
MSN 24471 LTD

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



MSN 24471 LTD

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | A R Kokas M Steen E Proud J Andriof (appointed 4 May 2018) |
| Company secretary | Bird & Bird Company Secretaries Limited |
| Registered number | 09406739 |
| Registered office | 12 New Fetter Lane London EC4A 1JP |
| Independent auditors | MA Partners LLP Chartered Accountants & Statutory Auditors 7 The Close Norwich Norfolk NR1 4DJ |

MSN 24471 LTD
REGISTERED NUMBER: 09406739

BALANCE SHEET
AS AT 31 DECEMBER 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 5 | 6,812,161 | 7,283,518 |
| | | <u>6,812,161</u> | <u>7,283,518</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 6 | 36,051 | 1 |
| Cash at bank and in hand | 7 | 59,775 | 985,009 |
| | | <u>95,826</u> | <u>985,010</u> |
| Creditors: amounts falling due within one year | 8 | (151,136) | (170,907) |
| Net current (liabilities)/assets | | <u>(55,310)</u> | <u>814,103</u> |
| Total assets less current liabilities | | <u>6,756,851</u> | <u>8,097,621</u> |
| Provisions for liabilities | | | |
| Deferred tax | 10 | (114,831) | (123,869) |
| | | <u>(114,831)</u> | <u>(123,869)</u> |
| Net assets | | <u><u>6,642,020</u></u> | <u><u>7,973,752</u></u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 1 | 1 |
| Other reserves | 12 | 5,901,449 | 6,901,449 |
| Profit and loss account | 12 | 740,570 | 1,072,302 |
| | | <u>6,642,020</u> | <u>7,973,752</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

MSN 24471 LTD
REGISTERED NUMBER: 09406739

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2019.



.....
E Proud
Director

The notes on pages 3 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

The Company is a private company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is 12 New Fetter Lane, London, United Kingdom, EC4A 1JP.

The Company's principal activity is that of aircraft leasing.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Company is profitable and in a position of positive equity. Revenue is guaranteed at its current level for at least the next 12 months per the extended leasing agreement. Based on the above, the directors believe that the Company will be able to meet its liabilities as and when they fall due and therefore the use of the going concern basis is appropriate.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is US Dollars.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable net of discounts and rebates allowed by the Company and value added tax.

Rental income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

2.5 Current and deferred taxation

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

| | |
|----------|---|
| Aircraft | - 40 years from the date of manufacture |
|----------|---|

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Cash and cash equivalents

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

2.8 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions like other debtors and loans to related parties.

Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

In the application of the Company's accounting policies, the management of the Company is required to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed.

Key sources of estimation uncertainty

Any variation in the useful economic life or residual value of the aircraft held in tangible fixed assets will have an impact on both the balance sheet and the in-year financial position of the Company. In the year, the Company has changed the useful economic life of the aircraft from the end of the lease to 40 years from the date of the aircraft's manufacture and the residual value has been estimated on a scrap value rather than a resale value.

At each reporting date the Company assesses whether there is any indication of impairment to the value of tangible fixed assets. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. No impairment charge has been reported in the current financial year.

4. Employees

The average monthly number of employees, including directors, during the year was 4 (2017 - 4).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Tangible fixed assets

| | Aircraft \$ |
|-------------------------------------|------------------|
| Cost or valuation | |
| At 1 January 2018 | 8,549,370 |
| At 31 December 2018 | <u>8,549,370</u> |
| Depreciation | |
| At 1 January 2018 | 1,265,852 |
| Charge for the year on owned assets | 471,357 |
| At 31 December 2018 | <u>1,737,209</u> |
| Net book value | |
| At 31 December 2018 | <u>6,812,161</u> |
| At 31 December 2017 | <u>7,283,518</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Debtors

| | 2018 \$ | 2017 \$ |
|----------------------------------|---------------|------------|
| Amounts owed by group companies | 36,050 | - |
| Called up share capital not paid | 1 | 1 |
| | <u>36,051</u> | <u>1</u> |

7. Cash and cash equivalents

| | 2018 \$ | 2017 \$ |
|--------------------------|---------------|----------------|
| Cash at bank and in hand | 59,775 | 985,009 |
| | <u>59,775</u> | <u>985,009</u> |

8. Creditors: Amounts falling due within one year

| | 2018 \$ | 2017 \$ |
|------------------------------|----------------|----------------|
| Corporation tax | 144,698 | 164,521 |
| Accruals and deferred income | 6,438 | 6,387 |
| | <u>151,136</u> | <u>170,908</u> |

9. Financial instruments

| | 2018 \$ | 2017 \$ |
|---|---------------|----------------|
| Financial assets | | |
| Basic financial assets measured at amortised cost | <u>95,825</u> | <u>985,009</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>6,438</u> | <u>6,387</u> |

Basic financial assets measured at amortised cost comprise cash and cash equivalents.

Basic financial liabilities measured at amortised cost comprise accruals and deferred income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Deferred taxation

| | 2018 \$ | 2017 \$ |
|---------------------------|------------------|------------------|
| At beginning of year | (123,869) | (136,802) |
| Charged to profit or loss | 9,038 | 12,933 |
| At end of year | (114,831) | (123,869) |

The provision for deferred taxation is made up as follows:

| | 2018 \$ | 2017 \$ |
|--------------------------------|------------------|------------------|
| Accelerated capital allowances | (114,831) | (123,869) |
| | (114,831) | (123,869) |

11. Share capital

| | 2018 \$ | 2017 \$ |
|-------------------------------------|------------|------------|
| Allotted and called up | | |
| 1 (2017 - 1) Ordinary share of 1.00 | 1.00 | 1.00 |

12. Reserves

Other reserves

Other reserves consist of a capital contribution from parent company AAWW International 2 Inc. which has been reduced by **\$1.0m** (2017: \$2.2m) in the year.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Commitments receivable under operating leases

At 31 December 2018 the Company was entitled to future minimum lease receipts under non-cancellable operating leases as follows:

| | 2018 \$ | 2017 \$ |
|--|------------------|------------------|
| Not later than 1 year | 1,800,000 | 1,808,133 |
| Later than 1 year and not later than 5 years | 2,390,000 | 4,190,000 |
| Later than 5 years | - | - |
| | <u>4,190,000</u> | <u>5,998,133</u> |

14. Controlling party

The Company is a wholly owned subsidiary of AAWW International 2 Inc., a company registered in the British Virgin Islands. The ultimate controlling party is Atlas Air Worldwide Holdings, Inc., a company incorporated in Delaware.

The Company is exempt from the obligation to prepare and deliver group accounts of a large group because it is included in non-EEA group accounts of a larger group.

15. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2018 was unqualified.

The audit report was signed on 27 June 2019 by Mr F M E Shippam BSc FCA DChA (Senior Statutory Auditor) on behalf of MA Partners LLP.