

**Macquarie Aerospace Finance 5951-2 Limited**

Company Registration Number 8705352

Directors' Report and Financial Statements  
for the financial year ended 31 March 2017



MACQUARIE

The Company's registered office is:  
66 Prescott Street  
London  
England  
E1 8NN  
United Kingdom

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# Macquarie Aerospace Finance 5951-2 Limited

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## 2017 Directors' Report and Financial Statements

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# Macquarie Aerospace Finance 5951-2 Limited

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## Directors' Report for the financial year ended 31 March 2017

In accordance with a resolution of the directors (the "Directors") of Macquarie Aerospace Finance 5951-2 Limited (the "Company"), the Directors submit herewith the financial statements of the Company and report for the financial year ended 31 March 2017.

As the Company meets the qualifying conditions under section 382 of the Companies Act 2006 (the "Act"), the Directors have taken advantage of the exemption provided in sections 414B (as incorporated into the Act by the Strategic Report and Directors' Report Regulations 2013) and 415A of the Act for the preparation of a Strategic Report.

### Directors and Secretaries

The Directors who each held office as a Director of the Company throughout the year and until the date of this report, unless disclosed below, were:

Gregg Macalister Walker  
John Robert Willingham  
Timothy Sebastian Durham

The Secretary who held office as a Secretary of the Company throughout the year and until the date of this report, unless disclosed otherwise, was:

Carter Backer Winter Trustees Limited

### Principal activity

The principal activity of the Company during the financial year ended 31 March 2017 was operating lease in and operating onward leasing of commercial aircraft.

### Results

The profit attributable to ordinary equity holders of the Company for the year ended 31 March 2017 was \$19,000 (for the period ended 31 March 2016: \$34,000).

### Dividends paid or provided for

No dividends were paid or provided for during the financial year (for the period ended 31 March 2016: \$nil).

### State of affairs

There were no significant changes in the state of the affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report.

### Events after the reporting period

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial year subsequent to 31 March 2017 not otherwise disclosed in this report.

### Likely developments, business strategies and prospects

The Directors believe that no significant changes are expected other than those already disclosed in this report.

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# Macquarie Aerospace Finance 5951-2 Limited

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## Directors' Report (continued) for the financial year ended 31 March 2017

### Creditor payment policy

It is the Company's policy to agree the terms of payment to creditors at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations.

### Indemnification and insurance of Directors

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The ultimate parent purchased and maintained throughout the financial year Directors' liability insurance in respect of the Company and its Directors.

### Financial risk management

Risk is an integral part of the Macquarie Group's businesses. The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk, interest rate risk and operational risk. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

As ultimately an indirect subsidiary of Macquarie Group Limited ("MGL"), the Company manages risk within the framework of the overall strategy and risk management structure of the Macquarie Group. RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of MGL. The Head of RMG is a member of the Executive Committee of MGL. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board of MGL.

The risks which the Company is exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

### Credit risk

Credit exposures, approvals and limits are controlled within the Macquarie Group's credit risk framework, as established by the RMG. Credit approvals are processed within this framework and limits are set in accordance with current practices. Daily monitoring occurs using the standard framework, with exposure information fed by the risk management system.

### Liquidity risk

Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively.

### Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include receivables from other Macquarie Group undertakings which earn a variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group undertakings which also incur a variable rate of interest.

### Foreign exchange risk

The Company has foreign exchange exposures which include amounts receivable from and payable to other Macquarie Group undertakings which are denominated in non-functional currencies. Any material non-functional currency exposures are managed by applying a group wide process of minimising exposure at an individual company level.

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# Macquarie Aerospace Finance 5951-2 Limited

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## Directors' Report (continued) for the financial year ended 31 March 2017

### Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "*Reduced Disclosure Framework*", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from these standards being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

### Disclosure of information to auditors

In the case of each Director in office at the date the Directors' Report is approved:

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

### Independent auditors

Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board

Director

21 Nov 2017

**Gregg Walker**  
Director

Director

21 Nov 2017

**Timothy Durham**  
Director



## ***Independent auditors' report to the members of Macquarie Aerospace Finance 5951-2 Limited***

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### **Report on the financial statements**

#### ***Our opinion***

In our opinion, Macquarie Aerospace Finance 5951-2 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### ***What we have audited***

The financial statements, included within the Annual Report, comprise:

- the Profit and loss account as at 31 March 2017;
- the Balance sheet for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### ***Other matters on which we are required to report by exception***

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#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### ***Directors' remuneration***

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, [www.pwc.com/ie](http://www.pwc.com/ie)*

Chartered Accountants



## ***Independent auditors' report to the members of Macquarie Aerospace Finance 5951-2 Limited - continued***

### ***Responsibilities for the financial statements and the audit***

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#### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Ivan McLoughlin**  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Auditors  
Dublin  
**21 November 2017**

# Macquarie Aerospace Finance 5951-2 Limited

## Financial Statements

### Profit and loss account for the financial year ended 31 March 2017

	Note	2017 \$'000	For the period 1 December 2014 to 31 March 2016 \$'000
Turnover	2	3,209	4,091
Other operating expenses	2	(3,177)	(4,050)
Administrative expenses	2	(5)	-
<b>Operating profit</b>		<b>27</b>	<b>41</b>
Interest receivable and similar income	3	129	1
Interest payable and similar charges	4	(132)	-
<b>Net interest (expense)/income</b>		<b>(3)</b>	<b>1</b>
<b>Profit on ordinary activities before taxation</b>		<b>24</b>	<b>42</b>
Tax on profit on ordinary activities	5	(5)	(8)
<b>Profit on ordinary activities after taxation</b>		<b>19</b>	<b>34</b>

The above profit and loss account should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

There were no other comprehensive income and expenses other than those included in the results above and therefore no separate statement of comprehensive income has been presented.



# Macquarie Aerospace Finance 5951-2 Limited

## Company Registration Number 8705352

### Balance sheet as at 31 March 2017

	Note	2017 \$'000	Restated <sup>1</sup> 2016 \$'000
<b>Current assets</b>			
Debtors	6	5,918	2,573
Creditors: amounts falling due within one year	7	(5,621)	(2,295)
<b>Net current assets</b>		<b>297</b>	<b>278</b>
<b>Total assets less current liabilities</b>		<b>297</b>	<b>278</b>
Creditors: amounts falling due after more than one year	8	(245)	(245)
<b>Net assets</b>		<b>52</b>	<b>33</b>
<b>Capital and reserves</b>			
Called up share capital presented as equity	9	-	-
Profit and loss account	10	52	33
<b>Total shareholders' funds</b>		<b>52</b>	<b>33</b>

<sup>1</sup>Refer to Note 1(xiii) – Comparatives for details on the prior year adjustment of related party balances and to Note 13 for further details.

The above balance sheet should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 21 Nov 2017 and were signed on its behalf by:

  
Director

**Gregg Walker**  
**Director**

  
Director

**Timothy Durham**  
**Director**

## Macquarie Aerospace Finance 5951-2 Limited

### Statement of changes in equity for the financial year ended 31 March 2017

	Note	Called up share capital presented as equity \$'000	Profit and loss account \$'000	Total shareholders' funds \$'000
Balance at 1 December 2014		-	(1)	(1)
Profit for the financial period	10	-	34	34
Other comprehensive income		-	-	-
Total comprehensive income		-	34	34
<b>Balance at 31 March 2016</b>		<b>-</b>	<b>33</b>	<b>33</b>
Profit for the financial year	10	-	19	19
Other comprehensive income		-	-	-
Total comprehensive income		-	19	19
<b>Balance at 31 March 2017</b>		<b>-</b>	<b>52</b>	<b>52</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

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# Macquarie Aerospace Finance 5951-2 Limited

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## Notes to the financial statements for the financial year ended 31 March 2017

### Note 1. Summary of significant accounting policies

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 66 Prescott Street, London, England, E1 8NN, United Kingdom.

#### i) Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006 (the "Act") as applicable to companies using FRS 101.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of European Union ("EU") adopted International Financial Reporting Standards ("IFRS").

The Company is a qualifying entity for the purposes of FRS 101. Note 16 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The principal accounting policies adopted in the preparation of these financial statements and that of the previous financial period are set out below. These policies have been consistently applied to all the financial year/period presented, unless otherwise stated.

In accordance with FRS 101 the Company has availed of an exemption from the following requirements of IFRS:

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of International Accounting Standards ("IAS") 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- the requirements of paragraphs 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets';
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation); and
- the requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.

#### ii) Critical accounting estimates and significant judgements

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes the estimates used in preparing the financial statements are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from our assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

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# Macquarie Aerospace Finance 5951-2 Limited

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## Notes to the financial statements (continued) for the financial year ended 31 March 2017

### Note 1. Summary of significant accounting policies (continued)

#### iii) Foreign currency translations

##### *Functional and presentation currency*

Items included in the financial statements of foreign operations are measured using the currency of the primary economic environment in which the foreign operation operates (the "functional currency"). The Company's financial statements are presented in United States Dollars ("\$") (the "presentation currency"), which is the Company's functional currency.

##### *Transactions and balances*

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

#### iv) Revenue and expense recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for each major revenue stream as follows:

##### *Turnover*

Turnover for the year comprises operating sublease income and supplemental rent.

##### *(a) Operating sublease income*

Operating sublease income consists of rental payments received in exchange for the lease of aircraft. A lease is classified as an operating lease where it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease income under fixed and floating rent leases is recorded as revenue on an accrual and straight-line basis, assuming no future changes in interest rates, over the non-cancellable term of the lease. If applicable, the contingent rent component, which is comprised of the variable rent for floating rate leases is based on future changes in the interest rates and is recognised through an increase or decrease in the rental of flight equipment revenue in the financial period when the change occurs.

The Company currently has a variable rent lease income on its aircraft.

All rental amounts received but unearned under the lease agreements are recorded as deferred rent in creditors: amounts falling due within one year on the balance sheet until earned.

Past-due rentals are recognised on the basis of management's assessment of whether future economic benefit will flow to the entity. No revenues are recognised from a lease when future economic benefit is not reasonably assured. Estimating whether future economic benefit will flow to the entity requires some level of subjectivity and judgement. Future economic benefit is evaluated based on factors such as the lessee's credit rating, payment performance, financial condition, requests for modifications of lease terms and conditions as well as security deposits received from the lessee. When rent collections are in doubt, a provision is recorded against the related receivable.

##### *(b) Supplemental rent income*

Under an end of lease compensation mechanism ("EoL Compensation"), the lessor agrees to defer the receipt of the lessee's compensation for the use of the aircraft until the end of the lease term. The compensation is typically calculated on the basis of the condition of each major component at the end of the lease relative to the commencement of the lease. If each major component is returned in better condition, the lessor would typically make a payment to the lessee. If each major component is returned to the lessor in worse condition, the lessee is required to make a payment to the lessor. Such payment will be calculated on the basis of condition measured by hours, number of cycles or calendar time at an agreed rate specified in the lease.

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# Macquarie Aerospace Finance 5951-2 Limited

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## Notes to the financial statements (continued) for the financial year ended 31 March 2017

### Note 1. Summary of significant accounting policies (continued)

#### iv) Revenue and expense recognition (continued)

##### *Interest income/expense*

Interest income/expense is brought to account using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

##### *Expenses*

Expenses are brought to account on an accrual basis and, if not paid at the end of the reporting period, are reflected on the balance sheet as a payable.

##### *Other operating expenses*

Other operating expenses comprise of operating lease expense and other operating expenses.

##### *Operating lease expense*

Operating lease expense consists of rental payments under leases of aircraft. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease rental expense under fixed and floating rate leases are recorded as expense on an accrual and straight-line basis, assuming no future changes in interest rates, over non-cancellable term of the lease. If applicable, the contingent rent component, which is comprised of the variable rent for floating rate leases is based on future changes in the interest rates and is recognised through an increase or decrease in rental expense in the financial period when the change occurs.

The Company currently has a variable rent lease expense on its aircraft.

All rental out payments paid in advance are included within debtors in the balance sheet until incurred.

#### v) Taxation

The principles of the balance sheet method of tax effect accounting have been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax basis of assets and liabilities and their carrying amounts in the financial statements and unused tax losses.

#### vi) Financial assets

##### *Loans and receivables*

Included within debtors are loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes amounts due from related parties, and amounts due from customers for contractual lease revenues, supplemental rent or services performed in the ordinary course of business. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost.

#### vii) Impairment

##### *Loans and receivables*

All receivables are subject to regular review and assessment for possible impairment. Provisions for impairment are recognised based on an incurred loss model and re-assessed at each balance sheet date. A provision for impairment is recognised when there is objective evidence of impairment, and is calculated based on the present value of expected future cash flows, discounted using the original effective interest rate.

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# Macquarie Aerospace Finance 5951-2 Limited

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## Notes to the financial statements (continued) for the financial year ended 31 March 2017

### Note 1. Summary of significant accounting policies (continued)

#### vii) Impairment (continued)

If, in a subsequent year, the amount of impairment losses decrease and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment losses are reversed through the profit and loss account to the extent of the impairment earlier recognised. Bad debts are written off in the year in which they are identified.

#### viii) Financial liabilities

Financial liabilities includes amounts due to related parties which are initially recognised at fair value net of transaction costs incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss account over the period of the borrowing using the effective interest method.

#### ix) Maintenance reserves

Lessees are responsible for aircraft maintenance during the lease.

The current lease has an EoL Compensation arrangement. As a result, no amounts are booked in relation to maintenance until lease termination.

In some cases, the lessee can provide a letter of credit for the benefit of the Company.

#### x) Security deposits

Security deposits consist of deposits paid by the lessees to ensure lessee compliance during a lease term. They can be in the form of cash or letters of credit. The cash deposits are refundable to the lessees at the successful completion of a lease.

#### xi) Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

#### xii) Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### xiii) Comparatives

Where necessary, comparative information has been reclassified to conform with changes in presentation in the current year.

#### *Prior Year Adjustment*

In accordance with the requirements of FRS 101 the Company considers if any prior period accounting errors are material to the users of the financial statements and if so will, to the extent practicable, correct a material prior period error retrospectively in the first financial statements authorised for issue after its discovery.

For errors that are not considered to be material the Company will consider on a case by case basis if retrospective adjustment will be made or if the error should be corrected in the current period.

# Macquarie Aerospace Finance 5951-2 Limited

## Notes to the financial statements (continued) for the financial year ended 31 March 2017

	2017	For the period 1 December 2014 to 31 March 2016
	\$'000	\$'000

### Note 2. Profit on ordinary activities before taxation

Turnover		
Operating sublease income	3,209	4,091
<b>Total turnover</b>	<b>3,209</b>	<b>4,091</b>
Other operating expenses		
Operating lease expense	(3,177)	(4,050)
<b>Total other operating expenses</b>	<b>(3,177)</b>	<b>(4,050)</b>
Administrative expenses		
Auditors' remuneration <sup>1</sup>	(5)	-
<b>Total administrative expenses</b>	<b>(5)</b>	<b>-</b>

<sup>1</sup>Auditors' remuneration (excluding VAT and including expenses) of \$3,000 (for the period ended 31 March 2016: \$6,000 were borne by related party) is in relation to the statutory audit of the financial statements. There are no other fees paid or payable by the Company to the Statutory Audit firm in the current year or prior period.

The Company had no employees and staff costs during the year (for the period ended 31 March 2016: \$nil).

### Note 3. Interest receivable and similar income

Interest receivable from other Macquarie Group undertakings	129	1
<b>Total interest receivable and similar income</b>	<b>129</b>	<b>1</b>

### Note 4. Interest payable and similar charges

Interest payable to other Macquarie Group undertakings	(132)	-
<b>Total interest payable and similar charges</b>	<b>(132)</b>	<b>-</b>

### Note 5. Tax on profit on ordinary activities

#### (i) Analysis of tax charge for the year/period:

##### Current tax:

UK corporation tax at 20% (2016: 20%)	(5)	(8)
<b>Total current tax</b>	<b>(5)</b>	<b>(8)</b>
<b>Tax on profit on ordinary activities</b>	<b>(5)</b>	<b>(8)</b>

#### (ii) Reconciliation of income tax expense to tax charged at standard rate:

##### Factors affecting tax debit for the year/period:

The taxation debit for the year ended 31 March 2017 is equal (2016: equal) to the standard rate of corporation tax in the UK of 20% (2016: 20%).

Profit on ordinary activities before taxation	24	42
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	(5)	(8)
<b>Tax on profit on ordinary activities</b>	<b>(5)</b>	<b>(8)</b>

## Macquarie Aerospace Finance 5951-2 Limited

### Notes to the financial statements (continued) for the financial year ended 31 March 2017

	2017 \$'000	2016 \$'000
<b>Note 6. Debtors</b>		
Amounts falling due within one year		
Amounts owed by other Macquarie Group undertakings <sup>1</sup>	5,671	2,328
Prepayments and accrued income	2	-
	<b>5,673</b>	<b>2,328</b>
Amounts falling due after more than one year		
Amounts owed by other Macquarie Group undertakings for:		
Security deposits receivable <sup>2</sup>	245	245
<b>Total debtors</b>	<b>5,918</b>	<b>2,573</b>

<sup>1</sup>Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany balances to group undertakings at market rates and at 31 March 2017 the rate applied was LIBOR plus 2.23%.

<sup>2</sup>Security deposits are interest free and are receivable from the head lessor at the successful completion of the lease term expiring January 2020.

<b>Note 7. Creditors: amounts falling due within one year</b>		
Amounts owed to other Macquarie Group undertakings <sup>1</sup>	5,343	2,028
Deferred income	272	261
Taxation	6	6
<b>Total creditors: amounts falling due within one year</b>	<b>5,621</b>	<b>2,295</b>

<sup>1</sup>Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2017 the rate applied was LIBOR plus 1.67%.

<b>Note 8. Creditors: amounts falling due after more than one year</b>		
Security deposits <sup>1</sup>	245	245
<b>Total creditors: amounts falling due after more than one year</b>	<b>245</b>	<b>245</b>

<sup>1</sup>Security deposits are interest free and refundable to the lessee at the successful completion of the lease term expiring January 2020.

	2017 Number of shares	2016 Number of shares	2017 \$'000	2016 \$'000
<b>Note 9. Called up share capital presented as equity</b>				
Ordinary share capital <sup>1</sup>				
Ordinary shares of GBP 1 each <sup>2</sup>	1	1	-	-
Closing balance of fully paid ordinary shares presented as equity			-	-

<sup>1</sup>The shares of the Company have been pledged as security over payables of its intermediate ultimate parent company, Macquarie Aerospace Finance UK Limited to other financial institutions. The terms preclude the Company and its assets and liabilities from being sold or used without the permission of the financial institution.

<sup>2</sup>Represents share capital equivalent of \$1.40 (2016: \$1.40).



## Macquarie Aerospace Finance 5951-2 Limited

### Notes to the financial statements (continued) for the financial year ended 31 March 2017

	2017 \$'000	2016 \$'000
<b>Note 10. Profit and loss account</b>		
Balance at the beginning of the financial year/period	33	(1)
Profit attributable to the ordinary equity holders of Macquarie Aerospace Finance 5951-2 Limited	19	34
<b>Balance at the end of the financial year/period</b>	<b>52</b>	<b>33</b>

### Note 11. Operating lease receivables and commitments

#### Operating leases rental receivables - Company as lessor

The Company leases out aircraft under non-cancellable operating leases. The lease arrangements do not have renewal or purchase options and escalation clauses.

The future minimum lease payments receivable under non-cancellable operating lease are as follows:

Not later than one year	3,257	3,167
Later than one year and no later than five years	5,679	8,708
Later than five years	-	-
<b>Total</b>	<b>8,936</b>	<b>11,875</b>

The Company recognised contingent rent income of \$79,000 (for the period ended 31 March 2016: \$17,000) during the year ended 31 March 2017.

#### Operating lease commitments - Company as lessee

The Company leases aircraft under non-cancellable operating leases. The lease arrangements do not have renewal or purchase options and escalation clauses.

The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

Not later than one year	3,224	3,135
Later than one year and no later than five years	5,622	8,620
Later than five years	-	-
<b>Total</b>	<b>8,846</b>	<b>11,755</b>

The Company recognised contingent rent expense of \$78,210 (for the period ended 31 March 2016: \$16,830) during the year ended 31 March 2017.

### Note 12. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by Macquarie Group Limited ("MGL"), incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in Note 16.

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group as mentioned above.

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## Macquarie Aerospace Finance 5951-2 Limited

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### Notes to the financial statements (continued) for the financial year ended 31 March 2017

#### Note 13. Effect of prior year adjustment

During the course of the preparation of the 2017 Company financial statements, an error was noted in the classification of related party balances in the prior year comparatives. The Company assessed if the error was material to the users of the financial statements, and it was considered that the errors were not material. In line with the accounting policies outlined in Note 1(xiii), management have opted to adjust the prior year comparatives in the Company's 2017 financial statements.

Affiliate balances are netted off where the payable/receivable is subject to enforceable netting arrangements with the same affiliate entity. In the prior year it was noted that certain intragroup balances were netted off which were not subject to enforceable netting arrangements with the same affiliate entity. The impact of the adjustment in relation to related party balances for 31 March 2016 position was: \$245,000 has been reclassified from Debtors to Creditors: amounts falling due within one year. This results in:

- Debtors increasing from \$2,328,000 to \$2,573,000; and
- Creditors increasing from \$2,295,000 to \$2,540,000, comprising \$2,295,000 - Creditors: amounts falling due within one year, and \$245,000 - Creditors: amounts falling due after more than one year.

There was no impact on the Income Statement.

#### Note 14. Directors' remuneration

During the financial year ended 31 March 2017 and for the period ended 31 March 2016, all Directors were employed by, and received all emoluments from, other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

#### Note 15. Contingent liabilities and commitments

Other than the operating lease commitments disclosed in Note 11, the Company had no commitments or contingent liabilities which are individually material or a category of commitments or contingent liabilities which are material.

#### Note 16. Ultimate holding company

The immediate parent company of the Company is Macquarie Aerospace Finance Limited.

The ultimate parent company and controlling party of the Company is MGL. The largest group to consolidate these financial statements is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is Macquarie Bank Limited, a company incorporated in Australia. Copies of the consolidated financial statements for MGL and Macquarie Bank Limited can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia.

#### Note 17. Events after the reporting period

There were no material events subsequent to 31 March 2017 that have not been reflected in the financial statements.

#### Note 18. Approval of accounts

The Directors approved the financial statements on 21 Nov. 2017.