

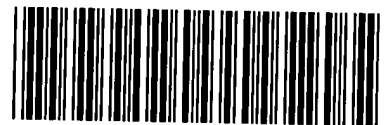
Registration number: 07317238

Aircraft 32A-3454 Limited

Directors' Report and Financial Statements

For the year ended 31 December 2020

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Aircraft 32A-3454 Limited

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Aircraft 32A-3454 Limited

Company Information

Company Registration Number 07317238

Directors Joint Corporate Services Limited
Tamzin Lawrence
Gordon Chase
Nita Savjani

**Company Secretary
and Registered Office** Joint Secretarial Services Limited
8th Floor
20 Farringdon Street
London
EC4A 4AB
United Kingdom

Independent Auditors PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Bank Bank of America
2 King Edward Street
London
EC1A 1HQ
United Kingdom

Company Definitions:
“the Company” Aircraft 32A-3454 Limited
“the Group” AerCap Holdings N.V. and its subsidiary undertakings

Aircraft 32A-3454 Limited

Directors' Report

For the year ended 31 December 2020

The directors present their annual report on the affairs of the Company together with the audited financial statements and auditor's report, for the financial year ended 31 December 2020.

Principal activities and business review

The Company is a special purpose company engaged in aircraft leasing and associated activities. The aircraft currently appearing on the Company's statement of financial position was purchased in July 2010 and is on lease with an airline in Asia.

The Directors have prepared the financial statements under FRS 102. The Company is constantly under review by the Directors, as future results depend on industry conditions and the ability of the Company to achieve satisfactory lease rates in the current environment and minimize downtime.

Principal risks and uncertainties

The Directors have identified a number of risks facing the Company and have undertaken the following approach to deal with the relevant risks:

Covid-19 infectious diseases risks

The outbreak of Covid-19 has resulted in a number of countries imposing travel restrictions and mandatory quarantine periods for people travelling from affected regions, and has sharply reduced passenger demand for travel across the world, causing a great reduction in commercial airline traffic, substantial flight cancellations, and significant economic disruption. The continuing spread of the virus, or the persistence of current conditions for any appreciable period of time, could lead to even greater economic disruption and a broader adverse impact on air travel and the aviation industry.

The Company's financial condition depends on the ability of lessees to perform their payment and other obligations under the leases, and the downturn in the aviation industry resulting from Covid-19 has continued and in the future could continue to weaken the financial condition and exacerbate the liquidity problems of some of the lessees, and further increases the risk that they will delay, reduce or fail to make rental payments when due. In addition, lower utilization of the Company's aircraft assets, which in turn results in a reduction in supplemental maintenance rent or end-of-lease compensation payable to the Company could impact the Company's ability to lease or sell aircraft. The Company may continue to experience delayed or lost revenue if key aircraft manufacturers are unable to deliver aircraft on schedule due to Covid-19 related issues, such as supply chain disruptions, production cuts, facility shutdowns or liquidity constraints.

Moreover, some regions have suffered or may suffer disproportionate impacts from the virus. A downturn in the aviation industry that affects the regions where the Company's lessees are concentrated to a greater degree than other regions will in turn have an increased impact on the Company. All of these actual and potential developments arising from the outbreak of Covid-19 could materially and adversely affect the Company's financial condition, results and cash flows.

Asset and credit risk

The Company leases aircraft on an operating lease and bears i) the asset risk of a deterioration in the underlying value of the aircraft and ii) the credit risk of the airline during the life of the lease. The Directors look to mitigate these risks by collecting maintenance reserves and/or collecting security deposits where appropriate, and, where possible either extending the lease term on the aircraft or remarketing the aircraft.

The Company's financial condition depends, in part, on the financial strength of its lessees, and factors outside of the Company's control may adversely affect its lessees' operations, their ability to meet the obligations to the Company or their demand for the Company's aircraft.

If a decline in demand for the Company's aircraft causes a decline in its projected lease rates then the Company will recognise impairments. Other factors that may contribute to impairment charges include, but are not limited to, potential sale transactions, early terminated leases, or credit events impacting lessees. If the Company's lessees encounter financial difficulties and the Company restructures or terminates leases, the Company's ability to re-lease aircraft on favourable terms, collect outstanding amounts due to the Company, and repossess aircraft under defaulted leases may be limited and require the Company to incur additional costs and expenses.

Technical, maintenance and environmental risks

The lessee undertakes the responsibility for ensuring that the aircraft complies with current environmental, technical and maintenance regulations and statutory obligations where necessary.

Aircraft 32A-3454 Limited

Directors' Report *(continued)*

For the year ended 31 December 2020

Public liability risk

The lessee is responsible for ensuring that the aircraft has adequate insurance cover.

Future developments

The Directors have no plans to significantly change the activities and operations of the Company for the foreseeable future.

Financial results and dividends

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

The results for the year are set out on page 9. The profit for the year, after taxation is \$282 thousand (2019: \$549 thousand). No dividends were paid by the company during the year (2019: nil) or after the financial year-end.

Directors, Secretary and their interests

The Director and Secretary of the Company who held office at December 31, 2020 and at December 31, 2019 had no interests in the shares in the Company or group companies during the year, which would require disclosure in these financial statements. The Directors and Secretary who held office during the year are listed on the company information page. Unless indicated otherwise, they served for the entire year.

No Director has or has had any interest in any transaction with the Company or other Group companies, which is or was unusual in its nature or conditions or significant to the business of the Company or the Group within the year.

In accordance with the Articles of Association, the Directors are not required to retire by rotation.

Political and charitable donations

The Company made no political or charitable donations or incurred any political expenditure during the year.

Events since end of financial year

The outbreak of Covid-19 has caused or in the near future may cause certain underlying risks to the Company's business posed by epidemic diseases to crystallize. These risks include adverse effects to the Company's financial condition arising from a significant decrease in commercial airline traffic, and are described in more detail under the heading "Principal risks and uncertainties".

There have been no other significant events affecting the Company since the financial year end.

Statement on disclosure of information to Auditors

Each of the directors in office as at the date of this report confirms that:

- as far as they are aware there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in S.234 of the Companies Act 2006, and as outlined in the Company's Articles of Association. Such qualifying third party indemnity provision remains in force at the date of approving the directors' report.

Aircraft 32A-3454 Limited

Directors' Report *(continued)*

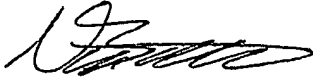
For the year ended 31 December 2020

Independent Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

The Directors have elected to exercise small companies' exemption in preparing this report.

This report was approved by the board on 10 September 2021 and signed on its behalf.



N. Savjani
Director

Aircraft 32A-3454 Limited

Directors' responsibilities statement

For the year ended 31 December 2020

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.


Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', and applicable law.

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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the board of directors on 10 September 2021 and signed on its behalf.



N. Savjani
Director



Independent auditors' report to the members of Aircraft 32A-3454 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aircraft 32A-3454 Limited's financial statements:

- give a true and fair view of the state of the company's assets, liabilities and financial position as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements, which comprise:

- the statement of financial position as at 31 December 2020;
 - the Statement of comprehensive income for the period then ended;
 - the statement of changes in equity for the year then ended;
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Directors' Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations relate to the reporting framework, FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks were related to the management override of control. Audit procedures performed included:

- discussions with the management and those charged with governance, in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulation and fraud and reviewing Board Minutes;
- consideration of the overall control environment in place and the processes in place in the company including procedures to achieve compliance with relevant laws and regulations;
- responding to the risk identified by designing appropriate audit procedures including testing of journal entries posted throughout the period, accounting estimates and incorporating audit tests purposely designed to introduce 'unpredictability' to the audit process; and
- maintaining professional scepticism throughout the audit.



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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Ronan Doyle'.

Ronan Doyle (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
10 September 2021

Aircraft 32A-3454 Limited

Statement of Comprehensive Income *For the year ended 31 December 2020*

	Note	2020 \$000	2019 \$000
Turnover	3	1,498	1,818
Depreciation and impairment	8	<u>(858)</u>	<u>(858)</u>
Gross profit		640	960
Other operating charges		<u>(132)</u>	<u>(148)</u>
Operating profit	4	508	812
Interest payable and similar charges	7	<u>(14)</u>	<u>(150)</u>
Profit on ordinary activities before taxation		494	662
Taxation on profit on ordinary activities	5	<u>(212)</u>	<u>(113)</u>
Profit for the financial year		<u>282</u>	<u>549</u>
Total comprehensive income for the year		<u>282</u>	<u>549</u>

The results above arose wholly from continuing operations.

The accompanying notes on pages 12 to 21 are an integral part of the financial statements.

Aircraft 32A-3454 Limited


Statement of Financial Position

As at 31 December 2020

	Note	2020 \$000	2019 \$000
Fixed assets			
Aircraft	8	<u>15,926</u>	<u>16,784</u>
		15,926	16,784
Current assets			
Debtors: Amounts falling due within one year	9	2	489
Cash and cash equivalents		<u>65</u>	<u>22</u>
		67	511
Creditors: Amounts falling due within one year	10	<u>(1,322)</u>	<u>(316)</u>
Net current (liabilities) / assets		(1,255)	195
Creditors: Amounts falling due after more than one year	11	(7,658)	(10,460)
Deferred tax	12	(1,219)	(1,007)
Net assets		<u>5,794</u>	<u>5,512</u>
Equity			
Capital and reserves			
Share capital	14	-	-
Retained earnings		<u>5,794</u>	<u>5,512</u>
Shareholders' funds		<u>5,794</u>	<u>5,512</u>

The accompanying notes on pages 12 to 21 are an integral part of the financial statements.

The financial statements were approved by the board of directors on 10 September 2021 and signed on its behalf by:



N. Savjani
Director

Company number: 07317238

Aircraft 32A-3454 Limited

Statement of changes in equity *For the year ended 31 December 2020*

	Share Capital \$000	Retained Earnings \$000	Total Equity \$000
Opening balance at 1 January 2019	-	4,963	4,963
Profit for the year and total comprehensive income	-	549	549
Balance at 31 December 2019	-	5,512	5,512
Opening balance at 1 January 2020	-	5,512	5,512
Profit for the year and total comprehensive income	-	282	282
Balance at 31 December 2020	-	5,794	5,794

The accompanying notes on pages 12 to 21 are an integral part of the financial statements.

Aircraft 32A-3454 Limited

Notes to the financial statements for the year ended 31 December 2020

1 Accounting Policies

1.1 General information

Aircraft 32A-3454 Limited is incorporated as a company limited by shares in the United Kingdom, under the registered number 07317238. The address of its registered office is 8th Floor, 20 Farringdon Street, London, EC4A 4AB, United Kingdom.

Aircraft 32A-3454 Limited's ultimate parent and ultimate controlling party is AerCap Holdings N.V.. AerCap Holdings N.V. prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up and of which Aircraft 32A-3454 is a member. Copies of the AerCap Holdings N.V. group financial statements are publicly available from the Trade Register in the city of Amsterdam under the number 34251954.

1.2 Basis of preparation

The entity financial statements have been prepared on the going concern basis and in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS102") and the Companies Act 2006.

The entity financial statements have been prepared under the historical cost convention and are stated in US Dollars, which is the principal operating currency of the Company and the aviation sector.

The Directors have a reasonable expectation that the Company will continue in operational existence for twelve months from the date of approval of the financial statements ("the period of assessment") and have prepared the financial statements on a going concern basis. In making this assessment the Directors considered the potential impact of Covid-19 on the aviation industry and the Company's business, including:

- the Company's initial assessment of the impact on its business and profitability;
- the Company's funding and liquidity position;
- cashflow forecasts and potential impact of rent deferral agreements requested, and
- the ability of the ultimate parent, AerCap Holdings N.V to provide support.

While the pandemic is on-going and airline traffic is not operating at normal levels, the Directors do not expect it to impact the Company's ability to meet its commitments as they fall due over the next 12 months. On the basis of the above, the Directors have concluded that the Company has no material uncertainties which would cast a significant doubt on the Company's ability to continue as a going concern over the period of assessment.

However, given the inherent uncertainties, it is not possible to quantify the financial impact of Covid-19 on the Company's future financial performance, assets and liabilities at this point in time.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process for applying the Company's accounting policies especially with the uncertainty in the current climate due to Covid-19. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The Company is a qualifying entity for the purposes of FRS 102. Details of the Company's ultimate parent and from where its consolidated financial statements may be obtained are set out above (See 1.1 General Information).

As a qualifying entity the Company has availed of a number of exemptions from the disclosure requirements of FRS 102 in the preparation of the entity financial statements. The Company has notified its shareholders in writing about, and they do not object to, the disclosure exemptions availed of by the Company in the entity financial statements.

Aircraft 32A-3454 Limited

Statement of changes in equity

For the year ended 31 December 2020

1 Accounting Policies (continued)

1.2 Basis of preparation (continued)

In accordance with FRS 102 the Company has availed of an exemption from the following paragraphs of FRS 102:

- The requirements of paragraph 4.12(a)(iv) to disclose a reconciliation of the number of shares outstanding at the beginning and at the end of the period.
- The requirements of section 7 and paragraph 3.17(d) to present a statement of cash flows.
- The requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), and 12.29A to disclose information about financial instruments;
- The requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23 to disclose certain information about share based payment arrangements.
- The requirement of paragraph 33.7 to disclose key management personnel compensation.

The following accounting policies have been applied:

1.3 Turnover

Fixed lease rentals and in substance fixed lease rentals from aircraft on operating leases is recognised as income as it accrues over the period of the lease on a straight line basis. Variable rents are recognised when earned. Unearned revenue from finance and sales type leases is amortized to lease income in a manner which produces a constant rate of return on the net investment in the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. All other leases are classified as operating leases.

Gains/losses from aircraft trading transactions are recognised separately in the Income Statement when the contract for sale or supply of the relevant aircraft is completed and the risk of ownership of the equipment is transferred. Revenue from lease management fees is recognised as other income as it accrues over the life of the contract. Penalties & charges on lessee notes receivable is recognised as other income as it accrues.

1.4 Current and deferred tax

The tax expense for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date, being 19% for the year ended 2020 (19% for the year ended 2019).

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recorded where it is more likely than not to be recoverable. The recoverability of deferred tax assets is assessed annually by the Directors.

Aircraft 32A-3454 Limited

Notes to the financial statements for the year ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

1.5 Foreign currencies

Functional and presentation currency

The Company's functional currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

1.6 Aircraft and depreciation

Aircraft and spare engines are stated at historical cost less accumulated depreciation. Additional depreciation is charged to reduce the carrying value of specific assets to the recoverable amount where impairment is considered to have occurred in accordance with Section 27 of FRS102. An impairment review is required where there has been an indication of impairment. If a decline in demand for the Company's aircraft causes a decline in its projected lease rates then the Company may recognise impairments. Other factors that may contribute to impairment charges include, but are not limited to, potential sale transactions, early terminated leases, or credit events impacting lessees. Where the recoverable amount is greater than the carrying value no adjustment is made.

Cost comprises the invoiced cost net of manufacturers' discounts, but inclusive of applicable capitalised interest. Depreciation is calculated on a straight-line basis. The estimates of useful lives and residual values are reviewed periodically. The estimated residual values are generally 15% of original cost. Original cost is defined as the average purchase price of each asset type in the year of manufacture. The estimated useful life of aircraft is up to 25 years from the date of manufacture.

Recoverable amount is the higher of the net realisable value and value in use. Net realisable value is the amount at which an asset could be disposed of less any direct selling costs, and value in use is the present value of future cashflows obtainable as a result of an asset's continued use, including those resulting from its ultimate disposal, discounted at 6.2% (2019: 5.8%). In instances where the purchase of flight equipment includes consideration which can be allocated to the value of an acquired lease containing above market terms, such allocated costs are recognised as a lease premium asset and depreciated, on a straight line basis, over the term of the related lease.

1.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Aircraft 32A-3454 Limited

Notes to the financial statements for the year ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

1.8 Basic financial instruments

Trade receivables and payables

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.9 Maintenance

In most lease contracts the lessee has the obligation to pay for maintenance costs on airframes, engines and other major life-limited components which arise during the term of the lease. In many lease contracts the lessee makes a payment of supplemental rent to cover the anticipated maintenance cost. In the majority of leases, the Company do not recognise supplemental rent as revenue, but as accrued liability. In these contracts, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the aircraft, the Company reimburses the lessee for the maintenance up to a maximum of the supplemental rent received in respect to the lease contract. In addition, the Company may be obligated in some instances to contribute to the maintenance work from its own reserves. Any surplus amounts of accrued maintenance liability existing on termination of a lease are recorded as income at that time.

In most lease contracts not requiring the payment of supplemental rents, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear accepted) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at redelivery. The Company recognise receipts of end-of-lease compensation adjustments as lease revenue when received and payments of end-of-lease adjustments as leasing expenses when paid.

In addition, in both types of contracts, the Company may be obligated to make additional payments to the lessee for maintenance related expenses (lessor maintenance contributions or top-ups) primarily related to usage of major life-limited components occurring prior to the lease. The Company record a charge to leasing expenses at the time of the occurrence of a lessor contribution or top-up payment, except in instances where the Company have established an accrual as an assumed liability for such payment in connection with the purchase of an aircraft with a lease attached, in which case such payments are charged against the existing accrual.

1.10 Finance costs

Interest income and interest expense are recognised using the effective interest method. Accrued interest is included in the related party receivable and payable balances on the balance sheet.

1.11 Security deposits

The lease requires the lessee to pay a security deposit, either in cash or in the form of a letter of credit. This deposit is refundable to the lessee upon the expiration of the lease and the lessee satisfactorily meeting aircraft return conditions. Where such deposits are received in cash, they are recorded in the statement of financial position as a liability.

Aircraft 32A-3454 Limited

Notes to the financial statements for the year ended 31 December 2020 (*continued*)

1.12 Provision for bad debts

Provisions are made for doubtful debts where it is considered that there is a significant risk of non-recovery. The assessment of risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of the security held together with an assessment of the financial strength and condition of a lessee and the economic conditions persisting in the lessee's operating environment.

1.13 Cash and cash equivalents

The Company considers cash and cash equivalents to be cash on hand and highly liquid investments with maturities of 90 days or less. At December 31, 2020, cash and cash equivalents consists of cash at banks.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies especially with the uncertainty in the current climate due to COVID-19.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 year in which the estimate is revised if the revision affects only that year or on the year of the revision and future years if the revision affects both current and future years. Further details are set out below;

Collectability of trade receivables

Evaluating collectability of trade receivables requires some level of subjectivity and judgement. When collectability of rental payments is not deemed probable, revenue is recognised when payments are received. Collectability is evaluated based on factors such as the lessee's credit rating, payment performance, financial condition and requests for modifications of lease terms and conditions as well as security received from the lessee in the form of guarantees and/or letters of credit.

Useful economic lives of property, plant and equipment

An impairment review is required whenever there is an indication that the carrying amount of the assets may not be recoverable. Impairment trigger events, including consideration of the impact of Covid-19, include potential sale transactions, early terminated leases, credit events impacting lessees or forecasted significant and permanent declines in the demand for aircraft types.

The quantitative impairment test is performed at the lowest level for which identifiable cash flows are largely independent of other groups of assets, which is the individual aircraft, including the lease-related assets and liabilities of that aircraft, such as lease incentives, and maintenance liabilities (the "Asset Group"). An impairment is measured by comparing the net carrying value of the Asset Group with the recoverable amount. The recoverable amount is the higher of the net realisable value and value in use. Value in use is based on the anticipated future cash flows, discounted at 6.2% (2019: 5.8%). Expected future lease rates are based on all relevant information available, including current contracted rates for similar aircraft and industry trends.

Due to the Covid-19 pandemic, many airline customers have significantly curtailed their commercial operations and are under significant financial stress, which could result in lease defaults, lease terminations and related aircraft reposessions. The future cash flows supporting the carrying value of the Company's aircraft are based on current lease contracts and estimates of future lease rates, useful lives and residual values for these aircraft. As a result of the Covid-19 pandemic and its impact on the aviation industry and the global economic environment, there is more uncertainty regarding the future cash flows relating to the Company's aircraft. A reduction in the future expected cash flows relating to the Company's aircraft could result in impairment losses that could be material to the Company's financial results.

Aircraft 32A-3454 Limited

Notes to the financial statements for the year ended 31 December 2020 (*continued*)

3 Turnover

An analysis of turnover by class of business is as follows:

	2020 \$000	2019 \$000
Aircraft leasing – operating lease rental receivable	1,498	1,818
	<u>1,498</u>	<u>1,818</u>

All income is derived from aircraft leasing activities in Asia.

The Company leases aircraft to airlines under operating leases. Under an operating lease, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and the lessor receives the benefit, and assumes the risk of the residual value of the equipment at the end of the lease. The lessee must operate the aircraft in compliance with all applicable laws and regulations. Upon expiration of the operating lease, the Company may extend the lease term or take redelivery of the aircraft, to remarket and re-lease it to a new lessee or sell the aircraft. Generally, the lessor must approve any sublease of the aircraft.

The lease agreement provides for the payment of a fixed, periodic amount of rent. The lease may contain extension options which provide the lessee the option to extend the lease on the provision of notice to the lessor. In addition, the lease may require the payment of supplemental maintenance rent based on aircraft utilisation during the lease term, or end-of-lease compensation calculated with reference to the technical condition of the aircraft at lease expiration. Both supplemental rent and end-of-lease arrangements generally include escalation clauses with the rate payable increasing over time. See accounting policies for additional information regarding policy in relation to supplemental rentals.

4 Operating profit

The operating profit is stated after charging:

	2020 \$000	2019 \$000
Depreciation of aircraft	858	858
	<u>858</u>	<u>858</u>

Auditors' remuneration was borne by AerCap Ireland Limited on behalf of the Company in the financial year ended December 31, 2020 or prior years as applicable and is not recharged specifically to the entity. Auditors' remuneration relates to statutory audit only.

During the current and prior year, all Directors, with the exception of Nita Savjani and Joint Corporate Services Limited were employed by, and received all emoluments from, other Group entities. The Directors perform duties for multiple entities in the AerCap Group, as well as their employment duties within the AerCap Group operations. TMF Global Services (UK) Services Limited provide director and secretarial services to the Company by way of the appointment of Nita Savjani and Joint Corporate Services Limited as Directors of the Company. During 2020 \$12k (2019: \$16k) was paid to TMF Global Services (UK) Limited for the provision of these services. There was no remuneration paid to the directors in relation to their services as directors of the Company in both years presented.

Aircraft 32A-3454 Limited

Notes to the financial statements for the year ended 31 December 2020 (*continued*)

5 Taxation on profit on ordinary activities

The standard rate of tax in the UK is 19% (2019: 19%). A reconciliation is set out below:

	2020 \$000	2019 \$000
Analysis of tax charge in the period		
Current tax		
Current tax charge	-	-
Deferred tax		
Deferred tax charge	212	113
Total tax charge	212	113
Reconciliation of total tax charge		
Profit before income tax	494	662
Standard tax rate at 19% (2019: 19%)	94	126
Effects of:		
Effect of increase/decreased tax rate	118	-
Expenses not deductible for tax purposes	-	(13)
Total tax charge	212	113

Factors that may affect future tax charges.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

6 Staff costs

The Company has no employees (2019: none).

Management and support services are provided to the Company by AerCap Ireland Limited. The related costs were borne by AerCap Ireland Limited on behalf of the Company.

7 Interest payable and similar charges

	2020 \$000	2019 \$000
Loans from Group undertakings	14	150
Total interest payable	14	150

Interest payable on loans from Group undertakings is wholly repayable within five years.

Aircraft 32A-3454 Limited

Notes to the financial statements for the year ended 31 December 2020 (*continued*)

8 Aircraft

	2020 \$000	2019 \$000
Cost		
Opening balance at 1 January	27,225	27,225
Additions	-	-
At 31 December	27,225	27,225
Depreciation		
Opening balance at 1 January	(10,441)	(9,583)
Charge for the financial year	(858)	(858)
At 31 December	(11,299)	(10,441)
Net book value at 31 December	15,926	16,784

In accordance with the stated accounting policy, an impairment review was performed. As a result of this review, an impairment provision of \$nil (2019: \$nil) was recognised in the year. This impairment provision was calculated by comparing the carrying value of the aircraft to the higher of net realisable value and value in use, based on anticipated cash flows, discounted at 6.2% (2019: 5.8%). Discount rates are kept constantly under review for appropriateness based on current market conditions.

The aircraft may from time to time be pledged as collateral for external funding across the Group.

Aircraft may be analysed as follows:

On operating leases for a further period of:

	2020 \$000	2019 \$000
Less than one year	-	-
From one to two years	-	-
From two to five years	15,926	16,784
After 5 years	-	-
	15,926	16,784

9 Debtors: Amounts falling due within one year

	2020 \$000	2019 \$000
Amounts due from group companies	-	488
Other debtors	2	1
	2	489

All amounts due from Group companies are due from the parent undertaking and fellow undertakings and are repayable on demand.

Aircraft 32A-3454 Limited

Notes to the financial statements for the year ended 31 December 2020 (*continued*)

10 Creditors: Amounts falling due within one year

	2020	2019
	\$000	\$000
Amounts due to group undertakings	1,041	-
Early rents received	23	28
Lease payables	258	288
	<u>1,322</u>	<u>316</u>

11 Creditors: Amounts falling due after more than one year

	2020	2019
	\$000	\$000
Security deposit	321	870
Maintenance reserves	7,337	9,590
	<u>7,658</u>	<u>10,460</u>

12 Deferred tax

	2020	2019
	\$000	\$000
Opening balance	1,007	894
Charged/(credited) to income statement	212	113
Closing balance	<u>1,219</u>	<u>1,007</u>

The deferred tax at the year-end comprises the following:

	2020	2019
	\$000	\$000
Tax losses carried forward	(385)	(446)
Accelerated capital allowances	1,604	1,453
	<u>1,219</u>	<u>1,007</u>

13 Commitments

Future minimum contracted rental under operating leases at 31 December 2020, were as follows:

	2020	2019
	\$000	\$000
Less than one year	1,284	1,362
From one to two years	1,284	1,284
From two to five years	214	1,605
More than five years	-	-

Refer to Note 3 for further information on lease arrangements.

Aircraft 32A-3454 Limited

Notes to the financial statements for the year ended 31 December 2020 (*continued*)

14 Share capital

	2020 \$000	2019 \$000
Authorised		
1 ordinary shares of £ 1.00 each (2019: 1 share)	-	-
Issued		
1 ordinary shares of £ 1.00 each (2019: 1 share)	-	-

The share was issued at the date of incorporation at par. The foreign exchange rate at date of issue was £1-\$1.98.

15 Related party transactions

Under FRS102, the Company is exempt from the requirement to disclose related party transactions with other Group companies on the grounds that it is a wholly owned indirect subsidiary of AerCap Holdings NV, which prepares consolidated financial statements that are available to the public.

16 Events since end of financial year

There have been no significant events affecting the Company since the financial year end.

17 Approval of the financial statements

The board of directors approved these financial statements for issue on 10 September 2021.