

Company Number 10963185

Airborne Serviceco UK Limited

Financial Statements

**For the financial period from 14 September 2017 (date of incorporation) to 31
December 2018**



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Airborne Serviceco UK Limited

Directors' and Other Information

Directors	Walter Brazil Eleanor Daly Anand Ramachandran Ramki Sundaran
Company Secretary	Jordan Cosec Limited
Company Number	10963185
Registered Office	Suite 1 3 rd Floor 11-12 St. James Square London United Kingdom
Independent Auditor	KPMG Chartered Accountants, Statutory Audit firm 90 South Mall Cork Ireland
Solicitors	Walkers 5th Floor The Exchange George's Dock IFSC Dublin 1 Ireland
Banks	Barclays Bank plc 2 Park Place Hatch Street Dublin 2 Ireland Barclays Bank plc Leicestershire Leicester England

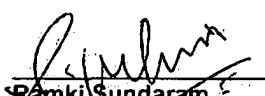
Airborne Serviceco UK Limited**Statement of Financial Position****As at 31 December 2018**

	Note	31-Dec-18 US\$
Current assets		
Cash and cash equivalents	5	776,060
Trade and other receivables	6	<u>282,121</u>
Total assets		<u><u>1,058,181</u></u>
Creditors: due within one financial year		
Trade and other payables	7	162,776
Payable to Parent	12	<u>555,063</u>
Total liabilities		<u>717,839</u>
Equity		
Called up share capital	8	1
Capital contribution		141,375
Retained earnings		<u>198,966</u>
Total equity		<u>340,342</u>
Total equity and liabilities		<u><u>1,058,181</u></u>

The profit and loss account and directors' report have not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime.

The notes to the financial statements on pages 5 to 13 form an integral part of the financial statements.

On behalf of the Board


Rami Sundaram
Director
7 May 2019


Anand Ramachandran
Director
7 May 2019

Notes to the financial statements

1. General information

The Company was incorporated and registered in the United Kingdom on 14 September 2017 with registration number 10963185. The principal activity of the Company is to provide lease management, lease origination and lease arrangement transactions services to investors in the sector.

2. Basis of preparation

(a) Statement of compliance

The Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") as issued by the International Accounting Standards Board ("IASB").

The Directors have performed a going concern assessment, comprising a review of the Company's financial position, future operations and forecasts for a period of at least 12 months from the date of approval of the financial statements, which demonstrates that the Company will be in a position to meet its liabilities as they fall due. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

The financial statements are prepared under the historical cost convention stated in US\$ which is the functional currency of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in US\$ which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The Directors of the Company believe that the US\$ most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company. The Company operates in the aviation sector within which most global operations are transacted in US\$.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These include estimates of expected credit losses as outlined in note 11(a). 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 financial period in which the estimate is revised if the revision affects only that financial period or in the financial period of the revision and future financial periods if the revision affects both current and future financial periods.

(e) Applying the small companies regime

These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime (Section 444(5)) under the Companies Act 2006. The Company was subject to an audit where;

- The auditor's report was unqualified;
- The audit was carried out by KPMG and signed by Karen Conboy as senior statutory auditor.

3. Significant accounting policies

(a) Adoption of new and revised accounting standards

A brief outline of the IFRSs which were issued by the IASB effective for financial periods beginning on or after 1 January 2018 and have been early adopted in the financial statements is as follows:

Notes to the financial statements

IFRS 9: Financial instruments – addresses, the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 replaces IAS 39 in its entirety.

This final version of IFRS 9 includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the incurred loss impairment model used today.

IFRS 9 has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income and fair value through profit or loss. Classification under IFRS 9 for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flow represents solely payments of principal and interest. An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as financial assets at amortised cost (debt instruments)

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Statement of Financial Position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Notes to the financial statements

Impairment of financial assets

The Company recognises an allowance for Expected Credit Losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or credit enhancements that are integral to the contractual terms.

ECLs are recognised under either a simplified or general approach, dependent on the nature of the related financial asset.

Under the general approach, ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its credit loss experience to date, adjusted for forward looking factors specific to the debtors and the economic environment.

A brief outline of the likely impact on future financial statements of IFRSs which is issued by the IASB but not yet effective and have not been adopted in the financial statements is as follows:

IFRS 16: Leases - introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Company does not envisage IFRS 16 to have a material impact on its operations as they do not plan to acquire any aircraft with the purpose of leasing.

(b) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand, short-term deposits with a maturity date of three months or less, which are subject to an insignificant risk of changes in value and restricted cash. Cash and cash equivalents are carried at amortised cost.

(c) Revenue from contracts with customers

IFRS 15 has been early adopted by the Company. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised when a customer obtains control over the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Revenue for ongoing service contracts is recognised on the performance of service obligations over the period in which the service is provided based on time lapsed or stage of completion.

Notes to the financial statements

Certain service offerings of the Company involve a point in time service delivery, in which case revenue is recognised immediately on performance of the underlying service obligation.

(d) Trade and other receivables/Trade and other payables

Debtors are recognised initially at transaction price less associated transaction costs. Creditors are recognised initially at transaction price plus associated 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.

Under IFRS 9 an entity may use practical expedients when measuring the expected credit losses of certain financial assets including trade receivables, contract assets and lease receivables. This simplified approach has been applied to the financial assets of the Company held at amortised cost. We have therefore developed a provision matrix based on available data and credit loss experience.

(e) Operating income and expenses

All operating expenses are accounted for on an accruals basis.

(f) Taxation

Income tax expense comprises current tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial period, using tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date, and adjustments to tax payable in respect of previous financial periods.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different financial periods for tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in the financial periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is not discounted.

(g) Foreign currency transactions

Foreign currency transactions during the financial period are translated into US\$ at the exchange rates ruling at the transaction dates. Monetary items denominated in foreign currencies are retranslated at rates prevailing at each reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the profit and loss account.

(h) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as deduction from the proceeds, net of tax.

Notes to the financial statements

(i) Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Income Statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Income Statement on a straight-line basis over the lease term.

(k) Fair value measurement policy

Under IFRS 13 fair Value Measurement, the fair value of a financial asset and liability is the amount at which it could be exchanged in an arm's length transaction between informed willing parties, other than in a forced sale or liquidation.

The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted process included within Level 1 that are observable for the asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of the financial assets and liabilities of the Company are also deemed to be a reasonable approximation of their fair value.

Airborne Serviceco UK Limited**Notes to the financial statements****4. Employees**

The Company has five employees.

5. Cash and cash equivalents

	31-Dec-18
	US\$
Cash and cash equivalents	776,060
	<u>776,060</u>

The Company's cash balances are held with Barclays Bank plc, which are rated A2 based on long-term Moody's ratings.

6. Trade and other receivables

	31-Dec-18
	US\$
Deposits receivable	41,501
Management fee receivable related party	160,549
Other receivables	28,914
Prepaid expenses	51,157
	<u>282,121</u>

7. Trade and other payables

	31-Dec-18
	US\$
Other payables	116,105
Corporation tax payable	46,671
	<u>162,776</u>

8. Called up share capital and reserves

	31-Dec-18
	US\$
Authorised called up share capital	
100 shares of GBP 1 each	<u>133</u>
Issued and fully paid	
1 shares of GBP 1 each	<u>1</u>
	<u>1</u>

Notes to the financial statements**9. Obligations under operating leases**

	31-Dec-18
	US\$
Not later than one year	440,832
After one year but not more than five years	110,208
After five years	<u>551,040</u>

10. Ownership of the Company

The Company's parent undertaking is Airborne Capital Limited ("Airborne"), a company incorporated in the Republic of Ireland. Airborne has no single controlling party. Each of Fexco and the management team (represented through Airway Partnership LLP) have equal shareholding of 42.5% in Airborne. Fexco having their registered office at Fexco Centre, Iveragh Road, Killorglin, Co.Kerry and Airway Partnership LLP at Minster House 42 Mincing Lane, 7th Floor, London. The remaining 15% shareholding is held by Natixis Investment Managers Innovation.

11. Financial risk management

The principal risks arising from the Company's financial instruments are credit, market, liquidity and operational risk. The Company has established policies for managing these risks as outlined below.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's lease management debtors. The Company operates as a provider of lease management, lease origination and lease arrangement advisory services to investors in the sector. Its ability to succeed is partially dependant on the financial strength of its customers and their ability to operate effectively in the market place and manage the competitive environment in which they operate. If a customer experiences financial difficulties this may result in defaults. The Directors mitigate this risk by putting in place appropriate settlement conditions in the event of default and in addition arrangement service fees are paid on the closing of the transaction.

An impairment analysis, as outlined in Note 3 (a), is performed at each reporting date using a provision matrix to measure expected credit losses for all debt instruments not held at fair value through profit or loss.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31-Dec-18
	US\$
Cash and cash equivalents	776,060
Management fee receivable related party	160,549
Other receivables (a)	28,914
Deposit receivable	<u>41,501</u>
	<u>1,007,024</u>

(a) Other receivables are non-interest bearing and are repayable as per the terms on the individual contracts.

Airborne Serviceco UK Limited**Notes to the financial statements***Expected credit loss assessment*

The Company uses a provision matrix to measure the expected credit loss ("ECLs") of trade receivables and cash and cash equivalents based on available data experience to date.

Default rates are estimated based on experience and expectations as to future collectability.

Basis -Days over due	Current	1 to 30	31 to 60	61 to 90	90 or more
Default rate	0.30%	1.60%	3.60%	6.60%	10.60%
Other receivables	28,914	-	-	-	-
Lease management fee income receivable	160,549	-	-	-	-
Deposit receivable	41,501				
Lifetime ECL	693	-	-	-	-
Credit impaired	No	N/A	N/A	N/A	N/A

The Company allocates cash and cash equivalents to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings and available press information about financial institutions) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Basis - Moody's rating long term	A/B rated	C rated	D rated	E rated
Default rate	0.30%	10.00%	20.00%	25.00%
Cash and cash equivalents	776,060	-	-	-
Lifetime ECL	2,328	-	-	-
Credit impaired	No	N/A	N/A	N/A

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

Currency risk

The Company has a minimum exposure to foreign exchange risk as the majority of transactions are denominated in US\$.

Interest rate risk

Interest rate risk is the risk of variability in value of an interest bearing financial instrument such as a loan or a bond due to variability of interest rates.

The Company does not have any interest bearing financial liabilities. Interest on cash and cash equivalents is not considered material. As such the Company is not exposed to significant interest rate risk.

Airborne Serviceco UK Limited

Notes to the financial statements

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity risk is low as the Company is essentially funded by the Parent and the majority of financial liabilities are payable to the Parent;

	US\$ Carrying Amount	US\$ Contractual Cash flows	US\$ Within 1 year	US\$ Over 5 years
Payable to related parties	555,063	(555,063)	(555,063)	-
Other payables	162,776	(162,776)	(162,776)	-
Total	717,839	(717,839)	(717,839)	-

Operational risk

The Company was incorporated with the purpose of engaging in those activities outlined in the Directors' Report. All administration functions are outsourced to third party providers.

12. Related party transactions

Company membership

The Company's ultimate parent undertaking, which presents consolidated financial statements and which includes the Company's position is Airborne Capital Limited.

Please see details below of the related party transactions entered into during the financial period.

	31-Dec-18
	US\$
Payable to Parent	555,063
	<u>555,063</u>

During the financial period the Company received funds from Airborne Capital Limited. The purpose of these funds was to enable the Company to incur initial operational expenditure. This amount is non-interest bearing and was repaid in February 2019.

The Company also provides management services to its Parent. During the financial period the Company earned management fees of US\$ 2,839,335. At the end of the financial period an amount of US\$ 160,549 fee was receivable for these services.

During the financial period the Company received a capital contribution of US\$141,375 from Airborne Capital Limited. All related party transactions were conducted at arm's length.

13. Subsequent events

There have been no other significant events since the balance sheet date which require disclosure in these financial statements.

14. Commitments and Contingent Liabilities

The Directors were not aware of any other commitments or contingent liabilities. The members of the Company have no long term contracts other than those with their service providers.

15. Approval of the financial statements

The financial statements were approved by the Board and authorised for issue on 7 May 2019.