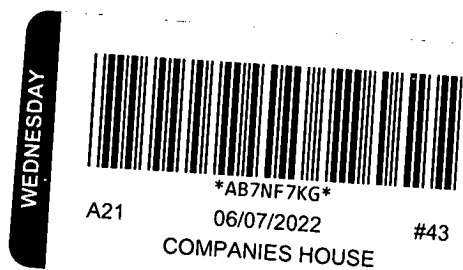


REGISTERED NUMBER: 12279296 (England and Wales)

Report of the Directors and
Financial Statements
for the year
ended 31 December 2021
for
ATHENA AVIATION LEASING UK LIMITED
“the Company”



ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Contents of the Financial Statements
for the year ended 31 December 2021

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ATHENA AVIATION LEASING UK LIMITED

Company Information
for the year ended 31 December 2021

Directors:	Mr. M Craig (Non-executive) Mr L F Moore (Non-executive)
Secretary:	Vistra Cosec Limited First Floor, Templeback 10 Temple Back Bristol VBS1 6FL
Registered office:	Suite 1, 3rd Floor 11-12 St James's Square London SW1Y 4LB
Registered number:	12279296 (England and Wales)
Auditors:	KPMG 85 South Mall Cork Ireland T12 KXV9
Bankers:	Citibank 1 North Wall Quay Dublin 1
Solicitors:	Walkers Ireland LLP 5th Floor The Exchange George's Dock IFSC Dublin 1
Managing agent:	Fexco Aviation Services Ltd Suite 315, Airport House Shannon Free Zone, Shannon Co Clare, Ireland
Servicer:	Airborne Capital Limited Ground Floor Universal House Shannon Industrial Estate Shannon, Co. Clare, Ireland

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Report of the Directors
for the year ended 31 December 2021

The directors present their annual directors' report and financial statements for Athena Aviation Leasing UK Limited (the "Company") for the financial year to 31 December 2021 (the "Year").

Incorporation

The company was incorporated on 24 October 2019.

The company is a wholly owned subsidiary of Athena3 Aviation Leasing Limited, a company incorporated in Ireland. The ultimate parent company is Tailwind 2019-1 Limited, a company incorporated in The Cayman Islands.

Principal activity

The principal activity of the company in the year under review was that of leasing aircraft on a LILO (Lease in Lease out) basis whereby one aircraft owned by the Parent company Athena3 Aviation Leasing Limited, is subleased to a Japanese company by the Company. 99% of the revenue billed to the lessee is returned to the Parent company.

The aircraft are managed by a third-party servicer, Airborne Capital Limited ("Airborne"). During the year, the Company leased one aircraft which is owned by the company's 100% parent, Athena3 Aviation Leasing Limited.

The Company reported a profit for the financial year after taxation of \$1,231 (2020: \$7,614). The net assets at 31 December 2021 are \$8,846 (2020: \$7,615). The aircraft is still on lease at year end and there was no lease termination during the year or at the date of signing the financial statements. The key performance indicators used by management to monitor performance are as follows:

- Operating profit
- Number of aircraft on the ground

The Directors expect the principal activities to continue for the foreseeable future and will continue to review and seek business opportunities for the Company.

Directors

The directors who held office at any stage throughout the year are outlined on Page 1.

The directors who held office at 31 December 2021 had no interests in the share capital of the Company or other Group Companies at that date or during the year.

Transactions involving Directors

There were no loans advanced to the Directors at any time during the financial year (2020: \$Nil). There were no contracts or arrangements in relation to the business of the Company in which the Directors had any interest at any time during the financial year to 31 December 2021 (2020: \$Nil).

Employees

The Company does not have any employees except directors (2020: Nil), who do not receive remunerations (2020: \$Nil).

Financial instruments

The Company's financial instruments comprise of creditors that arise directly from its operations. See further details in the related notes.

Political donations and expenditure

During the year, no political and charitable donations were made by the Company (2020: \$Nil).

Brexit

Directors continue to monitor and assess the impact of Brexit on the activities of the Company.

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Report of the Directors
for the year ended 31 December 2021

Results and dividends

The Statement of Profit or Loss and Other Comprehensive Income for the Financial Year and the Statement of Financial Position at 31 December 2021 are set out on page 10 and 11, respectively.

The directors do not recommend payment of a dividend in respect of the period ended 31 December 2021 (2020: \$Nil).

Going concern

The Directors continue to have a reasonable expectation that the Company has adequate resources to continue in operation for at least the next twelve months and that the going concern basis of preparation remains appropriate.

COVID 19 has resulted in Governments at various times during the pandemic imposing severe travel restrictions, affecting commercial airline traffic and the financial condition of the aviation industry. Whilst there were several positive signs in 2021, including the lifting of travel restrictions in many countries towards the end of 2021, the industry is still in transition to normality. The continued successful manufacture and distribution of vaccines is an important factor for the speed of this recovery.

The lessee, who leased the aircraft from the Company did not go bankrupt or enter into administration (or similar arrangements) during the period or since period end.

The Company has no aircraft that is aircraft on ground (AOG) at period end. An aircraft is considered grounded if it is flown less than fifteen hours in any given month. The aircraft is not due to come "off-lease" during the next twelve months.

There is still uncertainty over how the future development of the Covid-19 outbreak will impact the Company's airline customer and the Company itself as a consequence. The Managing Agent (on behalf of the Directors) has modelled a number of different scenarios considering a period of at least twelve months from the date of approval of these financial statements. The assumptions modelled are based on the estimated potential impact of the ongoing COVID-19 restrictions and expected levels of performance by the Company's airline customer under their respective lease agreements. Under this base case scenario, the Company is expected to continue to have sufficient resources to continue as a going concern for a period of twelve months from the date of approval of these financial statements.

Principal risks and uncertainties

The Company is subject to the following risks and uncertainties:

- Credit risk;
- Concentration risk;
- Market risk;
- Liquidity risk;
- Foreign exchange risk;
- Impact of Covid-19

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The risk management policies employed by the Company are discussed in note 17.

Subsequent events

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 operating in Russia or Belarus. They are also not aware of any of their aircraft operating in routes which would involve them entering the airspace of Russia or Belarus. However, given the broad nature of the sanctions, the Global nature of the aviation industry and the potential for other impacts to emerge, the Directors continue to actively monitor the situation.

There have been no other significant events subsequent to the financial period end that would require adjustment or disclosure in these financial statements.

Future developments

The Directors expect the principal activities to continue for the foreseeable future and will continue to review and seek business opportunities for the Company.

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Report of the Directors
for the year ended 31 December 2021

Statement as to disclosure of information to auditors


So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, KPMG, will continue in office.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board:

DocuSigned by:


.....ET404B5E3B5847E.....
Mr. M Craig - Director

Date: 30 June 2022

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Statement of Directors' Responsibilities
for the year ended 31 December 2021

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 they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of
Athena Aviation Leasing UK Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Athena Aviation Leasing UK Limited ("the Company") for the year ended 31 December 2021 set out on pages 10 to 27, which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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.

Independent Auditors' Report to the Members of
Athena Aviation Leasing UK Limited

Report on the audit of the financial statements (continued)

Conclusions relating to going concern (continued)

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 the date when the financial statements are authorised for issue.

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company, is not subject to other laws and regulations where the consequences of non compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Independent Auditors' Report to the Members of
Athena Aviation Leasing UK Limited

Report on the audit of the financial statements (continued)

Detecting irregularities including fraud (continued)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non compliance and cannot be expected to detect non compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements; and
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

Independent Auditors' Report to the Members of
Athena Aviation Leasing UK Limited

Report on the audit of the financial statements (continued)

Matters on which we are required to report by exception (continued)

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

XX June 2022

Karen Conboy
for and on behalf of
KPMG Statutory Auditor
85 South Mall
Cork

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2021

	<i>Note</i>	Year ended 31 December 2021 \$	Period ended 31 December 2020 \$
CONTINUING OPERATIONS			
Revenue	3	44,161	25,025
Administrative expenses	6	(42,641)	(28,324)
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)		1,520	(3,299)
Finance income	5	-	12,699
		<hr/>	<hr/>
PROFIT BEFORE INCOME TAX	6	1,520	9,400
Income tax	7	(289)	(1,786)
		<hr/>	<hr/>
PROFIT FOR THE YEAR/PERIOD		1,231	7,614
Other comprehensive income		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		1,231	7,614
		<hr/>	<hr/>

The notes form part of these financial statements

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Statement of Financial Position
31 December 2021

	<i>Note</i>	31 December 2021 USD	31 December 2020 USD
ASSETS			
CURRENT ASSETS			
Trade and other receivables	8	1,512	19,665
Cash and cash equivalents	9	519,138	178,928
		<u>520,650</u>	<u>198,593</u>
TOTAL ASSETS		<u>520,650</u>	<u>198,593</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	10	1	1
Retained earnings	11	8,845	7,614
		<u>8,846</u>	<u>7,615</u>
TOTAL EQUITY		<u>8,846</u>	<u>7,615</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	511,515	189,192
Tax payable		289	1,786
		<u>511,804</u>	<u>190,978</u>
TOTAL LIABILITIES		<u>511,804</u>	<u>190,978</u>
TOTAL EQUITY AND LIABILITIES		<u>520,650</u>	<u>198,593</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2022 and were signed on its behalf by:

DocuSigned by:

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Mr. M Craig - Director

The notes form part of these financial statements

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital \$	Retained earnings \$	Total equity \$
Balance at 1 January 2021	1	7,614	7,615
Total comprehensive income	-	1,231	1,231
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	1	8,845	8,846
	<hr/>	<hr/>	<hr/>

In respect of the prior financial period:

	Called up share capital \$	Retained earnings \$	Total equity \$
Changes in equity			
Issue of share capital	1	-	1
Total comprehensive income	-	7,614	7,614
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	1	7,614	7,615
	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Statement of Cash Flows
for the year ended 31 December 2021

	<i>Note</i>	Year ended 31 December 2021	Period ended 31 December 2020
		\$	\$
Cash flows from operating activities			
Cash generated from operations	15	340,210	166,228
		<u>340,210</u>	<u>166,228</u>
Cash flows from investing activities			
Interest received		-	12,699
Net cash from investing activities		<u>-</u>	<u>12,699</u>
Cash flows from financing activities			
Share issue		-	1
Net cash from financing activities		<u>-</u>	<u>1</u>
Increase in cash and cash equivalents		340,210	178,928
Cash and cash equivalents at beginning of year/period	16	178,928	-
Cash and cash equivalents at end of year/period	16	519,138	178,928

The notes form part of these financial statements

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements
for the year ended 31 December 2021

1. **Statutory information**

Athena Aviation Leasing UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the US Dollar (\$).

The principal activity of the company in the year under review was that of leasing aircraft on a LILO (Lease in Lease out) basis whereby one aircraft owned by the Parent company Athena3 Aviation Leasing Limited, is subleased to a Japanese company by the Company. 99% of the revenue billed to the lessee is returned to the Parent company.

2. **Accounting policies**

Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

The accounting policies set out below have, unless otherwise stated, been applied consistency to all periods presented in these financial statements.

Going concern

The Directors continue to have a reasonable expectation that the Company has adequate resources to continue in operation for at least the next twelve months and that the going concern basis of preparation remains appropriate.

COVID 19 has resulted in Governments at various times during the pandemic imposing severe travel restrictions, affecting commercial airline traffic and the financial condition of the aviation industry. Whilst there were several positive signs in 2021, including the lifting of travel restrictions in many countries towards the end of 2021, the industry is still in transition to normality. The continued successful manufacture and distribution of vaccines is an important factor for the speed of this recovery.

The lessee, who leased the aircraft from the Company did not go bankrupt or enter into administration (or similar arrangements) during the period or since period end.

The Company has no aircraft that is aircraft on ground (AOG) at period end. An aircraft is considered grounded if it is flown less than fifteen hours in any given month. The aircraft is not due to come "off-lease" during the next twelve months.

There is still uncertainty over how the future development of the Covid-19 outbreak will impact the Company's airline customer and the Company itself as a consequence. The Managing Agent (on behalf of the Directors) has modelled a number of different scenarios considering a period of at least twelve months from the date of approval of these financial statements. The assumptions modelled are based on the estimated potential impact of the ongoing COVID-19 restrictions and expected levels of performance by the Company's airline customer under their respective lease agreements. Under this base case scenario, the Company is expected to continue to have sufficient resources to continue as a going concern for a period of twelve months from the date of approval of these financial statements

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

2. **Accounting policies - continued**

Estimates and judgements

The preparation of the financial statements in conformity with IFRS requires Directors to make judgements, estimates and assumptions, adjusted to take account of the current Covid environment, that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on various 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 period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and judgements:

Information about assumptions, estimates and judgements at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Deferred tax assets/liabilities

Judgement:

The Company's accounting policy is to recognise deferred tax assets to the extent that they are recoverable in future periods under IAS 12. Athena5 considers forecast cash flows in assessing the recoverability of deferred tax assets but exercise judgement in determining whether to recognise such assets given that the long-lived nature of its assets increases the estimation uncertainty in the assessment of recoverability.

Expected credit loss (ECL)

Estimates:

ECL is detailed under the financial instruments heading below. The Company exercises judgement in applying credit risk ratings to the various lessees and estimates percentage recoverability of the receivables at period end based on these risk ratings, security deposits available and whether any receivables have been recovered post-period end. Based on these factors, the Company will determine the ECL amount to be provided for.

As discussed in the accounting policy, the Company measures loss allowances for trade receivables at an amount equal to lifetime ECLs ("Expected Credit Loss"). Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument. In the absence of Covid-19, the recoverability of receivables would not ordinarily give rise to a significant estimate in an aircraft leasing securitisation. However, given the backdrop of the COVID-19 pandemic and an accumulation of overdue lease rentals from lessees it is likely that the recoverability of receivables will constitute a significant estimate at 31 December 2021. Some of the factors considered in estimating the recoverability of trade receivables, both qualitative and quantitative are but not limited to: EBITDAR margin of lessees, liquidity to revenues, debt to capital ratios, market position of the airline, level of support available to the airline, market competition. These factors as well as others are reviewed in determining a weighting to be applied to set the credit risk rating for lessee which is used to determine the level of ECL to be applied. Forward looking information has also been considered in determining the level of ECL to be applied.

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

2. **Accounting policies - continued**

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are measured and carried at amortised cost.

Classification and subsequent measurement of financial liabilities

Issued financial instruments or their components will be classified as liabilities where the substance of the contractual arrangement results in the Company having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash for a fixed number of equity shares.

Financial liabilities are initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred.

Financial liabilities are subsequently measured at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Expected credit loss

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

2. Accounting policies - continued

Revenue recognition

The rental received under an operating lease is recorded on a straight-line basis over the lease term, even if the payments are not made on such a basis. In most contracts the lessee also has an obligation to pay supplemental rentals based on utilisation of the leased asset. This supplemental rental is held as a maintenance provision by the Company. The Company reimburses the lessee for all maintenance payments made by way of reducing the maintenance provisions amount for a qualifying event. At the end of the lease, any excess maintenance provisions not reimbursed to the lessee is recognised as revenue by the Company. Lease rentals received in advance are deferred and recognised in the year to which they relate. For past-due rentals on all leases, an impairment provision may be established on the basis of management's assessment of collectability and to the extent such past-due rentals exceed related security deposits held. Impairment charges are expensed through profit or loss and included in lease revenue. Operating income comprises of lease rental income which is recognised in the statement of comprehensive income on a straight-line basis over the lease term. Supplement rent is recognised as income when there is sufficient evidence to view it as earned. Given the uncertainty related to revenue recognition related to future utilisation and maintenance expenditure, the Company records supplemental rentals as income on the expiry of the lease when the contracted obligation to make any collected maintenance provisions available to the lessee has expired. Athena Aviation Leasing UK Limited facilitates lease in and lease out agreements. The rental received under these agreements ultimately belongs to the parent company, Athena3 Aviation Leasing Limited. The subsidiary company, Athena Aviation Leasing UK Limited, must pay this rental to the lessor, less 1%. As such Athena Aviation Leasing UK Limited is acting in an agent capacity and revenue is recognised on a net basis.

Finance income and finance costs

Finance income comprises lessee interest income. Interest income is recognised as it accrues in the Statement of Profit or Loss and Other Comprehensive Income, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

2. Accounting policies - continued

Foreign currency translation**Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in US Dollar ("\$"), which is the Company's functional and presentation currency. The directors of the Company believe that USD most faithfully represents the economic effects of the underlying transactions, events and conditions.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the remaining economic life of the asset.

New standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company is currently assessing the impact of these standards. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

A number of new standards are effective for annual periods after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

	Effective date
IAS 37 Onerous contracts - cost of fulfilling a contract	01/01/2022
IFRS Annual improvements to IFRS Standards 2018-2020	01/01/2022
IAS 16 Property, plant and equipment: proceeds before intended use	01/01/2022
IFRS 3 Reference to the conceptual framework	01/01/2022
IFRS 17 Insurance contracts	01/01/2023
IAS 1 Classification of liabilities as current or non-current	01/01/2023
IFRS 17 Amendments to IFRS 17	01/01/2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01/01/2023
Definition of Accounting Estimates (Amendments to IAS 8)	01/01/2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	
-Amendments to IAS 12 Income Taxes	01/01/2023

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

3. Revenue

Revenue from sub-letting on lease-in-lease-out ("LILO") rental agreements

Revenue of \$44,161 (2020: \$25,025) represents the net amount of lease income receivable as an agent. Lease rental is derived mainly from sub-leasing commercial aircraft to various operators around the world. The Company has one lease-in-lease-out ("LILO") rental agreement in place whereby the aircraft owned by the Parent Company are subleased by the Company. 99% of the rentals earned are returned to the Parent company.

	Year to 31 December 2021 \$	Period from 24 October 2019 to 31 December 2020 \$
Lease income	4,416,110	2,502,462
Lease expense	(4,371,949)	(2,477,437)
	<u>44,161</u>	<u>25,025</u>

The distribution of lease rental income by country, based on airline location, is as follows:

2021	%	\$
Japan	100	44,161
2020	%	\$
Japan	100	25,025

The following is a schedule for contracted future rentals receivable, by year, on operating leases as of 31 December 2021.

	31 December 2021 Gross \$	31 December 2021 Net \$	31 December 2020 Gross \$	31 December 2020 Net \$
Within one year	2,736,018	27,360	4,416,110	44,161
1-2 year	2,400,000	24,000	3,534,027	35,340
2-3 year	2,400,000	24,000	3,240,000	32,400
3-4 year	1,200,000	12,000	3,240,000	32,400
4-5 year	-	-	1,620,000	16,200
After 5 years	-	-	-	-
	<u>8,736,018</u>	<u>87,360</u>	<u>16,050,137</u>	<u>160,501</u>

4. Employees and directors

There were no staff costs for the period ended 31 December 2021 (2020: \$Nil).

	Year to 31 December 2021 \$	Period from 24 October 2019 to 31 December 2020 \$
Directors' remuneration	-	-

5. Finance income

	Year to 31 December 2021 \$	Period from 24 October 2019 to 31 December 2020 \$
Interest income from lessees	-	<u>12,699</u>

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

6. Profit before income tax

Administration expenses

	Year to 31 December 2021 \$	Period from 24 October 2019 to 31 December 2020 \$
Legal and professional fees	26,049	6,486
Audit fees	12,859	6,132
Other expenses including bank charges	3,573	15,839
Foreign exchange difference	160	(133)
	<u>42,641</u>	<u>28,324</u>

7. Income tax

Analysis of tax expense

	Year to 31 December 2021 \$	Period from 24 October 2019 to 31 December 2020 \$
Current tax:		
Tax	289	1,786
Total tax expense in statement of profit or loss and other comprehensive income	<u>289</u>	<u>1,786</u>

Reconciliation of total tax charge included in profit and loss

Profit before tax	1,520	9,400
Profit multiplied by the standard rate of corporation tax in the UK of 19%	<u>289</u>	<u>1,786</u>

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. The Corporation Tax main rate for non-ring-fenced profits will be increased to 25% applying to profits over £250,000. A small profit rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

8. Trade and other receivables

	31 December 2021 \$	31 December 2020 \$
Current:		
Amounts due from group undertakings	-	19,092
VAT	480	48
Prepayments	1,032	525
	<u>1,512</u>	<u>19,665</u>

The amounts due from group undertakings are unsecured, interest free and repayable on demand.

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

9. Cash and cash equivalents

	31 December 2021	31 December 2020
	\$	\$
Bank accounts	519,138	178,928

The Company manages its exposure to credit risk by placing cash with recognised financial institution. The Standard and Poor credit ratings of the counterparties are as follows at 31 December 2021:

Citibank Europe PLC

Short term

A-1

10. Called up share capital

Allotted, issued and fully paid:

31 December 2021

Number:	Class:	Nominal value:	\$
1	Ordinary	\$1	1

31 December 2020

Number:	Class:	Nominal value:	\$
1	Ordinary	\$1	1

1 Ordinary share of \$1 was allotted and fully paid for cash at par during the prior period.

11. Reserves

	31 December 2021	31 December 2020
	\$	\$
Opening balance	7,614	-
Profit for the period	1,520	7,614
At 31 December	9,134	7,614

12. Trade and other payables

	31 December 2021	31 December 2020
Current:	\$	\$
Accrued expenses	7,757	7,438
Deferred income	2,821	2,821
Amounts due to group undertakings	349,761	-
Other creditors	151,176	178,933
	511,515	189,192

13. Ultimate parent company

The company is a wholly owned subsidiary of Athena3 Aviation Leasing Limited, a company incorporated in Ireland. The ultimate parent company is Tailwind 2019-1 Limited, a company incorporated in The Cayman Island.

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

14. Related party disclosures

The Company considers the Board of Directors and Airborne as related parties. Airborne act as Servicer to the Companies within the Group and also holds investment in the Group.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity. Key management personnel for the Company are the Board of Directors. The Directors did not receive compensation for acting as Directors to the Company during the period.

During the financial period, 99% of the rental income amounting to \$4,371,949 (2020: \$2,477,437) from leasing an aircraft was returned to the Parent company Athena3 Aviation Leasing Limited on a lease in lease out basis. The amounts due to the Parent company at year end is \$349,761 (2020 amounts due: \$19,092).

The Company also considers the other Companies which are owned by Tailwind 2019-1 Limited as related parties. The following are the Companies within the Tailwind Group:

Tailwind 2019-1 Limited	Cayman Islands	Aircraft Leasing
Zeus 2 Aviation Limited	Ireland	Aircraft Leasing
Tailwind 2019-1 USA LLC	USA	Aircraft Leasing
Rosette Aviation DAC	Ireland	Letter of credit management
Athena1 Aviation Leasing Limited	Ireland	Aircraft Leasing
Athena2 Aviation Leasing Limited	Ireland	Aircraft Leasing
Athena3 Aviation Leasing Limited	Ireland	Aircraft Leasing
Athena5 Aviation Leasing Limited	Ireland	Aircraft Leasing
Athena France SAS	France	Aircraft Leasing

Tailwind issued an E-Note and considers the following as a related party:

Helios Aviation Limited	Cayman Islands	Aircraft Leasing
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15. Reconciliation of profit before income tax to cash generated from operations

	31 December 2021	31 December 2020
	\$	\$
Profit/(loss) before tax	1,520	(3,299)
Decrease/(increase) in trade and other receivables	18,153	(19,665)
Increase in trade and other payables	322,323	189,192
Tax paid	(1,786)	-
Cash generated from operations	340,210	166,228

16. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	31 December 2021	31 December 2020
	\$	\$
Cash and cash equivalents	<u>519,138</u>	<u>178,928</u>

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

17. **Financial instruments and risk management**

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

Risk management processes incorporate the regular and continuing analysis of trading operations and performance and the monitoring of capital adequacy and asset valuations. This note seeks to further describe the key business and financial instrument risks faced by the Company and the policies and procedures used to mitigate these risks.

The Company's activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most significant types of financial risk to which the Company is exposed are credit risk, interest rate, currency risk and liquidity risk.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Company are discussed below.

The Company has exposure to the following risks:

- Credit risk;
- Concentration risk;
- Market risk;
- Liquidity risk;
- Foreign exchange risk;
- Impact of Covid-19

(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 receivables from customers. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

The Company operates as a lessor to airline companies. The airline industry is cyclical, economically sensitive and highly competitive. A key determinant of the Company's success and its ability to manage its exposure to credit risk is the ability of its airline-lessee customers to react to and to cope with the competitive environments in which they operate. If a customer experiences financial difficulty this may result in defaults or the early termination of leases. The directors mitigate this risk by putting in place appropriate settlement conditions in the event of default or early termination of a lease by the lessee, and/or collecting cash security from the lessee.

The Company's exposure to credit risk arising from its leasing arrangements with its airline customers is influenced by the strategic, financing and operating characteristics of each airline-lessee customer. The Board, with input from the Servicer, considers these characteristics and other factors that may affect the credit risk of its airline-lessee customer base including risk associated with the country, countries and/or geographic regions in which they operate.

The Servicer analyses and assess the creditworthiness of existing and new airline-lessee customers of the Company. This analysis includes consideration of external ratings (where available), financial statements, industry and other information.

The Board, with input from the Servicer, has actively monitored the impact that the COVID-19 pandemic has had on its airline-lessee customers. None of the lessees who leased aircraft from the Company went bankrupt or entered into administration (or similar arrangements) during the year or since period end.

The company operates on a LILO (Lease in Lease out) basis whereby one aircraft owned by the Parent company Athena3 Aviation Leasing Limited, is subleased to a Japanese company by the Company. 99% of the revenue billed to the lessee and 100% of the supplemental rents is returned to the Parent company therefore the Parent Company bears the main credit risk.

Trade receivables are immaterial at year end and therefore no expected credit loss provision is required.

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

17. Financial instruments and risk management (continued)

Expected Credit Loss for airline-lessee customers

The Company with input from the Servicer and Managing Agent assigns a credit rating to each airline-lessee customer that it has determined to be predictive of the risk of loss (having considered collateral arrangements (security deposits & letter of credit), external ratings (where available), financial result & position of the airline-lessee customer (based on audited and/or managed accounts where available) and the experienced credit judgment of the Servicer. Credit ratings are determined using both qualitative and quantitative factors including but not limited to EBITDAR margin of lessees, liquidity to revenues, debt to capital ratios, market position of the airline, level of support available to the airline, market competition, that are indicative of the risk of default. No credit loss has been provided for lessees which have deferral agreements in place and are paying in line with those agreements. The lessee had a deferral agreement in place during the prior period and has completed making payments under the deferral terms by and has re-commenced making contractual payments. Credits are rated between one and ten, one being low risk, ten being highest risk with credit ratings assigned between 10% and 100% respectively.

The Company manages its exposure to credit risk by placing cash with recognised financial institution

(b) Concentration risk

Concentration risk is the risk that a high percentage of aircraft are on lease to a single lessee or region resulting in the returns on aircraft being less diverse and more correlated. The Company mitigates its exposure to this risk by adhering to the concentration limits under the terms of the Trust Indenture.

(c) 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.

The Company is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect the Company through a reduced demand for aircraft and/or reduced market rates, higher incidences of lessee default and aircraft on the ground all of which may require that the carrying value of the aircraft to be materially reduced. Interest rate risk and foreign exchange risk are managed through matching lease and debt payment profiles where possible.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations that are settled by delivering cash or another financial asset. The Company's objective when managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions (such as those currently being experienced as a consequence of the impact that the COVID-19 pandemic is having on the Company's airline-lessee customers), without incurring unacceptable losses or damaging the Company's reputation.

The Company expects to have sufficient liquidity available for a period of at least 12 months from the date of approval of these financial statements to enable it to meet all of its financial obligations that if not met would give rise to significant operational difficulties for the Company (e.g., payment of maintenance claims to airline-lessee customers).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

31 December 2021	Carrying amount USD	Contractual Cash flows USD	Less than one year USD	One to five years USD	Over five years USD
Trade and other payable	511,515	511,515	511,515	-	-
Tax payable	-	-	-	-	-
31 December 2020	Carrying amount USD	Contractual Cash flows USD	Less than one year USD	One to five years USD	Over five years USD
Trade and other payable	189,192	189,192	189,192	-	-
Tax payable	1,786	1,786	1,786	-	-

The Company's exposure to currency risk as at 31 December 2021 is not significant.

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

17. Financial instruments and risk management (continued)

(e) Foreign exchange risk

The principal assets and liabilities of the Company are denominated in USD, which is the functional currency of the Companies within the Company. Therefore, the Company has limited currency risk exposure.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The manages its exposure to currency risk by effectively matching its foreign currency assets and liabilities.

(f) Impact of Covid-19

The Company's financial performance is significantly impacted by the COVID-19 Pandemic. The virus continues to spread around the globe. The global financial markets reacted sharply to this pandemic, but much of this subsequently recovered. The pandemic has had a material impact on the aviation industry, and by extension the aircraft leasing sector. The Directors, in conjunction with the Managing Agent and the Servicer, continue to monitor the risk that the impact of COVID-19 may have on the activities of the Company as the industry recovers from the global pandemic.

18. Fair value estimation

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 and willing parties, other than in a forced sale or liquidation. The carrying value of cash and cash equivalents, restricted cash balances, trade receivables and trade payables are assumed to approximate their fair values. The Company measures fair values using the following fair value 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 prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) 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 financial instruments not measured at fair value through profit or loss are financial assets and financial liabilities whose carrying amounts approximate fair value. In relation to other assets and liabilities not carried at fair value but for which fair value is disclosed, these assets and liabilities have been classified at Level 2 of the hierarchy in accordance with IFRS13.

The Financial Instruments that were not measured at fair value as at 31 December 2021 are as follows:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD	Carrying value USD
Financial assets					
Other receivable	-	1,512	-	1,512	1,512
Cash and cash equivalents	519,138	-	-	519,138	519,138
	<u>519,138</u>	<u>1,512</u>	<u>-</u>	<u>520,650</u>	<u>520,650</u>
31 December 2020					
Financial assets					
Other receivable	-	19,665	-	19,665	19,665
Cash and cash equivalents	178,928	-	-	178,928	178,928
	<u>178,928</u>	<u>19,665</u>	<u>-</u>	<u>198,593</u>	<u>198,593</u>

19. Events after the financial period

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

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

19. Events after the financial period (continued)

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 operating in Russia or Belarus. They are also not aware of any of their aircraft operating in routes which would involve them entering the airspace of Russia or Belarus. However, given the broad nature of the sanctions, the Global nature of the aviation industry and the potential for other impacts to emerge, the Directors continue to actively monitor the situation.

There have been no other significant events subsequent to the financial period end that would require adjustment or disclosure in these financial statements.

20. Commitments and contingencies

Operating lease and lease commitments

The Company has entered into an operating lease with Athena3 Aviation Leasing Limited as well as operating sub-leases with Aircraft operators.

Operating lease rentals are charged to the profit and loss accounts and revenues from operating sub-leases is recognised as income as they accrue over the period of the respective leases.

Operating lease rentals receivable

One aircraft is leased on an operating lease to a lessee as at 31 December 2021 (2020: 1).

A schedule of contracted future rentals, on operating leases as of 31 December, is detailed below:

	31 December 2021	31 December 2021	31 December 2020	31 December 2020
	Gross	Net	Gross	Net
	\$	\$	\$	\$
Within one year	2,736,018	27,360	4,416,110	44,161
1-2 year	2,400,000	24,000	3,534,027	35,340
2-3 year	2,400,000	24,000	3,240,000	32,400
3-4 year	1,200,000	12,000	3,240,000	32,400
4-5 year	-	-	1,620,000	16,200
After 5 years	-	-	-	-
	<u>8,736,018</u>	<u>87,360</u>	<u>16,050,137</u>	<u>160,501</u>

There are no contingent rentals.

Operating leases -outgoing rentals

At December 31, the Company has commitments under Aircraft inward operating leases ("head leases") as follows:

	31 December 2021	31 December 2020
	\$	\$
Within one year	2,708,658	4,371,949
1-2 year	2,376,000	3,498,687
2-3 year	2,376,000	3,207,600
3-4 year	1,188,000	3,207,600
4-5 year	-	1,603,800
After 5 years	-	-
	<u>8,648,658</u>	<u>15,889,636</u>

ATHENA AVIATION LEASING UK LIMITED (REGISTERED NUMBER: 12279296)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

20. **Commitments and contingencies (continued)**

Foreign taxation

The international character of the Company's operations may expose the Company to taxation in certain countries. The position is kept under continuous review and provision would be made for known liabilities where it is probable that such liabilities will crystallise.

21. The financial statements were approved by the Board of Directors on 30 June 2022.