

Registered number: 10730861

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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COMMUTER AIRCRAFT LEASING 2017 II LIMITED

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COMMUTER AIRCRAFT LEASING 2017 II LIMITED

COMPANY INFORMATION

Directors	Rory McQueen Fabio Ligi
Company secretary	Apex Trust Corporate Limited Bastion House 6th Floor 140 London Wall London England EC2Y 5DN
Registered number	10730861
Registered office	Bastion House 6th Floor 140 London Wall London England EC2Y 5DN
Independent auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 Ireland
Bankers	Barclays Bank PLC Leicester England LE87 2BB
Solicitors	A&L Goodbody IFSC 25-28 North Wall Quay Dublin 1 Ireland

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- 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 to 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.

Principal activities, business review and future developments

Commuter Aircraft Leasing 2017 II Limited (the "Company") is a wholly owned subsidiary of Chorus Aviation Capital (Ireland) Limited ("CACIL", an Irish corporation). The Company's principal activities include the sale, procurement and leasing of aircraft together with associated support services.

As at 31 December 2021, the Company owned three (2020: three) aircraft which are off lease. In 2022, the Company signed a lease agreement for these aircraft to an airline based in Europe. These aircraft are expected to be delivered in 2022.

There were no acquisitions and disposals during the year (2020: nil). In April 2022, the Company's business operations were transferred to a fellow subsidiary. Three aircraft and associated third party debt and intercompany balances were novated to the fellow subsidiary.

The directors are satisfied with the performance of the Company during the year. The Company intends to continue its existing activities during the coming year.

Directors and its interests

The Directors and Secretary who held office at the end of the year are listed in the Company Information. Unless indicated otherwise, they served for the entire year. In accordance with the Company Constitution, the Directors are not required to retire by rotation.

The Directors and Secretary who held office at 31 December 2021 had no interests in the shares of the Company, or the Group to disclose. 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 during the year.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Results and dividends

The loss for the year, after taxation, is set out in the Statement of comprehensive income.

The Directors do not recommend the payment of a dividend during the year (2020: \$Nil).

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: \$Nil).

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 disease risks

The novel strain of the coronavirus ("COVID-19"), which was declared as a pandemic by the World Health Organisation on March 11, 2020, has led to worldwide economic uncertainty with companies around the globe trying to manage through the unprecedented, ever-changing event. For the aviation industry, it led to decreased passenger demand due to strict travel restrictions and health concerns. Although the COVID-19 pandemic continues to impact airlines, demand for passenger air travel continued to increase throughout 2021 with the global roll-out of vaccines and proof of vaccination assisting the recovery.

The duration and impact of the COVID-19 pandemic is unknown at this time. Any estimate of the length and severity of the pandemic is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may, directly or indirectly, materially and adversely affect the Company's operations, financial results and condition in future period are also subject to significant uncertainty.

Asset and credit risk

The Company leases aircraft on an operating lease and bears (i) the asset deterioration risk 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.

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.

Public liability risk

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

Key performance indicators

The principal key performance indicators used by management to monitor performance of the Company are as follows:

- Operating profit;
- Net assets; and
- Number of aircraft on the ground.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Events since the end of the year

In February 2022, significant sanctions were put in place by a number of governments (including the US, UK and EU) directly targeting the Russian Federation and Belarus, companies and financial institutions in and connected to both countries as well as a number of named individuals. The impact of these sanctions includes but is not limited to restricting their ability to make payments, enter into commercial agreements and import or export goods and services. The nature of the sanctions, as well as the list of directly sanctioned entities and persons, is changing on an ongoing basis.

In addition, many international companies have indicated their intention to withdraw from providing services in Russia and Belarus.

The Directors have reviewed the profile of the Company's assets and conclude that there are no aircraft currently leased to airlines based in Russia or Belarus. They are also not aware of any of their aircraft currently operating in routes which would involve them entering the airspace of Russia or Belarus. However, given the global nature of the aviation industry and the broad nature of the sanctions, any future impacts of the conflict in Ukraine are inherently unpredictable.

During the year, the Company signed a lease agreement for its three owned aircraft to an airline based in Europe. As of July 2022, these aircraft were delivered to the customer.

In April 2022, the Company's business operations were transferred to a fellow subsidiary. Three aircraft and associated third party debt and intercompany balances were novated to the fellow subsidiary.

Going concern

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. The directors considered the potential impact of COVID-19 on both the industry and the Company's business.

Based on all of the information available at present and through the support of the parent company, Chorus Aviation Capital (Ireland) Limited, the Directors believe that the Company has sufficient liquidity to meet its obligation as they fall due and that it is appropriate to prepare the financial statements on a going concern basis.

Auditors

The auditors, PricewaterhouseCoopers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.


Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

DocuSigned by:

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Rory McQueen
Director

Date: 5 September 2022



Independent auditors' report to the members of Commuter Aircraft Leasing 2017 II Limited

Report on the audit of the financial statements

Opinion

In our opinion, Commuter Aircraft Leasing 2017 II Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 101 "Reduced Disclosure Framework", 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 Director's report and financial statements, which comprise:

- the statement of financial position as at 31 December 2021;
 - the statement of comprehensive income for the year then ended;
 - the statement of changes in equity for the year then ended; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
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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 Director's 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 2021 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 related to the reporting framework, international accounting standards in conformity with the requirements of the Companies Act 2006 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. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override of controls. Audit procedures performed by the engagement team 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.

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

6 September 2022

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021
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	Note	2021 \$000	2020 \$000
Turnover			
Lease revenue	4	-	3,708
Expenses			
Depreciation	10	(2,262)	(2,264)
Impairment	10	(127)	(9,692)
Administrative expenses	5	(621)	(3,045)
Interest payable and similar expenses	7	(1,223)	(1,205)
Loss before tax		<u>(4,233)</u>	<u>(12,498)</u>
Taxation	8	714	2,270
Loss for the year		<u><u>(3,519)</u></u>	<u><u>(10,228)</u></u>

All amounts are related to continuing operations.

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 13 to 28 form part of these financial statements.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
REGISTERED NUMBER: 10730861


STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

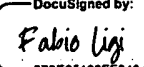
	Note	2021 \$000	2020 \$000
Noncurrent assets			
Aircraft	10	34,083	35,122
Restricted cash	12	1,538	1,538
Deferred income tax	9	2,110	1,396
		<u>37,731</u>	<u>38,056</u>
Current assets			
Trade and other receivables	13	56	-
Prepaid asset		720	-
Cash at bank and in hand	11	554	547
		<u>1,330</u>	<u>547</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(23,594)	(12,149)
Net current liabilities		<u>(22,264)</u>	<u>(11,602)</u>
Total assets less current liabilities		<u>15,467</u>	<u>26,454</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	15	(14,129)	(21,597)
Net assets		<u>1,338</u>	<u>4,857</u>
Capital and reserves			
Called up share capital	17	11,355	11,355
Profit and loss account		(10,017)	(6,498)
Shareholders' funds		<u>1,338</u>	<u>4,857</u>

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
REGISTERED NUMBER: 10730861

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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Rory McQueen
Director
Date: 5 September 2022

DocuSigned by:

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Fabio Ligi
Director

The notes on pages 13 to 28 form part of these financial statements.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2021	11,355	(6,498)	4,857
Comprehensive loss for the year			
Loss for the year	-	(3,519)	(3,519)
At 31 December 2021	<u>11,355</u>	<u>(10,017)</u>	<u>1,338</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2020	11,355	3,730	15,085
Comprehensive loss for the year			
Loss for the year	-	(10,228)	(10,228)
At 31 December 2020	<u>11,355</u>	<u>(6,498)</u>	<u>4,857</u>

The notes on pages 13 to 28 form part of these financial statements.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1 General information

On 19 April 2017, Commuter Aircraft Leasing 2017 II Limited (the "Company") is a company limited by shares and was incorporated under the laws of England, to conduct business in aircraft leasing. The Company's registered address is at 2nd Floor Block 5, Irish Life Centre, Abbey Street Lower, Dublin 1, Ireland. As at 31 December 2021, Chorus Aviation Capital (Ireland) Limited ("CACIL"), an Irish corporation, owned 100% of the outstanding shares of the Company.

Chorus Aviation Inc., a Canadian corporation, is the ultimate controlling parent of the Company. The books of account of Chorus Aviation Inc. are maintained at 3 Spectacle Lake Drive, Dartmouth, Nova Scotia, Canada, B3B 1W8.

The Company is a tax resident in England.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition measurement and disclosure requirements of International Financial Reporting Standards, but make amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has adopted FRS 101 for the first time and no adjustments were made on transition.

The financial statements have been prepared under the historical cost convention, and are stated in United States dollars, which is the principal operating currency of the Company and of the aviation industry.

The following principal accounting policies have been applied:

Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 Accounting policies (continued)

Financial reporting standard 101 - reduced disclosure exemptions (continued)

- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;
- paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The preparation of financial statements in conformity with FRS 101 required the use of certain critical accounting estimates. It also requires managements exercise its judgments in the process of applying the Company's accounting policies. 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 3.

2.2 Going concern

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. The directors considered the potential impact of COVID-19 on both the industry and the Company's business in reaching this conclusion.

Based on all of the information available at present and through the support of the parent company, CACIL, and the ultimate parent company, Chorus Aviation Inc., the Directors believe that the Company has sufficient liquidity to meet its obligation as they fall due and that it is appropriate to prepare the financial statements on a going concern basis.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 Accounting policies (continued)**2.3 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is United States Dollars ("USD"). All the financial information presented in USD has been rounded to the nearest thousands unless otherwise stated.

Transaction 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.

2.4 Turnover

Revenue from aircraft on operating lease is recognised as income as it accrues over the period of the lease on a straight line basis. Unearned revenue from finance and sales type leases is amortised 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 as other income 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 and charges on lessee notes receivable is recognised as other income as it accrues.

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 re-market 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.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.5 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 Statement of financial position.

Transaction costs that are incremental and directly attributable to the acquisition or issue of a financial asset or financial liability are recorded as follows:

- Financial assets or financial liabilities at fair value through profit and loss - expensed to net income as incurred; and
- Financial assets or liabilities recorded at amortised cost - included in the carrying value of the financial asset or financial liability and amortised over the expected life of the financial instrument using the effective interest method.

2.6 Current and deferred taxation

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

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

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

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

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

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.7 Aircraft

Aircraft and spare engines are stated at 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. 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation methods, residual values and useful lives of the assets are reviewed at least annually and adjusted if appropriate.

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 6.39% (2020: 7.25%).

Property and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units "CGU"s). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The estimated useful lives range as follows:

Aircraft	- 20 years from the original date of manufacture.
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2.8 Trade and other receivables

Trade and other receivables are amounts due from customers in relation to lease rentals in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets.

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

When collectability of rental payments is not deemed probable, revenue is recognised when cash 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.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.9 Cash and cash equivalents

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

2.10 Restricted cash

Restricted cash includes cash that is subject to withdrawal restrictions. Such amounts are typically restricted under secured debt agreements and can be used only to maintain the aircraft securing the debt and to provide debt service payments of principal and interest.

2.11 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.

2.12 Security deposits

Lessee security deposits are recognised at their fair value and discounting is applied where appropriate. All discounted amounts are accreted to their respective nominal values using the effective interest rate method within interest expense.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.13 Maintenance

In certain of the Company's third party aircraft lease contracts, the lessee has the obligation to make periodic cash payments which are calculated with reference to the utilisation of airframes, engines and other major life-limited components during the lease. In such contracts, upon the lessee's presentation of invoices evidencing the completion of qualifying work on the aircraft, the Company reimburses the lessee for the work, up to a maximum of the amounts received with respect to such work, the Company records amounts as maintenance reserves. Amounts not expected to be reimbursed to the lessee during the lease are recorded as lease revenue when the Company has reliable information that the lessee will not require reimbursement.

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 recognised 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, we 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. We record a charge to leasing expenses at the time of the occurrence of a lessor contribution or top-up payment, except in instances where we 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.

2.14 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of the financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Financial instruments are classified as follows:

- Cash and cash equivalents, restricted cash, trade receivable and other long term assets are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortised cost using the effective interest method, less a provision for impairment, established on an account-by-account basis, based on, among other factors, prior experience and knowledge of the specific debtor and its assessment of the current economic environment.
- Accounts payable and accrued liabilities, intercompany loans, amounts owed to group undertakings and bank loans are classified as "Other Financial Liabilities". Other Financial Liabilities are initially recognised at fair value less transaction costs. Subsequent to initial recognition, Other Financial Liabilities are measured at amortised cost using the effective interest method.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.15 Impairment

Impairment of financial assets

The Company's principal financial assets that are subject to the expected credit loss ("ECL") model are trade and other receivables resulting from its leasing activities and cash and cash equivalents. The Company applies a simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables and has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Letters of credit and security deposits held are considered an integral part of trade receivables and considered in the calculation of impairment.

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

The preparation of financial statements in conformity with FRS 101 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.

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 in the year of the revision and future years if the revision affects both current and future years. Further details are set out below:

Useful economic lives of aircraft, residual values and impairment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. An impairment review is carried out on an annual basis. Key input assumptions including future lease rates, maintenance cash flows, discount rates, aircraft holding periods and residual values are reviewed and revised as necessary.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Lease revenue

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

	2021 \$000	2020 \$000
Aircraft leasing – operating lease revenue	-	3,708

The Company's entire turnover for the prior year was generated from the leasing of aircraft to an operator based in Australia.

On 20 April 2020, Virgin Australia entered voluntary administration. As a result, the aircraft have been returned to the Company. The Company have been classed as unsecured creditors and that the amount expected to be received will be the dependent on the outcome of the administration proceedings. As a result, there were no future minimum contracted rental under operating leases as at 31 December 2021 (2020: Nil).

During the year, the Company has signed lease agreements for its aircraft to an airline based in Europe. These aircraft are expected to be delivered in 2022 and the lease will commence once these aircraft is received by the airline.

In April 2022, the Company's business operations were transferred to a fellow subsidiary.

5. Administrative expenses

	2021 \$000	2020 \$000
Management fees	-	422
Repossession and remarketing costs	632	2,589
Others	(11)	34
	621	3,045

The Company has no persons (2020: nil) in employment during the year. The management and administration of the Company are outsourced to the parent company.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Statutory information

	2021 \$000	2020 \$000
Auditors' remuneration	15	8

The Company has not paid any fees or other remuneration to the Directors of the Company related to the directorship role they provide as part of their group-wide executive management role. The directors are compensated by the parent company ("CACIL"). Included in the audit fee above is \$7 paid to the statutory auditor, PricewaterhouseCoopers Ireland.

7. Interest payable and similar expenses

	2021 \$000	2020 \$000
Long-term debt interest payable	1,009	1,191
Intercompany loan interest payable	202	-
Amortisation of deferred financing costs	12	14
	<u>1,223</u>	<u>1,205</u>

8. Taxation

	2021 \$000	2020 \$000
Deferred tax		
Origination and reversal of timing differences	<u>(714)</u>	<u>(2,270)</u>

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - higher than) the loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 \$000	2020 \$000
Loss on ordinary activities before tax	<u>(4,233)</u>	<u>(12,498)</u>
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(804)	(2,375)
Effects of:		
Other adjustments	90	105
Total tax credit for the year	<u><u>(714)</u></u>	<u><u>(2,270)</u></u>

Factors that may affect future tax charges

The tax charge in future period will be affected by any changes to the corporation tax rates in force in Ireland.

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Deferred taxation

	2021 \$000	2020 \$000
At beginning of year	1,396	(874)
Charged to profit or loss	714	2,270
At end of year	2,110	1,396

The deferred tax asset is made up as follows:

	2021 \$000	2020 \$000
Accelerated capital allowances	904	(1,099)
Tax losses carried forward	1,419	2,495
Group relief	(213)	-
	2,110	1,396

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Aircraft

	Aircraft \$000
Cost or valuation	
At 1 January 2021	52,720
Additions	1,350
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At 31 December 2021	54,070
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Depreciation	
At 1 January 2021	17,598
Charge for the year on owned assets	2,262
Impairment charge	127
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At 31 December 2021	19,987
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Net book value	
At 31 December 2021	34,083
	<hr/> <hr/>
At 31 December 2020	35,122
	<hr/> <hr/>

In accordance with the stated accounting policy, an impairment review was performed. As a result of this review, impairment provision of \$127 (2020: \$9,692) was recognised in the year. The 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 6.39% (2020: 7.25%). 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 arrangements across the Group.

On 20 April 2020, Virgin Australia entered voluntary administration. As a result, the aircraft have been returned to the Company. The Company have been classed as unsecured creditors and that the amount expected to be received will be the dependent on the outcome of the administration proceedings.

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

11. Cash at bank and in hand

	2021 \$000	2020 \$000
Cash at bank and in hand	554	547
	<hr/> <hr/>	<hr/> <hr/>

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Restricted cash

	2021 \$000	2020 \$000
Restricted cash	<u>1,538</u>	<u>1,538</u>

13. Trade and other receivables

	2021 \$000	2020 \$000
Other receivables	<u>56</u>	<u>-</u>

14. Creditors: amounts falling due within one year

	2021 \$000	2020 \$000
Intercompany loans	10,856	-
Amounts owed to group undertakings	6,450	1,947
Current portion of long-term debts, net of deferred financing fees	5,394	8,300
Accounts payable and accrued liabilities	21	32
Accrued repossession expense	873	1,870
	<u>23,594</u>	<u>12,149</u>

Amounts owed to group undertakings are unsecured, interest-free and payable on demand.

Intercompany loan is unsecured and payable on demand. The loan bears a 4% interest per annum.

Accounts payable and accrued liabilities are paid at various dates in the three months following the financial year end in accordance with suppliers' usual and customary credit terms.

15. Creditors: amounts falling due after more than one year

	2021 \$000	2020 \$000
Long-term debts, net of deferred financing costs	14,129	21,064
Security deposits and maintenance reserves	-	533
	<u>14,129</u>	<u>21,597</u>

COMMUTER AIRCRAFT LEASING 2017 II LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Long-term debts

Long-term debts consists of the following:

	2021	2020
	\$000	\$000
Term loan – purchased aircraft	19,573	29,426
Less: deferred financing cost	<u>(50)</u>	<u>(62)</u>
	19,523	29,364
Less: current portion, net of deferred financing costs	<u>(5,394)</u>	<u>(8,300)</u>
	<u>14,129</u>	<u>21,064</u>

Individual term loan, repayable in quarterly instalments of \$396 to \$572, bearing fixed interest at a weighted average rate of 4.2%, maturing between June 2024 and June 2026, secured primarily by its respective aircraft and engines. The net book value of property and equipment pledged as collateral under these term loans was \$34,083 (2020: \$35,122).

Analysis of the maturity of loans is given below:

	2021	2020
	\$000	\$000
Not later than 1 year	5,406	8,300
Later than 1 year to 5 years	14,167	20,177
More than 5 years	-	949
	<u>19,573</u>	<u>29,426</u>

17. Called up share capital presented as equity

	2021	2020
	\$000	\$000
Allotted, called up and fully paid		
11,355,090 (2020 - 11,355,090) Ordinary shares of \$1.00 each	<u>11,355</u>	<u>11,355</u>

18. Contingent liabilities

The Company has no capital commitments and contingent liabilities at 31 December 2021 (2020: \$Nil).

COMMUTER AIRCRAFT LEASING 2017 II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Related party transactions

The Company is availing of the exemption available under FRS 101 from disclosing transactions entered between two or more members of a group, provided that any subsidiary party to the transactions is wholly owned by such a member.

There are no other related party transactions requiring disclosure.

20. Events since the end of the year

In February 2022, significant sanctions were put in place by a number of governments (including the US, UK and EU) directly targeting the Russian Federation and Belarus, companies and financial institutions in and connected to both countries as well as a number of named individuals. The impact of these sanctions includes but is not limited to restricting their ability to make payments, enter into commercial agreements and import or export goods and services. The nature of the sanctions, as well as the list of directly sanctioned entities and persons, is changing on an ongoing basis.

In addition, many international companies have indicated their intention to withdraw from providing services in Russia and Belarus.

The Directors have reviewed the profile of the Company's assets and conclude that there are no aircraft currently leased to airlines based in Russia or Belarus. They are also not aware of any of their aircraft currently operating in routes which would involve them entering the airspace of Russia or Belarus. However, given the global nature of the aviation industry and the broad nature of the sanctions, any future impacts of the conflict in Ukraine are inherently unpredictable.

During the year, the Company signed a lease agreement for its three owned aircraft to an airline based in Europe. As of July 2022, these aircraft were delivered to the customer.

In April 2022, the Company's business operations were transferred to a fellow subsidiary. Three aircraft and associated third party debt and intercompany balances were novated to the fellow subsidiary.

21. Ultimate holding company and controlling party

The Company is a wholly subsidiary of CACIL which is incorporated in Ireland. The Company's ultimate parent and controlling party is Chorus Aviation Inc., a publicly-listed company in Canada, with registered office at Chorus Aviation Inc. are maintained at 3 Spectacle Lake Drive, Dartmouth, Nova Scotia, Canada, B3B 1W8.

The results of the Company are consolidated into the results of CACIL, the smallest group company to prepare consolidated financial statements. The group financial statements are available at Companies Registration Office.

The results of CACIL group are consolidated into the results of Chorus Aviation Inc., the largest group company to prepare consolidated financial statements. The group financial statements are publicly available.

22. Approval of financial statements

The board of directors approved these financial statements for issue on 5 September 2022.