

Registration number: 4297036

Triangle Regional Aircraft Leasing Limited
Directors' Report and Financial Statements
for the Financial Year Ended 31 December 2021



Triangle Regional Aircraft Leasing Limited

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Triangle Regional Aircraft Leasing Limited

Company Information

Directors	J. Barnes M. Brennan S. Dichlian
Company secretary	MFD Secretaries Limited
Registration number	4297036
Registered office	11th Floor 200 Aldersgate Street London EC1A 4HD
Banker	Citibank NA Citigroup Centre Canada Square Canary Wharf London E14 5LB
Independent auditor	Deloitte Ireland LLP Statutory Auditor 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 2021

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\$4,728,460 (2020: US\$9,239,649 profit before taxation). No dividend was proposed and paid during the year (2020: US\$nil) to the parent company.

The directors are satisfied with the Company's progress. The Company sold its remaining leased aircraft engines and aircraft spare parts stock during the year. The directors are now considering future options for the Company and its role within the wider group but no significant changes to the operation of the Company are anticipated in the near term.

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. No new leases or lease extensions were contracted during 2021.

Number and percentage of aircraft and engines on/off lease

At the year end the Company held no leased aircraft or spare engines.

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 2021.

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

The Company sold its remaining leased aircraft spare engine and aircraft spare parts during the year. The directors are satisfied that the sales prices achieved were consistent with market rates.

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.

Triangle Regional Aircraft Leasing Limited

Strategic Report for the Year Ended 31 December 2021

Asset risk

Asset risk is the risk of an unexpected reduction in the value of the aircraft or stock owned by the Company. The Company sold its remaining aircraft spare engines and spares parts stock during the year, leaving an interest bearing loan with the parent company as the most significant asset on the statement of financial position at 31 December 2021.

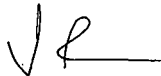
Foreign currency risk

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.

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 22 November 2022 and signed on its behalf by:



.....
J. Barnes
Director

Registered office:

11th Floor
200 Aldersgate Street
London
EC1A 4HD

Triangle Regional Aircraft Leasing Limited

Directors' Report for the Year Ended 31 December 2021

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 2021.

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.

COVID-19 pandemic

The outbreak of the COVID-19 coronavirus started in December 2019 in Wuhan, China, and throughout 2020 and 2021, the world was reacting to the spread of the virus. By April 2020, the virus had spread across the globe, with major outbreaks in all continents.

In 2021, the vaccine rollout has significantly improved the outlook for the aviation industry, however further viral mutations are expected. Industry revenues are rising as COVID-19 restrictions ease and people return to travel, with the underlying demand for travel being strong.

Although the impact of COVID-19 has been adverse across the aviation industry, carriers operating regional aircraft, particularly on domestic routes, have fared better than those operating larger aircraft on internal routes. Indeed, prior to the onset of COVID-19, the trend had been for operators to steadily increase the size of their aircraft to maximise capacity on each route. During 2020, this trend was reversed, and carriers were seen to be substituting regional aircraft for larger aircraft as a means to keep routes open but at the lower possible cost. During 2021, recovery in both domestic and international travel have been evident.

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. The directors have reached the conclusion that the Company has adequate resources to continue to operate and meet its obligations as they fall due for the foreseeable future, and for at least 12 months from the date of approval of these financial statements. The directors continue to monitor the impact of the COVID-19 pandemic and uncertainty with respect of the Russian invasion of Ukraine on the activities of the Company by reviewing cash flow forecasts and based on the most current estimates and information available, they are satisfied with the Company's ability to continue as a going concern.

Directors of the company

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

N. Fegan (resigned 3 May 2022)

M. Furstein (US) (resigned 3 May 2022)

J. Atkeson (US) (resigned 3 May 2022)

The following directors were appointed after the year end:

J. Barnes (appointed 3 May 2022)

M. Brennan (appointed 3 May 2022)

S. Dichlian (appointed 3 May 2022)

Charitable donations

During the year, the Company made donations of US\$nil (2020: US\$nil). No contributions to political organisations were made during the year (2020: US\$nil).

Triangle Regional Aircraft Leasing Limited

Directors' Report for the Year Ended 31 December 2021

Subsequent events

Ukraine conflict and Russian sanctions

On 25 February 2022, the EU adopted Regulation 2022/328, as part of its package of sanctions and export controls imposed in response to the Russian government's actions involving Ukraine. The Regulation took effect as of 26 February 2022 and includes the following provisions:

- It shall be prohibited to provide insurance and reinsurance, directly or indirectly, in relation to aircraft to any person, entity or body in Russia or for use in Russia, with immediate effect.
- It shall be prohibited to sell, supply, transfer or export, directly or indirectly, goods and technology suited for use in aviation or the space industry to any natural or legal person, entity or body in Russia or for use in Russia, with effect from 28 March.
- It shall be prohibited to provide any one or any combination of the following activities: overhaul, repair, inspection, replacement, modification or defect rectification of an aircraft or component to any natural or legal person, entity or body in Russia or for use in Russia, with immediate effect.

At 31 December 2021, the Company has no aircraft on lease with Russian lessees. However, the conflict will have short and long-term consequences on the aviation industry, including rising fuel prices and airlines rerouting flights as a result of the ban on use of airspace. As the conflict in Ukraine continues to unfold, airlines around the world will come under increased strain due to the economic sanctions imposed on Russia and their effect on the global economy. Increased fuel prices, inflation, an increased reluctance to use air travel and airlines rerouting flights because of bans on the use of airspace will all place additional pressure on already strained airlines. The specific impacts on the Company may include challenges for the airline lessees' ability to satisfy their lease payment obligations to the Company, the potential requirement to re-possess aircraft, which could impair the recoverability of lease related assets, which ultimately may cause difficulty in the Company servicing its own obligations.

This conflict is a significant geopolitical and economic event for the global economy and, in particular, the aviation industry, and there is uncertainty over how the future development of this conflict will affect the Company. At the date of this report, the ultimate financial impact of these events cannot be fully determined.

As the ongoing invasion of Ukraine continues to unfold in 2022, the Company will continue to monitor the development of the conflict and assess the potential impact on the Company.

Change of directors

The following director changes occurred after the year end:

N. Fegan (resigned 3 May 2022)
M. Furstein (resigned 3 May 2022)
J. Atkeson (resigned 3 May 2022)
J. Barnes (appointed 3 May 2022)
M. Brennan (appointed 3 May 2022)
S. Dichlian (appointed 3 May 2022)

There were no other significant events since the year end that require adjustment to or disclosure in the financial statements.

Triangle Regional Aircraft Leasing Limited

Directors' Report for the Year Ended 31 December 2021

Independent auditor

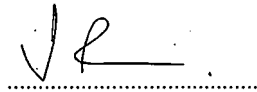
The independent auditor, Deloitte Ireland LLP, will be deemed to be reappointed and will therefore continue in office.

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 22 November 2022 and signed on its behalf by:



J. Barnes
Director

Registered office:

11th Floor
200 Aldersgate Street
London
EC1A 4HD

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

In our opinion the financial statements of Triangle Regional Aircraft Leasing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including 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;
- the accounting policies; and
- the related notes 1 to 23.

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 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 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 – Russian invasion of Ukraine:

We draw your attention to note 22 in the financial statements, concerning the impact of the Russian invasion of Ukraine, which imposes sanctions in response to the Russian government's actions in Ukraine. The conflict in Ukraine is a significant geopolitical and economic event for the global economy and, in particular, the aviation industry, and there is uncertainty over how the future development of this conflict will affect the company. At the date of this report, the potential financial impact of these events on the company cannot be fully determined. Our opinion is not modified in respect of this matter.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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. The directors are responsible for the other information contained within the Directors' Report and Financial Statements. 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.

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.

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.

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

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

Report on other legal and regulatory requirements

Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 strategic report or 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.

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.



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: 1 December 2022

Triangle Regional Aircraft Leasing Limited

Statement of Income and Retained Earnings for the Year Ended 31 December 2021

	Note	2021 US\$	2020 US\$
Turnover	3	1,505,319	1,348,288
Cost of sales		<u>(5,531,064)</u>	<u>(1,224,482)</u>
Gross (loss)/profit		(4,025,745)	123,806
Administrative expenses		(495,010)	(133,449)
Other operating expenses	4	(132,231)	(149,750)
Other operating income	5	300,000	-
(Loss)/profit on disposal of tangible fixed assets		<u>(164,538)</u>	<u>156,260</u>
Operating loss		(4,517,524)	(3,133)
Interest receivable and similar income	10	9,245,984	9,262,065
Interest payable and similar charges		<u>-</u>	<u>(19,283)</u>
Profit before tax	6	4,728,460	9,239,649
Taxation	11	<u>505,758</u>	<u>(2,345,820)</u>
Profit for the financial year		5,234,218	6,893,829
Retained earnings brought forward		<u>113,941,268</u>	<u>107,047,439</u>
Retained earnings carried forward		<u><u>119,175,486</u></u>	<u><u>113,941,268</u></u>

All of the results arise from continuing operations.

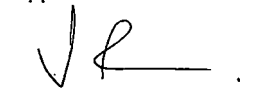
The Company has no recognised gains or losses in the financial year other than those dealt with in the statement of income and retained earnings. Accordingly, a statement of other comprehensive income for the year has not been presented.

Triangle Regional Aircraft Leasing Limited

Statement of Financial Position as at 31 December 2021

	Note	2021 US\$	2020 US\$
Non current assets			
Aircraft engines	12	-	432,788
Current assets			
Stocks	13	-	5,217,338
Debtors	14	146,837,562	139,632,622
Cash and cash equivalents	15	443,834	277,507
		<u>147,281,396</u>	<u>145,127,467</u>
Creditors: Amounts falling due within one year	16	<u>(105,907)</u>	<u>(3,618,984)</u>
Net current assets		<u>147,175,489</u>	<u>141,508,483</u>
Net assets		<u>147,175,489</u>	<u>141,941,271</u>
Capital and reserves			
Called up share capital	18	5	5
Share premium reserve		27,999,998	27,999,998
Retained earnings		<u>119,175,486</u>	<u>113,941,268</u>
Shareholders' funds		<u>147,175,489</u>	<u>141,941,271</u>

Approved and authorised by the Board on 22 November 2022 and signed on its behalf by:



J. Barnes
Director

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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' and the Companies Act 2006.

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. The directors have reached the conclusion that the Company has adequate resources to continue to operate and meet its obligations as they fall due for the foreseeable future, and for at least 12 months from the date of approval of these financial statements. The directors continue to monitor the impact of the COVID-19 pandemic and uncertainty with respect of the Russian invasion of Ukraine on the activities of the Company by reviewing cash flow forecasts and based on the most current estimates and information available, they are satisfied with the Company's ability to continue as a going concern.

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.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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.

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.

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.

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.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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.

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 and other receivables.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

3 Turnover

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

	2021 US\$	2020 US\$
Operating lease rentals	-	537,600
Sale of aircraft spare parts	1,505,319	810,688
	<u>1,505,319</u>	<u>1,348,288</u>

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

	2021 US\$	2020 US\$
United Kingdom	1,159,734	549,693
Europe	58,210	24,700
Rest of the World	287,375	773,895
	<u>1,505,319</u>	<u>1,348,288</u>

4 Other operating expenses

	2021 US\$	2020 US\$
Aircraft storage, redelivery and refurbishment	132,231	149,750

5 Other operating income

	2021 US\$	2020 US\$
Settlement income	300,000	-
	<u>300,000</u>	<u>-</u>

The settlement income of US\$300,000 was received as final settlement of a claim against an engine maintenance provider to the Company.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

6 Profit before taxation

Profit before tax is stated after charging/(crediting):

	2021 US\$	2020 US\$
Loss/(profit) on disposal of fixed assets	<u>164,538</u>	<u>(156,260)</u>

7 Auditors' remuneration

	2021 US\$	2020 US\$
Audit of financial statements	<u>8,000</u>	<u>12,000</u>
	<u>8,000</u>	<u>12,000</u>
Other fees to auditors		
Taxation compliance services	<u>6,900</u>	<u>6,900</u>
	<u>6,900</u>	<u>6,900</u>

8 Staff costs

There were no employees in the year (2020: none) as all administrative activities of the Company are outsourced to Falko Regional Aircraft Limited, a fellow group undertaking.

9 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 (2020: US\$16,500).

10 Interest receivable and similar income

	2021 US\$	2020 US\$
Interest receivable on loans provided to group undertakings	<u>9,245,984</u>	<u>9,262,065</u>

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

11 Taxation

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

	2021 US\$	2020 US\$
Current tax on profit		
Current tax charge income for the year	47,057	1,711,462
Adjustments in respect of prior years	<u>(597,810)</u>	<u>564,000</u>
Total current tax	<u>(550,753)</u>	<u>2,275,462</u>
Deferred tax		
Origination and reversal of timing differences	44,995	133,875
Adjustments in respect of prior years	-	28,823
Movement in deferred chargeable gains	<u>-</u>	<u>(92,340)</u>
Total deferred tax	<u>44,995</u>	<u>70,358</u>
Total tax (credit)/charge	<u>(505,758)</u>	<u>2,345,820</u>

The closing deferred tax asset as at 31 December 2021 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:

	2021 US\$	2020 US\$
Profit before tax	<u>4,728,460</u>	<u>9,239,649</u>
Tax on profit at the standard tax rate of corporation tax of 19% (2020: 19%)	898,407	1,755,533
Group relief	(806,355)	(2,536)
Adjustment in respect of prior years	<u>(597,810)</u>	<u>592,823</u>
Total tax (credit)/charge	<u>(505,758)</u>	<u>2,345,820</u>

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

12 Aircraft engines

	Engines US\$	Total US\$
Cost or valuation		
At 1 January 2021	911,242	911,242
Disposals	<u>(911,242)</u>	<u>(911,242)</u>
At 31 December 2021	<u>-</u>	<u>-</u>
Depreciation and impairment		
At 1 January 2021	478,454	478,454
Eliminated on disposal	<u>(478,454)</u>	<u>(478,454)</u>
At 31 December 2021	<u>-</u>	<u>-</u>
Carrying amount		
At 31 December 2021	<u>-</u>	<u>-</u>
At 31 December 2020	<u>432,788</u>	<u>432,788</u>

Depreciation for leased engine assets is calculated based on the actual usage of the engines whilst on lease. During the year and prior to being sold, the engines remained on lease but were not utilised.

13 Stocks

	2021 US\$	2020 US\$
Finished goods and goods for resale		
Aircraft spares	<u>-</u>	<u>5,217,338</u>

The cost of stock recognised as an expense in the statement of income and retained earnings was US\$5,217,338 (2020: US\$1,223,257).

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

14 Debtors

	Note	2021 US\$	2020 US\$
Amounts falling due within one year:			
Trade and other receivables		385	508,460
Loan to parent company		143,967,947	137,861,557
Other amounts due from group companies		2,439,577	864,418
Deferred taxation	17	347,396	392,392
Prepayments		2,457	5,795
Value added tax		79,800	-
		<u>146,837,562</u>	<u>139,632,622</u>

The loan to the parent company is repayable on demand and has an 8.5% annual interest rate on the principal balance (excluding accrued interest).

15 Cash and cash equivalents

	2021 US\$	2020 US\$
Cash at bank	<u>443,834</u>	<u>277,507</u>

The cash and cash equivalents balances of the Company are not subject to any restrictions in use.

16 Creditors

	2021 US\$	2020 US\$
Amounts falling due within one year:		
Corporation tax	47,055	3,348,540
Security deposits	-	200,000
Accruals	58,852	57,346
Value added tax	-	13,098
	<u>105,907</u>	<u>3,618,984</u>

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

17 Deferred taxation

	Accumulated depreciation in excess of capital allowances US\$	Total US\$
At 1 January 2021	392,391	392,391
Charge to the income statement (see note 11)	<u>(44,995)</u>	<u>(44,995)</u>
At 31 December 2021	<u>347,396</u>	<u>347,396</u>

18 Share capital

Authorised shares

	2021		2020	
	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

	2021		2020	
	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 (2020: US\$5).

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

19 Operating leases

Leases as lessor

At 31 December 2021, the Company had total future minimum lease payments receivable under non-cancellable operating leases which fall due as follows:

	2021 US\$	2020 US\$
Not later than one year	-	330,400
Later than one year and not later than five years	-	78,400
	<u>-</u>	<u>408,800</u>

During the year, US\$Nil (2020: US\$537,600) was recognised as income in the statement of income and retained earnings in respect of operating leases.

The Company sold its remaining leased aircraft spare engines during the year.

20 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.

Expenses charged by related party	2021 US\$	2020 US\$
Trident Jet (Jersey) Limited	-	288,129
	<u>-</u>	<u>288,129</u>

There were no related party year end receivable or payable balances at 31 December 2021 requiring disclosure.

21 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 2021

22 Subsequent events

Ukraine conflict and Russian sanctions

On 25 February 2022, the EU adopted Regulation 2022/328, as part of its package of sanctions and export controls imposed in response to the Russian government's actions involving Ukraine. The Regulation took effect as of 26 February 2022 and includes the following provisions:

- It shall be prohibited to provide insurance and reinsurance, directly or indirectly, in relation to aircraft to any person, entity or body in Russia or for use in Russia, with immediate effect.
- It shall be prohibited to sell, supply, transfer or export, directly or indirectly, goods and technology suited for use in aviation or the space industry to any natural or legal person, entity or body in Russia or for use in Russia, with effect from 28 March.
- It shall be prohibited to provide any one or any combination of the following activities: overhaul, repair, inspection, replacement, modification or defect rectification of an aircraft or component to any natural or legal person, entity or body in Russia or for use in Russia, with immediate effect.

At 31 December 2021, the Company has no aircraft on lease with Russian lessees. However, the conflict will have short and long-term consequences on the aviation industry, including rising fuel prices and airlines rerouting flights as a result of the ban on use of airspace. As the conflict in Ukraine continues to unfold, airlines around the world will come under increased strain due to the economic sanctions imposed on Russia and their effect on the global economy. Increased fuel prices, inflation, an increased reluctance to use air travel and airlines rerouting flights because of bans on the use of airspace will all place additional pressure on already strained airlines. The specific impacts on the Company may include challenges for the airline lessees' ability to satisfy their lease payment obligations to the Company, the potential requirement to re-possess aircraft, which could impair the recoverability of lease related assets, which ultimately may cause difficulty in the Company servicing its own obligations.

This conflict is a significant geopolitical and economic event for the global economy and, in particular, the aviation industry, and there is uncertainty over how the future development of this conflict will affect the Company. At the date of this report, the ultimate financial impact of these events cannot be fully determined.

As the ongoing invasion of Ukraine continues to unfold in 2022, the Company will continue to monitor the development of the conflict and assess the potential impact on the Company.

Change of directors

The following director changes occurred after the year end:

N. Fegan (resigned 3 May 2022)
M. Furstein (resigned 3 May 2022)
J. Atkeson (resigned 3 May 2022)
J. Barnes (appointed 3 May 2022)
M. Brennan (appointed 3 May 2022)
S. Dichlian (appointed 3 May 2022)

There were no other significant events since the year end that require adjustment to or disclosure in the financial statements.

Triangle Regional Aircraft Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

23 Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 22 November 2022.