772	1,982,772
Charge for the year	140,226	140,226
Eliminated on disposal	(197,689)	(197,689)
Impairment	490,270	490,270
At 31 December 2019	2,415,579	2,415,579
Carrying amount		
At 31 December 2019	432,788	432,788
At 31 December 2018	1,540,066	1,540,066

14 Stocks

	2019 US\$	2018 US\$
Finished goods and goods for resale		
Aircraft spares	6,059,090	8,605,008

The cost of stock recognised as an expense in the statement of income and retained earnings was US\$2,938,944 (2018: US\$8,747,978).

15 Debtors

	Note	2019 US\$	2018 US\$
Amounts falling due within one year:			
Trade and other receivables		48,232	130,633
Loan to parent company		129,080,547	115,992,328
Other amounts due from group companies		5,100	3,048,479
Deferred taxation	18	462,750	571,461
Prepayments		2,033	1,852
		129,598,662	119,744,753

The loan to the parent company is repayable on demand and has an 8.5% annual interest rate.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

16 Cash and cash equivalents

	2019 US\$	2018 US\$
Cash at bank	<u>682,452</u>	<u>2,779,155</u>

17 Creditors

	2019 US\$	2018 US\$
Amounts falling due within one year:		
Trade and other payables	-	22,400
Corporation tax	1,435,961	4,100,815
Other amounts due to group companies	2,934	-
Security deposits	250,000	500,000
Accruals	22,786	35,275
Deferred income	-	10,200
Value added tax	13,869	25,977
	<u>1,725,550</u>	<u>4,694,667</u>

18 Deferred taxation

	Accumulated depreciation in excess of capital allowances US\$	Deferred chargeable gains US\$	Total US\$
At 1 January 2019	663,800	(92,340)	571,460
Charge to the income statement (see note 12)	<u>(108,710)</u>	<u>-</u>	<u>(108,710)</u>
At 31 December 2019	<u>555,090</u>	<u>(92,340)</u>	<u>462,750</u>

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

19 Share capital

Authorised shares

	2019		2018	
	No.	£	No.	£
Authorised ordinary share of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Allotted, called-up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

The US\$ equivalent of the allotted, called-up and fully paid shares is US\$5 (2018: US\$5).

20 Operating leases

Leases as lessor

At 31 December 2019, the Company had total future minimum lease payments receivable under non-cancellable operating leases which fall due as follows:

	2019 US\$	2018 US\$
Not later than one year	537,600	1,273,350
Later than one year and not later than five years	<u>408,800</u>	<u>1,971,200</u>
	<u>946,400</u>	<u>3,244,550</u>

During the year, US\$784,180 (2018: US\$1,628,225) was recognised as income in the statement of income and retained earnings in respect of operating leases.

The future lease payments receivable relates to four engines on non-cancellable operating leases. These leases have monthly rentals and expire in 2021. The leases do not include any purchase options, renewal options or escalation clauses.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

21 Related party transactions

The directors have availed of the exemption in FRS102 for wholly-owned subsidiary undertakings from the requirement to provide details of transactions with fellow group companies where group financial statements are prepared and made available to the public. This exemption applies between Triangle Regional Aircraft Leasing Limited and fellow subsidiaries of its immediate parent company - Triangle Aviation (UK) Holdings Limited.

	2019 US\$	2018 US\$
Income received from related party		
Trident Jet (Jersey) Limited	-	2,158,430
	<u>-</u>	<u>2,158,430</u>
Expenses charged by related party		
Trident Jet (Jersey) Limited	22,500	383,790
Trident Turboprop (Dublin) DAC	22,500	449,414
	<u>45,000</u>	<u>833,204</u>

The income received from the related parties and the expenses charged by related parties primarily relates to the sale and purchase of aircraft engines and spare parts.

There were no related party year end receivable or payable balances at 31 December 2019.

22 Parent and ultimate parent undertaking

The company's immediate parent is Triangle Aviation (UK) Holdings Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking is Triangle Holdings LP, a partnership registered in the Cayman Islands.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

23 Subsequent events

The outbreak of the COVID-19 coronavirus started in Wuhan, China and, in recent months, the world has been monitoring and reacting to the spread of the virus. As of January 2021, the virus has spread across the globe, with major outbreaks across China, the Middle East, Europe and America. This has resulted in widespread restrictions on the ability of people to leave their homes, socialise and travel.

In addition to the dire humanitarian consequences witnessed, there are also profound economic impacts, accentuated by the approach of many governments to impose some form of lockdown on the free movement of people. Restrictions on travel have triggered the cancellation of thousands of flights. Weak demand for air travel or an inability of airlines to operate from certain regions due to COVID-19 will affect the financial health of airlines, including the Company's lessees. A large number of airlines have grounded their fleets or suspended much of their services for several months. Airlines across the spectrum have initiated cost-containment and restructuring measures, with many pleading for governmental support to ensure survival. The trading challenges of the airlines also have severe consequences for their financiers and trading partners throughout the aviation eco-system. The reluctance and inability of people to travel due to virus-related concerns and the spiralling unemployment levels across the globe which impact the affordability of travel, will also impact the potential of the aviation industry to recover sharply.

As the COVID-19 pandemic escalates, airlines around the world, including the Company's lessees, are under enormous strain caused by the current unprecedented disruption to the industry. The specific impacts of the COVID-19 pandemic on the Company include the following:

- The events unfolding will negatively affect the airline lessees' ability to satisfy their lease payment obligations to the company. They may request concessions, deferrals and restructures of lease payment schedules;
- There is an increased risk of lessee default and the potential requirement to re-possess aircraft or engines, which will impair the recoverability of many lessee-related assets;
- Reduced lease cash flows from the Company's aircraft and engines, and from the sale of aircraft spare parts, may cause liquidity challenges and cause difficulty for the company servicing its own obligations, including debt service obligations, and
- Possible deterioration in aircraft, engines and aircraft spare parts residual values following a decline in air travel, although the extent and duration of this is unclear. In the event of lower passenger numbers, regional aircraft could be used in place of narrow-bodied aircraft in order to keep routes open as they are more economical to fly with fewer passengers.

The COVID-19 pandemic is a significant economic event for the aviation industry and, at the date of this report, the financial impact cannot currently be determined, with the full range of possible effects and outcomes currently unknown.

24 Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 28 January 2021.