CRA Aircraft Holdings Bermuda Limited and subsidiaries

Directors' report and consolidated financial statements

Year ended 31 December 2022

Registered number: 908607

CRA Aircraft Holdings Bermuda Limited & Subsidiaries

Directors' report and financial statements

Contents ***Page***

CRA Aircraft Holdings Bermuda Limited & Subsidiaries

Directors and other information

Directors	Conor Ward David Morris Matthew Elwood (USA)
Registered office	Clarendon House, 2 Church Street Hamilton, HM 11, Bermuda Bermuda
Trading office	7th Floor, Block I Central Park Leopardstown Dublin 18 Ireland
Secretary	HMP Secretarial Limited
Independent auditor	KPMG Chartered Accountants 1 Harbourmaster Place IFSC Dublin 1
Bankers	AIB Corporate Banking Bankcentre Ballsbridge Dublin 4 Ireland Deutsche Bank Trust Company America 16 Wall Street New York NY 10005. USA

Directors and other information (continued)

Solicitors	McCann FitzGerald Riverside One Sir John Rogerson's Quay Dublin 2 Ireland
	McGuireWoods 201 North Tryon Street Suite 3000 Charlotte NC 28202, USA
Registered number	908607

Directors' report

The directors present this annual report together with the audited financial statements of CRA Aircraft Holdings Bermuda Limited (the "Company") and subsidiaries (the "Group") for the financial year ended 31 December 2022. The comparative period is for the financial year ended 31 December 2021.

Principal activities and future developments

CRA Aircraft Holdings Bermuda Limited, a limited liability company, was incorporated in Bermuda on 6 December 2016 and is tax resident in the Republic of Ireland. The principal activity of the Company is the acquisition, financing, leasing and selling of commercial jet aircraft.

The Company is a 100% subsidiary of CRA Aircraft Holdings LLC. The ultimate parent and controlling party is Massachusetts Mutual Life Insurance Company ("Mass Mutual").

Genesis Aircraft Services Limited ("GASL") is responsible on behalf of the Group for the day-to-day aircraft lease management and other operational activities of the Group such as sourcing acquisitions of aircraft, arranging financing for such acquisitions and managing, servicing, remarketing and disposing of aircraft and other related assets. The Group made payments of US$551,674 (2021: US$339,484) to GASL in respect of these services.

The directors have no plans to significantly change the activities and operations of the Group in the foreseeable future.

Results for the financial year and the state of affairs as of 31 December 2022

The Consolidated Statement of Comprehensive Income for the financial year to 31 December 2022 and the Consolidated Statement of Financial Position at 31 December 2022 are set out on pages 14 and 15. The Group loss on ordinary activities before taxation for the financial year amounted to US$986,800 (2021: US$6,663,986). After crediting taxation of US$285,144 (2021: US$865,042), a loss of US$701,656 (2021: US$5,798,944) is transferred to reserves. Consolidated Shareholders' funds at 31 December 2022 amounted to a surplus of US$10,464,836 (2021: US$11,166,492). The Group did not receive a capital contribution during the financial year from CRA Aircraft Holdings LLC (2021: US$15,000,000).

Dividend

A total preferred dividend of US$10,000 was accrued to the class B shareholders during the period (2021: US$10,000), which has been expensed in the Statement of Comprehensive Income.

Directors' report *(continued)*

Principal risks and uncertainties

The Group is exposed to asset, market, credit, operational and liquidity risk during the course of its business activities. The Group has a risk management policy that is managed by the directors. The directors ensure that risks are identified and managed in accordance with the objectives of the Group.

Asset and market risk
The Group is highly dependent upon the continuing financial strength of the airline industry, which is cyclical, economically sensitive and highly competitive. The Group operates as a lessor to its lessees and bears the risk of non-performing leases by the airlines operating the aircraft. A significant deterioration in this sector could adversely affect it through a reduced demand for aircraft in the fleet, and/or reduced market rates, higher incidences of lessee default and aircraft off-lease.

A significant deterioration in the financial condition of or bankruptcy by a lessee could impair their ability to comply with their lease payment obligations to the Group and expose the Group to significant financial loss. The Group periodically perform reviews of aircraft values, trade receivables, and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties. Additionally, exposures to market and asset risk are managed through the requirement of airlines, that lease the Group's aircraft, to maintain insurance and adequate maintenance policies.

Liquidity risk
The ability of the Group to continue to operate is dependent upon its ability to meet its payment obligations and adhere to covenant requirements under respective arrangements, which are dependent on factors outlined above. If the Group cannot meet its obligations under the various debt arrangements or its capital commitments, it may breach contracts and may even be unable to operate on a going concern basis.

The Group, monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Credit risk
Credit risk is defined as an unexpected loss in cash and earnings if the counterparty is unable to pay its obligations in due time. The Group is subject to the credit risk of its lessees as to collections of rental payments under its leases.

The value of trade receivables is highly dependent upon the financial strength of the commercial aviation industry. Defaults by the lessee could have a material adverse effect on the Group's cash flow, earnings and its ability to meet debt obligations.

The Group's objective in managing credit risk is to minimise potential losses incurred due to non-payment by lessees. The directors review and monitors airline customer credit risk periodically. The creditworthiness of each customer is assessed on a continuous basis and the Group seeks deposits in the form of cash or letters of credit to mitigate its overall financial exposure to its lessees. The assessment process takes into account qualitative and quantitative sources of information with respect to the lessee's business activities, financial resources and performance or business risks, to the extent that the information is publicly available or otherwise disclosed to the Group.

Principal risks and uncertainties *(continued)*

Operational risk

Operational risk is the risk of indirect or direct loss arising from a wide variety of causes associated with the Group's operations. The Group's objective is to manage operational risk by implementing appropriate processes and controls and monitoring those controls.

The Group is also exposed to interest rate risk, foreign currency risk and public liability risk. The directors oversee the management of these risks and ensures these risks are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with policies of the Group and the Group's risk appetite. The directors have identified the risks facing the Group and have undertaken approaches to deal with the relevant risks, as outlined in the financial risk management disclosures in note 22.

Directors, secretary and their interest

In accordance with the Constitution of the Company, the directors are not required to retire by rotation. The names of the persons who were directors during the year ended 31 December 2022 are set out below, unless indicated otherwise they served for the entire period:

Director	Appointment	Resignation
Conor Ward	-	-
David Morris	-	-
Matthew Elwood	-	-

The directors and secretary, who held office during the year and at 31 December 2022, had no interest in the shares in, or debentures or loan stock of the Company or group companies (2021: no director or secretary held shares in the Company or group companies).

Going concern

The Directors have prepared the financial statements for the year ended 31 December 2022 on the going concern basis of preparation. In assessing this basis of preparation, the Directors assess for the existence of matters which might give rise to any uncertainty in realising assets or discharging liabilities in the normal course of business. The Directors have not identified the existence of such issues, evidenced by a strong net asset position at the year-end including sufficient cash and cash equivalents combined with expected cash inflows to satisfy all short-term liabilities falling due within 12 months from the date of this report. The Directors have also completed an assessment of the cashflows arising from the aircraft for 12 months from the approval date of the financial statements (please see Note 2 Uses of Estimates and Judgements Impairment for details of the inputs and judgement) and have concluded that cash and cash equivalents on hand at the financial reporting date combined with expected cash inflows are significantly in excess of the forecasted cash outflows for 12 months from the approval date of the financial statements. The Group has a near-term refinancing commitment due in 2024, which is expected to be settled by future forecast sale proceeds of aircraft or a refinancing if required. There is an inherent uncertainty about the timing and value which may be realised on sale of the aircraft however, the Group's Servicer has extensive experience in the acquisition, financing, leasing and selling of commercial jet aircraft and regularly undertakes such activities as part of the portfolio strategy. Genesis Aircraft Services Limited, the Groups Servicer, also has considerable buyer relationships and transactional experience which is evidenced from recent sales made.

Directors' report *(continued)*

Going concern (continued)

The Directors are intent on liquidating some of the assets, the proceeds of which would allow the Group to settle any short term debt obligations.

The material assumptions, judgements and estimates used as part of the director's assessment, covering twelve months from the approval date of the financial statements, are as follows:

- current cash and liquidity position of the Company;
- lessee credit risk assessments and security;
- debt covenants and repayments;
- estimated cash inflows and outflows; and
- applying a stress test to each of the assumptions.

Based on the above assessment, the directors have concluded that this does not represent a material uncertainty in relation to the Company's ability to continue as a going concern for at least twelve months from the approval date of these financial statements.

Subsequent events

On 17 February 2023, the Group entered into a amendment agreement with the existing commercial bank for the extension of the facility to 21 February 2024. As part of the amendment, the Group will draw on an additional US$2,500,000, remove the liquidity facility and increase the interest margin to 5%. On 30 March 2023, the Group repaid the $10m term loan.

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

Accounting records

The directors believe that they have maintained adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Group are maintained at 7th Floor Block I, Central Park, Leopardstown, Dublin 18.

Relevant audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. Insofar as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Political and charitable donations

There were no political donations during the financial year (2021: US$Nil).

Directors’ report *(continued)*

Independent auditor

The auditors, KPMG, Chartered Accountants, have expressed their willingness to continue in office in accordance with Section 383 (2) of the Companies Act 2014.

Approved by the board and authorised for issue on 28 March 2023.

Conor Ward Director	Matthew Elwood Director

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Auditors' Report to the Directors of CRA Aircraft Holdings Bermuda Limited

1. Report on the audit of the financial statements

Opinion

We have audited the financial statements of CRA Aircraft Holdings Bermuda Limited ("the Company") and its consolidated undertakings (together "the Group") for the year ended 31 December 2022, set out on pages 14 to 51, which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, and consolidated statement of cash flows and related notes, including the summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements section of our report, together with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Independent Auditors' Report to the Directors of CRA Aircraft Holdings Bermuda Limited (continued)

Valuation of Aircraft and Related Components US$30.3million (2021: US $51.0m)

Refer to page 19-34 (accounting policy) and page 35-51 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
At 31 December 2022, the carrying value of the Group's aircraft portfolio, including related components amounted to US$30.3m or 61% of Total Assets.	In relation to the impairment assessment of aircraft and related components, the procedures we undertook included, amongst others:
Under IAS 36 Impairment of Assets, this balance is subject to annual impairment testing which involves the estimation of the recoverable amount of the asset. We have identified the impairment assessment of aircraft and related components as a significant risk and potential key audit matter because the impairment assessments contain certain judgemental and subjective assumptions which may be subject to error or potential bias. We consider the adequacy of the related disclosures regarding the key assumptions underpinning the impairment analysis and sensitivities to changes in such assumptions with reference to the requirements of the prevailing accounting standards (IAS 1, IAS-36). There is significant risk relating to valuation of aircraft given the judgemental nature of the models that require consideration by the Group and the Board.	Assessed the design and implementation of key controls over the impairment assessment process put in place by the Servicer (including approval by the Board of Directors). We noted no deficiencies as part of this assessment. Enquired of management about plans for aircraft disposals or other actions that may impact on aircraft recoverable amounts. Evaluated the Group's identification of impairment indicators identified by the Group, considered whether the discounted cash flow forecasts on an aircraft-by-aircraft basis support the carrying value of the relevant assets and assessed the methodology adopted by the Group in its preparation of the discounted cash flow forecasts with reference to our understanding of the Group's business and the requirements of prevailing accounting standards. The KPMG aviation finance senior management team met with the appraisers engaged by the Group (as a centralised procedure across the leasing practice) to provide valuations for the aircraft for the purpose of: (1) determining the appropriateness of relying on them as "management experts"(considering among other matters their qualifications, competencies and experience to provide such valuations); and (2) Inquiring and probing their views on particular aircraft types, factors affecting valuations and future trends. Critically evaluated the Groups' discounted cash flow forecasts for each aircraft by comparing the key assumptions adopted by the Group with the historical performance of the Group's aircraft portfolio, contractual arrangements (specifically in-force lease agreements), recent trends and externally available industry economic and other data;

KPMG

Independent Auditors' Report to the Directors of CRA Aircraft Holdings Bermuda Limited (continued)

How the matter was addressed in our audit (continued)

Assessed the disclosures in the consolidated financial statements in respect of the impairment of aircraft (and related components) including disclosures made regarding the key assumptions underpinning the impairment analysis and sensitivities to changes in such assumptions, with reference to the requirements of the prevailing accounting standards (IAS 1, IAS-36).

Based on the procedures we performed, we considered that the judgements relating to the assumptions used in the impairment assessment are reasonable.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion on that information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

2. Respective responsibilities and restrictions on use

Responsibilities of Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report to the Directors of CRA Aircraft Holdings Bermuda Limited (continued)

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 or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix to this report, which is to be read as an integral part of our report.

Our report is made solely to the Group's Directors, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Groups' Directors those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibilities to anyone other than Group's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Liam McNally
for and on behalf of
KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1

30 March 2023

Independent Auditors' Report to the Directors of CRA Aircraft Holdings Bermuda Limited (continued)

Appendix to the Independent Auditor's Report

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report to the Directors of CRA Aircraft Holdings Bermuda Limited (continued)

Appendix to the Independent Auditor's Report (continued)

Further information regarding the scope of our responsibilities as auditor (continued)

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From those matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

CRA Aircraft Holdings Bermuda Limited & Subsidiaries

Consolidated statement of comprehensive income

for the financial year ended 31 December 2022

	Note	31 December 2022 US$	31 December 2021 US$
Operating income	3	6,892,076	7,713,244
Operating expense	4	(2,752,942)	(2,176,180)
Other operating income	5	3,215,163	2,333,726
Net operating profit from continuing operations		7,354,297	7,870,790
Depreciation on aircraft and related components	10	(4,674,909)	(9,326,205)
Profit on sale of aircraft and related components	10	2,099,407	51,600
Loss on transfer to held for sale	10	(2,192,225)	-
Impairment	10	-	(1,218,733)
Interest expense	6	(3,573,370)	(4,041,438)
Loss on ordinary activities before taxation		(986,800)	(6,663,986)
Tax credit on loss on ordinary activities	9	285,144	865,042
Loss for the financial year after taxation		(701,656)	(5,798,944)
Other comprehensive income		-	-
Loss and total comprehensive income for the period after taxation		(701,656)	(5,798,944)

All items dealt with and arriving at the loss for the year ended 31 December 2022, or preceding financial year, relate to continued activities.

The accompanying notes are an integral part of the consolidated financial statements.

CRA Aircraft Holdings Bermuda Limited & Subsidiaries

Consolidated statement of financial position
at 31 December 2022

	Note	2022 US$	2021 US$
Assets			
Non-current assets			
Aircraft & related components	*10*	30,337,453	51,052,191
Deferred tax asset	*9*	2,057,641	1,772,497
Total non-current assets		32,395,094	52,824,688
Current assets			
Cash and cash equivalents		3,216,617	3,144,874
Restricted cash	*11*	1,588,985	1,383,985
Aircraft & related components - Held for sale	*10*	10,530,000	1,132,990
Trade receivables	*13*	904,104	930,135
Lease incentive asset	*12*	796,710	958,188
Other assets	*12*	115,285	96,310
Total current assets		17,151,701	7,646,482
Total assets		49,546,795	60,471,170
Liabilities and Equity			
Non-current liabilities			
Due to related party	*21*	25,704,271	23,361,927
Term loan	*16*	-	16,342,091
Maintenance reserves and security deposits	*17*	1,588,526	876,882
Total non-current liabilities		27,292,797	40,580,900
Current liabilities			
Term loan	*16*	10,011,326	7,243,996
Maintenance reserves and security deposits	*17*	1,220,626	812,125
Other liabilities	*18*	557,210	667,657
Total current liabilities		11,789,162	8,723,778
Total liabilities		39,081,959	49,304,678

CRA Aircraft Holdings Bermuda Limited & Subsidiaries

Consolidated statement of financial position *(continued)*
at 31 December 2022

	Note	**2022** **US$**	**2021** **US$**
Equity			
Called up share capital presented as equity	*14*	1,000	1,000
Capital contribution	*20*	23,353,310	23,353,310
Retained deficit		(12,889,474)	(12,187,818)
Total equity		10,464,836	11,166,492
Total equity and liabilities		49,546,795	60,471,170

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the board and authorised for issue on 28 March 2023.

Conor Ward
Director

Matthew Elwood
Director

CRA Aircraft Holdings Bermuda Limited & Subsidiaries

Consolidated statement of changes in equity

for the financial year ended 31 December 2022

Attributable to equity holders of the Group

	Share Capital US$	Capital Contribution US$	Retained deficit US$	Total equity US$
Balance at 31 December 2020	1,000	8,353,310	(6,388,874)	1,965,436
Capital contribution	-	15,000,000	-	15,000,000
Total comprehensive loss	-	-	(5,798,944)	(5,798,944)
Balance at 31 December 2021	1,000	23,353,310	(12,187,818)	11,166,492
Total comprehensive loss	-	-	(701,656)	(701,656)
Balance at 31 December 2022	1,000	23,353,310	(12,889,474)	10,464,836

The accompanying notes are an integral part of the consolidated financial statements.

CRA Aircraft Holdings Bermuda Limited & Subsidiaries

Consolidated statement of cash flows
for the financial year ended 31 December 2022

	Note	**31 December 2022 US$**	**31 December 2021 US$**
Cash flows from operating activities			
Loss for the financial year		(986,800)	(5,798,944)
Adjustment for:			
Depreciation and amortisation	*10*	4,674,909	9,326,205
Impairment	*10*	-	1,218,733
Loss on transfer to held for sale	*10*	2,192,225	-
Interest expense	*6*	3,468,050	1,276,555
Amortisation of deferred costs	*6*	105,320	154,045
Profit on sale of aircraft and related components	*10*	(2,099,407)	-
Increase in deferred tax assets	*9*	-	(865,042)
Decrease/(increase) in trade receivables	*13*	26,031	(380,720)
Decrease in other assets	*12*	142,503	679,816
Promissory note accrued capitalised interest	*21*	2,342,344	(1,242,655)
Increase/(decrease) in maintenance reserves and security deposits	*17*	1,120,145	(1,590,316)
Increase in other liabilities	*18*	(89,112)	3,898,799
Cash from operations		10,896,208	6,676,476
Interest paid	*6*	(3,489,384)	(1,276,555)
Net cash flows from operating activities		7,406,824	5,399,921
Cash flows from investing activities			
Purchase of aircraft & related components	*10*	-	(355,500)
Proceeds from sale of aircraft & related components	*10*	6,550,000	-
Net cash flows from investing activities		6,550,000	(355,500)
Cash flows from financing activities			
Repayment of term debt	*16*	(13,680,081)	(5,133,470)
(Increase)/decrease in restricted cash	*11*	(205,000)	250,000
Net cash flows from financing activities		(13,885,081)	(4,883,470)
Net movement in cash and cash equivalents		71,743	160,951
Cash and cash equivalents at the beginning of the year		3,144,874	2,983,923
Cash and cash equivalents at the end of the year		3,216,617	3,144,874

1 Reporting entity

The Company is incorporated in Bermuda and tax resident in the Republic of Ireland, with a registration number 908607. The Group's registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The financial statements of the Group are presented as at and for the financial year ended 31 December 2022 and for the comparative financial year ended to 31 December 2021.

The principal activity of the Company is the acquisition, financing, leasing and selling of commercial jet aircraft. The directors expect these activities to continue for the foreseeable future.

2 Significant accounting policies

Basis of preparation and statement of compliance

The consolidated financial statements have been prepared on a historical cost basis. The financial statements have been prepared in accordance with EU International Financial Reporting Standards and International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board (IASB).

The Group's financial statements consolidate the financial statements of the Group and all subsidiary undertakings for the financial year ending 31 December 2022. The financial statements are prepared on a going concern basis. The Group is operated and managed as a single operating segment in Ireland.

Going concern
The Directors have prepared the financial statements for the year ended 31 December 2022 on the going concern basis of preparation. In assessing this basis of preparation, the Directors assess for the existence of matters which might give rise to any uncertainty in realising assets or discharging liabilities in the normal course of business. The Directors have not identified the existence of such issues, evidenced by a strong net asset position at the year-end including sufficient cash and cash equivalents combined with expected cash inflows to satisfy all short-term liabilities falling due within 12 months from the date of this report. The Directors have also completed an assessment of the cashflows arising from the aircraft for 12 months from the approval date of the financial statements (please see Note 2 Uses of Estimates and Judgements Impairment for details of the inputs and judgement) and have concluded that cash and cash equivalents on hand at the financial reporting date combined with expected cash inflows are significantly in excess of the forecasted cash outflows for 12 months from the approval date of the financial statements. The Group has a near-term refinancing commitment due in 2024, which is expected to be settled by future forecast sale proceeds of aircraft. There is an inherent uncertainty about the timing and value which may be realised on sale of the aircraft however, the Group's Servicer has extensive experience in the acquisition, financing, leasing and selling of commercial jet aircraft and regularly undertakes such activities as part of the portfolio strategy. Genesis Aircraft Services Limited, the Groups Servicer, also has considerable buyer relationships and transactional experience which is evidenced from recent sales made.

2 Significant accounting policies *(continued)*

Basis of preparation and statement of compliance *(continued)*

The material assumptions, judgements and estimates used as part of the director's assessment, covering twelve months from the approval date of the financial statements, are as follows:

- current cash and liquidity position of the Company;
- lessee credit risk assessments and security;
- debt covenants and repayments;
- estimated cash inflows and outflows; and
- applying a stress test to each of the assumptions.

Based on the above assessment, the directors have concluded that this does not represent a material uncertainty in relation to the Company's ability to continue as a going concern for at least twelve months from the approval date of these financial statements.

New and amended accounting standards adopted

New and amended accounting standards adopted
In preparing the financial statements, the Group adopted the following standards, interpretations and amendments which have been issued by the International Accounting Standards Board ("IASB") and have been adopted for use by the EU for annual reporting periods beginning on or after 1 January 2022:

- Amendments to references to conceptual framework
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IFRS 16 COVID-19 related rent concessions
- Amendments to IAS 37 Onerous contracts – cost of fulfilling a contract

The Group has reviewed the impact of the initial application of these amendments and has determined that there is no impact for the Group.

New standards not yet adopted
Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group is currently assessing the impact of such changes on the consolidation financial statements.

2 Significant accounting policies *(continued)*

New and amended accounting standards adopted *(continued)*

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:

Standard	*Amendment*	*Effective date*
IFRS 17	Insurance Contracts and amendments	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023

Functional and presentation currency

These financial statements are presented in US Dollars, being the functional currency of the Group. All financial information is presented in US Dollars.

Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Foreign currency differences are generally recognised in profit or loss.

Operating income

Operating income consists of rental income from operating leases which is recognised on a straight-line basis over the term of the lease. The difference between lease rentals invoiced and amounts recognised in the Statement of Comprehensive Income, resulting from the straight-lining of rental income, are deferred on the Statement of Financial Position. Rental income received in advance is recognised as deferred on the Statement of Financial Position until earned.

Operating income arising from lease arrangements where payments are dependent on variable factors is recognised as payment falls due.

Modifications to lease contracts are accounted for at the effective date of signing. Leases are straight-lined from that date and the existing balances included within the straight-line assessment. Deferral agreements are considered as received on a case-by-case basis. If approved by the Board an assessment is performed to determine if the deferral constitutes a modification to the terms or consideration of the lease. If so, the deferral is accounted for as a modification to the lease, otherwise it is accounted for as standard operating lease rentals.

2 Significant accounting policies *(continued)*

Operating expenses

Operating expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Interest expense

Interest on loans payable is recognised on an effective interest rate basis. A prepayment is recorded for interest payments made and not yet incurred. For interest that has been incurred but unpaid at the end of the financial year, an accrual is recorded.

Aircraft and related components

The Group recognises all aircraft and related components at cost less accumulated depreciation and impairment. The costs of the assets consist of the initial direct acquisition costs incurred plus any costs directly attributable to bringing the asset into working condition for its intended use.

The depreciable amount of the aircraft and related components, consisting of the asset costs, maintenance intangible less its estimated salvage value, is allocated on a systematic basis over the assets' useful economic life. The useful economic life of the aircraft and related components is assessed to be 20-25 years from the date of manufacture.

Impairment of assets are recognised in accordance with IAS 36 Impairment of Asset which stipulates that the recoverable amount of an asset is measured if events or changes in circumstances indicate that the carrying amount of an asset is impaired. At the end of the financial year, the Company assesses whether there is an indication that an asset may be impaired. If an event or circumstance exists, the Company measures the asset's recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use.

Value in use is the estimated future cash flows associated with the aircraft and related components, discounted to their present value using a pre-tax discount rate that reflects current market assessments at the time value of money and the risks specific to the asset. The aircraft and related components cash flows consist of current contractual lease rental payments, forecast lease rentals over the asset's useful economic life, maintenance adjusting cash flows and any other relevant cash flow.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount with the resultant impairment charge recognised in the Statement of Comprehensive Income.

Maintenance right assets/liabilities
Maintenance right assets/liabilities represent the value in the difference between the contractual right under the acquired leases to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. This asset is held on the statement of financial position until the end of the lease at which point the value differential of the aircraft is capitalised onto the asset to the extent realised in the return condition. In accordance with IFRS 16 which was adopted on 1 January 2019, maintenance right assets are now included as part of the aircraft & related components as set out in Note 10.

2 Significant accounting policies *(continued)*

Aircraft and related components *(continued)*

Lease premium/deficits
Lease premium/deficits represent the value of an acquired lease where the contractual rent payments are above/below the market lease rate at the date of acquisition. Such premium/deficits are recognised at cost and the estimated cost is amortised on a straight-line basis over the remaining term of the related lease and recorded as a component of amortisation in revenue.

Change in estimates
During the financial year, the Group conducted a review of assets owned and the future economic benefits expected to flow from those assets. In some instances, assets coming to the end of their useful economic life are now employed in new leasing arrangements that exceeds their current useful economic life of 25 years from date of manufacture. As a result, the expected useful economic life increased to at least 25 years and estimated residual value decreased.

Aircraft and related components – held for sale

An asset is classified as held for sale only when the sale is highly probable, management are committed to a plan to sell and the sale is expected to be completed within one year from the date of classification. The Company classifies aircraft and related components as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use and are measured as the lower of their carrying amount or fair value less costs to sell. Costs to sell are the costs directly attributable to the disposal of the asset, excluding finance costs and tax. When the carrying amount of the asset exceeds its recoverable amount, an impairment charge is recognised.

Maintenance intangible

At the time of acquisition of aircraft and related components with an in-place lease, the Group identifies, measures and recognises maintenance intangible assets and liabilities associated with its acquisition. Maintenance intangibles represent the difference in value between: (i) the Group's contractual right under the acquired lease to receive the aircraft in a specified maintenance condition at lease expiry; and (ii) the maintenance condition at the date of acquisition. The Group's aircraft usually enter into leases where the lessee is responsible for the maintenance of the aircraft through one of two types of leases: (i) Periodic maintenance payments throughout the term of the lease ("MR Leases"); and (ii) payments at the end of leases based on return conditions of the aircraft ("EOL Leases").

i. MR Leases

Under MR Leases, the lessee has the obligation to pay for usage of the aircraft and to make a full or partial prepayment, calculated at an hourly rate, into a maintenance reserve fund held by the Group against which the lessee can draw down upon in respect of maintenance expenditures for major overhauls. At the end of the lease, the Group retains any cash in excess of the required reimbursement to the lessee.

A maintenance intangible asset is held on the Statement of Financial Position until the end of the lease at which point, subject to no qualified major maintenance has been performed by the lessee since acquisition, the maintenance intangible asset is offset by the maintenance reserve liability with any excess recorded as end of lease income. Where the Group reimburses the lessee for the performance of a qualified major maintenance event, the portion of the maintenance intangible asset, associated with the component of the aircraft in question for which maintenance is performed, is relieved and capitalised as part of the aircraft cost.

2 Significant accounting policies *(continued)*

Maintenance intangible *(continued)*

No maintenance intangible liabilities exist for MR Leases as the Group does not have an obligation to pay the lessee for the difference in value between the contractual return condition and the actual maintenance condition of the aircraft at lease expiry.

ii. EOL Leases

Under EOL Leases, the lessee is obliged to comply with certain return conditions which require the lessee to perform lease and maintenance work or make cash compensation payments at the end of the lease to bring the aircraft into a specified maintenance condition.

A maintenance intangible asset is held on the Statement of Financial Position until the end of the lease at which point, subject to the aircraft returning in the specified maintenance condition, the value differential is capitalised as part of the aircraft cost. Where the lessee compensates the Group with cash in excess of a maintenance intangible asset at lease expiry, the asset is relieved, and any excess is recognised as end of lease income. Where the lessee compensates the Group with cash that is less than the maintenance intangible asset, the cash is applied to the asset and the balance is capitalised as part of the aircraft cost.

A maintenance intangible liability is held on the Statement of Financial Position until the end of the lease at which point, subject to the aircraft returning in the specified maintenance condition, the value differential is relieved and recognised as end of lease income. Where the Group compensates the lessee with cash that is less than the maintenance intangible liability at lease expiry, the liability is relieved, and the difference is recognised as end of lease income. Where the Group compensates the lessee with cash that is in excess of the maintenance intangible liability, the cash payment is applied to the liability and the balance is capitalised as part of the aircraft cost.

Lease premiums and lease discounts

Lease premiums and lease discounts represent the value of an acquired lease where the contractual rent payments are above or below the market lease rate at the date of acquisition. This asset or liability is recognised at cost based on discounted cashflows and is amortised on a straight-line basis over the remaining term of the related lease and recorded as a component of operating income in the Statement of Comprehensive Income.

Leases

Assets leased to customers shall be classified as either operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease.

Loan payable

Loan notes payable are initially recognised at fair value, which is usually their issue proceeds, net of any incremental transaction costs incurred. The term loans are subsequently measured at amortised cost, with the difference between the proceeds net of transaction costs and the redemption value and interest payments recognised in the statement of income using the effective interest rate method.

2 Significant accounting policies (continued)

Financial Instruments

The Group holds and has issued a number of financial instruments. These comprise of:

- Cash and cash equivalents
- Trade receivables
- Maintenance reserves and security deposits
- Notes payable to related party
- Other liabilities

Financial assets

Financial assets are classified on initial recognition and subsequently measured at either of the following:

- At amortised cost;
- At Fair Value Through Other Comprehensive Income ("FVTOCI"); or
- At Fair Value Through Profit or Loss ("FVTPL").

The Group classifies financial assets on initial recognition at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

i. Financial assets at amortised cost

Financial assets are measured at amortised cost if the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are subsequently measured using the Effective Interest Rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost are cash and cash equivalents and trade receivables.

ii. Financial assets at FVTOCI (Equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity instruments designated at FVTOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. A financial asset is not held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments and there is evidence of recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

2 Significant accounting policies *(continued)*

Financial assets *(continued)*

Gains and losses on these financial assets are never recycled to profit and loss. Dividends are recognised as other income in the Statement of Comprehensive Income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment. The Group does not hold any equity instruments at FVTOCI.

iii. Financial assets at FVTOCI (Debt instruments)

Financial assets are measured at FVTOCI if the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income and computed in the same manner as for financial assets at amortised cost. The remaining fair value changes are recognised in OCI. Upon Group does not hold any debt instruments at FVTOCI.

iv. Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivative, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised includes any dividends or interest earned on the financial asset. The Group does not hold financial assets at FVTPL.

v. Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and a corresponding liability that reflects the rights and obligations that the Group has retained.

2 Significant accounting policies *(continued)*

Financial assets *(continued)*

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument measured at FVTOCI, the cumulative gain or loss in the revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

vi. Impairment of financial assets

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

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

For financial assets measured at amortised cost, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group, in assessing whether a financial asset is in default, considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, informed credit assessments and other relevant forward-looking information. Factors such as length of maturity of exposures, current credit risk based on credit ratings and fluctuations in the credit risk based on the risk of default occurring over the expected life of the asset are considered. Loss allowances, if any, are deducted from the gross carrying amount of the assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of notes payable and other liabilities, net of directly attributable transaction costs. Financial liabilities are subsequently measured at either amortised cost or FVTPL.

2 Significant accounting policies *(continued)*

Financial liabilities *(continued)*

i. *Financial liabilities at amortised cost*

Financial liabilities measured subsequently at amortised cost use the EIR method. The EIR method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts), through the expected life of the financial liability, to the amortised cost of a financial liability. The Group holds notes payable to a related party and other liabilities at amortised cost.

ii. *Financial liabilities at FVTPL*

Financial liabilities are classified as FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading (criteria specified under financial assets), or (iii) designated as at FVTPL. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group does not hold financial liabilities at FVTPL.

iii. Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the Statement of Comprehensive Income for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in OCI and accumulated as a separate component of equity. The Group does not hold financial liabilities that are denominated in a foreign currency.

iv. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

If the terms are not substantially different, the modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the liability discounted at the original EIR with the difference in carrying amounts recognised as a modification gain or loss in the Statement of Comprehensive Income. The present value of the modified cash flow is subsequently amortised using the EIR method over the remaining life of the financial liability and recognised as interest expense in the Statement of Comprehensive Income. The terms of the Group's existing financial liabilities have not been modified.

2 Significant accounting policies *(continued)*

Non-derivative financial instruments

i. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Restricted cash comprises cash held by the Group where a third-party lender holds a legal charge, incorporating a right of set off, over bank deposit accounts as security in respect of outstanding loans payable as at the statement of financial position date.

ii. Trade receivables

Trade receivables represent amounts due from lessees under operating lease contracts and are recognised initially at fair value. Trade receivables are subsequently measured at amortised cost less any expected credit loss ("ECL") allowance. Please see detail in Estimates.

iii. Security deposits

Security deposits on leased aircraft are generally paid by the lessee on the execution of the lease and are non-refundable during the term of the lease. The amounts are held as a security for the timely and faithful performance by the lessee of its obligations during the lease and are included on the Consolidated Statement of Financial Position. Security deposits are refundable to the lessees, based on the terms of the various aircraft lease agreements. The deposit may be applied against amounts owing from the lessee for rent or returned to the lessee on the termination of the lease.

iv. Maintenance reserves

Maintenance reserves are accounted for as a provision in accordance with *IAS 37 — Provisions, Contingent Liabilities and Contingent Assets*.

The Group's aircraft usually enter into leases where the lessee is responsible for the maintenance of the aircraft through one of two types of leases: (i) Periodic maintenance payments throughout the term of the lease ("MR Leases"); and (ii) payments at the end of leases based on return conditions of the aircraft ("EOL Leases").

Under MR Leases, the lessee has the obligation to pay for usage of the aircraft and to make a full or partial prepayment, calculated at an hourly rate, into a maintenance reserve fund held by the Group against which the lessee can draw down upon in respect of maintenance expenditures for major overhauls. The Group retains any cash in excess of the required reimbursement to the lessee, only when the lessee's right to reimbursement has expired, and is recognised as other operating income in the Statement of Comprehensive Income.

v. Lessor contributions

At the beginning of each new lease, accruals for lessor contributions representing net contractual obligations on the part of the Group to contribute to the lessee's cost of the next planned major maintenance event, expected to occur during the lease, are established. These are subject to a large degree of estimation given the nature of these costs. Lessor contributions represent a lease incentive and are recorded as a charge to the income statement over the life of the associated lease.

2 Significant accounting policies *(continued)*

Non-derivative financial instruments *(continued)*

When aircraft are sold, any balance of lessor contribution amounts are released from the statement of financial position as part of the gain or loss on sale of the aircraft.

Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when declared.

Taxation

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity, in which case it is recognised in Other Comprehensive Income or directly in equity.

Current tax is the expected tax payable on the taxable income for the financial year using tax rates and laws that have been 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 amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the 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 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.

Deferred tax is not recognised for differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of reversal and 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.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference 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.

2 Significant accounting policies *(continued)*

Investment in subsidiary undertakings

Investment in subsidiary undertaking is carried at cost less impairment charges recognised. The Company reviews its investment in subsidiary undertaking at each reporting date or when the there is an indication of a possible impairment. An investment in subsidiary undertaking is considered impaired when its carrying value is higher than its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and value in use. Each of these is determined by reference to the assets and liabilities of all subsidiary undertakings that are directly or indirectly owned. Where an investment is considered to be impaired, it is written down to its recoverable amount with the resultant impairment charge being recorded in the Statement of Comprehensive Income.

Basis of consolidation

The consolidation financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2 Significant accounting policies *(continued)*

Basis of consolidation *(continued)*

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Where a business is transferred between entities under common control, and that control is not transitory in nature, it is the policy of the Group to account for such transactions at predecessor book value. In such cases, the difference between the consideration transferred and the carrying value of the net identifiable assets and liabilities assumed is recognised as a merger reserve.

Use of estimates and judgements

In preparing the financial statements in accordance with IFRS, the directors have made judgements, estimates and assumptions that affect application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year 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.

In the process of applying the Group's accounting policies, the directors have made the following judgements and estimates that have the most significant impact on the amounts recognised in the financial statements.

i. Maintenance reserves

When calculating the excess maintenance reserves, the Group estimates the future maintenance costs based on forecasted aircraft utilisation. Please refer to Note 2 Non derivative financial instruments for more detail.

2 Significant accounting policies *(continued)*

Use of estimates and judgements *(continued)*

ii. Impairment

To assess if there is an impairment charge, the Group uses estimates of future cash flows expected resulting from the use of assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount rate that reflects the risks and uncertainties associated with the forecasted cash flows. Actual outcomes could vary from such estimates. See Note 10.

Significant judgement is required when evaluating the inputs into the recoverable amount of the Group/Company's aircraft. In assessing the impairment charge the following table sets out the key items in relation to the impairment value in use assessment;

Valuation technique	Discounted cash flows: In considering whether impairment exists the directors used current market values from external independent appraisers to assess current market value and to assess value-in-use and have estimated future cash flows from the aircraft discounted at a risk adjusted market rate expected to be obtainable as a result of an asset's continued use
Significant inputs	– Changes in contracted lease rates reflect all concessions granted during the year. – Expected utilisation of aircraft – Future lease rates as based on market rates adjusted for aircraft specific release terms – Estimated residual values are equal to scrap value plus maintenance value remaining on return or expected sales proceeds – Discount rate.

iii. Depreciation

When estimating depreciation, the Group uses assumptions about the salvage value and useful economic life of aircraft and related components based on historical information and industry standards. See Note 2 Aircraft and related components.

iv. Maintenance intangibles

Maintenance right component are estimated by calculating the current condition of the aircraft in value terms based on aircraft utilisation to date and the Servicer's best estimate of maintenance costs. This is then compared with the redelivery condition of the aircraft from the underlying lease, and the value differential is considered for recognition as a component with reference to any underlying maintenance reserves or contributions. See Note 2 Aircraft and related components.

v. Expected credit loss

Expected credit losses are calculated based on credit risk profiles assigned to each lessee. Credit risk profiles are internally generated and determined based on a weighed profile which includes external ratings, financial statements, industry information, days overdue and security available to the Group.

2 Significant accounting policies *(continued)*

Use of estimates and judgements *(continued)*

IFRS 9 establishes a simplified impairment approach for qualifying trade receivables and lease receivables and allows the Group to recognise a loss allowance based on lifetime expected credit losses at each reporting date. Management calculates expected credit losses by reviewing amounts collectable, net of security, under the lease, applying the product of: (i) a probability of loss based on S&Ps average default rates; and (ii) loss given default. The loss given default is based on credit risk profiles assigned to each lessee and other factors. Credit risk profiles are internally generated and determined based on a weighted profile which includes external ratings, financial statements, industry information, days overdue and security available to the Group. See Note 16.

vi. Deferred tax

Deferred tax assets are recognised to the extent that there are future taxable profits within 5 years, based on best estimate forecasting by the Group. Cash flow forecasts are in line with the estimates used for the value in use testing of aircraft impairment.

vii. Lease modifications

Lease modifications are considered as received on a case-by-case basis. If approved by the Board an assessment is performed to determine if the deferral constituted a modification which would include a review of, but not limited to, the term or consideration of the lease. Concession arrangements which do not alter the consideration or term of a lease or where there may be compensation received to offset this change, are deemed no modification.

viii. Promissory notes

The Group reviews the carrying amount of the promissory notes at the end of each reporting period to assess whether there is objective evidence of impairment. If there is any objective evidence of impairment, the company recognizes an impairment loss in profit or loss, equal to the difference between the carrying amount of the promissory note and its recoverable amount. The recoverable amount is the estimated future cash flows expected to be received from the promissory note, discounted at the original effective interest rate.

3 Operating income

	2022 US$	2021 US$
Operating income is comprised of the following:		
Operating lease rentals	6,768,428	7,329,771
Expected credit loss	285,126	585,520
Amortisation of lease incentive asset	(161,478)	(202,047)
	6,892,076	7,713,244

Lease incentive include lessor contributions that relate to existing leases that have been extended and new leases. These are capitalised to the Statement of Financial Position and amortised over the life of the lease. There are two leases with contingent revenues. Contingent revenue on these leases for the financial year amounted to US$1,188,484 (2021: US$546,421).

Geographical distribution of revenue generation	2022 US$	2021 US$
Europe	4,867,161	5,433,771
Asia	1,901,267	1,896,000
	6,768,428	7,329,771

The Group has entered into non-cancellable operating leases on its aircraft. The leases have remaining terms of different length, with no restrictions placed upon the Group. Future minimum rentals receivable under the current signed leases are as follows:

	2022 US$	2021 US$
Within 1 year	4,310,888	5,370,021
More than 1 year but less than 2 years	2,695,828	4,062,888
More than 2 years but less than 3 years	544,950	2,695,828
More than 3 years but less than 4 years	-	544,950
More than 4 years but less than 5 years	-	-
Later than five years	-	-
	7,551,666	12,673,687

4 Operating expenses

	2022 US$	2021 US$
Aircraft related costs & other technical expenses	1,915,552	1,200,441
Servicer fees	551,674	339,484
Agency fees	34,953	60,621
Legal fees	68,449	311,611
Other expenses	182,314	264,023
	2,752,942	2,176,180

Aircraft related costs and other technical expenses consists of light maintenance expenses incurred usually when placing an aircraft on lease or leasing in engines etc. These are expensed in the financial year in which they are incurred. Other expenses include consultant expenses.

5 Other operating income

	2022 US$	2021 US$
Other operating income	3,215,163	2,333,726

Other operating income arises primarily from the release of excess maintenance reserves through the profit or loss to the statement of comprehensive income for leases that expired, were terminated or where there is an excess of income above the expected required maintenance balance over the life of the underlying lease.

6 Interest expense

	2022 US$	2021 US$
Interest arising from related party financing	2,683,572	2,610,838
Interest arising from external bank financing	784,476	1,276,555
Amortisation of deferred financing costs	105,322	154,045
	3,573,370	4,041,438

Financing costs incurred in relation to the financing of aircraft are deferred over the financing period and amortised through the Statement of Comprehensive Income. Please refer to note 16 for further details. Interest is calculated on an effective interest rate basis and relate to financial instruments measured at amortised cost.

7 Staff numbers

The Group had no employees at 31 December 2022 (2021: Nil). The Group has engaged GASL to provide management and other operational services with respect to its activities.

8 Other information

	2022 US$	2021 US$
Audit of Group accounts	28,795	46,780
Tax advice and compliance	11,000	19,348
	39,795	66,128

Auditor’s remuneration for the current financial year arises on fees incurred for the audit. Directors’ fees are provided by the servicing company and independent directors. Total fees paid to the servicer amount to US$511,674 (2021: US$339,484). Total fees for the independent director’s amount to US$10,000 (2021: US$10,000).

9 Tax on ordinary activities

	2022 US$	2021 US$
Current tax		
Current tax charge	-	-
Deferred tax		
Deferred tax origination	(285,144)	(865,042)
Total tax credit for the financial year	(285,144)	(865,042)

The tax assessed for the financial year is lower (2021: lower) than the standard rate of corporation tax in Ireland of 12.5%. The differences are explained below:

Reconciliation of effective tax rate	**2022 US$**	**2021 US$**
Loss before taxation	(986,800)	(6,663,986)
Loss multiplied by standard rate of corporation tax in Ireland of 12.5%	(123,350)	(832,998)
Effects of:		
Prior period over provision	(162,575)	(33,605)
Non assessable income/expense	781	1,561
Total tax credit for the financial year	(285,144)	(865,042)

Deferred tax represents the amount of tax recoverable in respect of tax losses available in the current year which are available for carry forward against future taxable profits, temporary timing differences and an excess of capital allowances over depreciation. Net deferred tax for the financial year are as follows:

Deferred tax asset/liability	**2022 US$**	**2021 US$**
Balance at 1 January	1,772,497	907,455
Current year credit	285,144	865,042
Balance at 31 December	2,057,641	1,772,497

A deferred tax asset of $2,057,641 has been recognised as the directors are of the view that it is probable that future taxable profit will be available against which the Group can utilise the deferred tax asset.

10 Aircraft & related components

	Aircraft US$	Maintenance rights US$	Lease premium/ deficit US$	Total US$
Cost				
At beginning of year	100,751,768	2,869,130	454,354	104,075,252
Additions	-	-	-	-
Disposals	(9,809,596)	-	-	(9,809,596)
Transfers to held for sale	(26,891,270)	-	(454,354)	(27,345,624)
At end of year	64,050,902	2,869,130	-	66,920,032
Depreciation/impairment				
At beginning of year	51,438,497	1,210,232	374,332	53,023,061
Depreciation charge	4,594,887	-	80,022	4,674,909
Impairment charge	-	-	-	-
Disposals	(6,491,992)	-	-	(6,491,992)
Transfer to held for sale	(14,169,045)	-	(454,354)	(14,623,399)
At end of year	35,372,347	1,210,232	-	36,582,579
Net book value				
At 31 December 2022	28,678,555	1,658,898	-	30,337,453
At 31 December 2021	49,313,271	1,658,898	80,022	51,052,191

The carrying value of specific assets is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is assessed by comparing the carrying value of an asset with its recoverable amount. The recoverable amount has been assessed as the fair value less costs to sell and/or the value in use being the net present value of future lease cash flows and expected residual value. Value in use is calculated based on a discount rate of 8.90% (2021: 7.8%). During the financial year, no aircraft was impaired (2021: US$1,218,733) during the year. Impairment losses are recognised in the Statement of Comprehensive Income.

Sensitivities on expected utilisation were excluded from consideration as the corresponding impact would be reflected in residual values upon disposition. None of the above possible changes in significant inputs would have given rise to a materially different impairment charge for the Group's aircraft than was recorded for the year.

Maintenance rights assets/liabilities represent the value in the difference between the contractual right under the acquired leases to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. This asset is held on the statement of financial position until the end of the lease at which point the value differential of the aircraft is capitalised onto the asset to the extent realised in the return condition. At 31 December 2022 the Group held US$2,156,566 (2021: US$1,658,898) maintenance rights. All leases with maintenance rights assets are expected to expire within the next five years.

Lease premiums/deficits consist of the lease premium/deficit acquired with the aircraft at the acquisition date.

10 Aircraft & related components *(continued)*

The average age of aircraft & related components is 18.5 years.

Aircraft & related components - held for sale

	2022 US$	2021 US$
At 1 January	1,132,990	750,000
Transfer from aircraft & related components	12,722,225	1,132,990
Disposals	(1,132,990)	(750,000)
Loss on transfer	(2,192,225)	-
At 31 December	10,530,000	1,132,990

During the financial year, one aircraft with a value of US$12,722,225 (2021: one airframe with a value of US$1,132,990), was transferred to held for sale resulting in a loss on transfer of US$2,192,225 (2021: US$Nil). There are no security deposits or maintenance reserve liabilities associated with this aircraft.

During the financial year, the Group disposed of two engines for US$6,550,000 resulting in a profit on sale of US$2,099,407.

11 Restricted cash

	2022 US$	2021 US$
Restricted cash	1,588,985	1,383,985

Restricted cash relates to cash held in Deutsche Bank pledged accounts as required per financing arrangements. Rating agencies Moodys and S&P assign Deutsche Bank a credit rating of A2 (2021: A2) and BBB (2021: BBB) respectively.

12 Other assets and lease incentive assets

	2022 US$	2021 US$
Other assets		
Deferred income	-	56,058
VAT receivable	150,325	27,641
Prepayments	(35,040)	12,611
	115,285	96,310
Lease incentive assets	796,710	958,188

13 Trade receivables

	2022 US$	2021 US$
Trade receivables and deferred income	1,133,220	2,044,378
Expected credit loss	(229,116)	(1,114,243)
	904,104	930,135

Trade receivables at 31 December 2022 amounted to US$1,133,220 (2021: US$2,044,378). Trade receivables are recognised initially at fair value and are thereafter measured at amortised cost less expected credit loss allowance. Trade and other receivables are discounted when the time value of money is considered material. IFRS 9 establishes a simplified impairment approach for qualifying trade receivables and lease receivables and allows the Group to recognise a loss allowance based on lifetime expected credit losses at each reporting date.

Management calculate expected credit losses by reviewing amounts collectable, net of security, under the lease, applying the product of: (i) a probability of loss based on S&Ps average default rates; and (ii) loss given default. The loss given default is based on credit risk profiles assigned to each lessee and other factors. Credit risk profiles are internally generated and determined based on a weighted profile which includes external ratings, financial statements, industry information, days overdue and security available to the Group.

The table below shows the exposure to lease receivables by risk category, as categorised by the process detailed in Note 2.

	Gross Exposure US$	Security Deposits US$	Expected Credit Loss US$
Low risk grade category	-	-	-
Medium risk grade category	-	-	-
High risk grade category	1,261,077	480,000	229,116

Geographical distribution of ECL	2022 US$	2021 US$
Europe	146,036	778,697
Americas	83,080	-
Asia	-	335,546
	229,116	1,114,243

The movements in ECL from 31 Dec 2021 to 31 Dec 2022 relate to provisions and reversals made in the year.

14 Called up share capital presented as equity

	2022 US$	2021 US$
Authorised		
1,000,000 ordinary shares of US$1 each	1,000	1,000
Allotted, called up and fully paid		
950 class A common shares of US$1 each	950	950
50 class B common shares of US$1 each	50	50

Class A shares carry the right to attend and to vote at any general meeting of the Group. Holders of a Class A share shall have one vote per Class A share held and be entitled to such dividends as the Board may from time to time declare. Holders of Class B shares have a right to attend a general meeting in relation to certain matters and shall have one vote per Class B share held. Holders of Class B shares are entitled to payment of a cumulative, aggregate preferred dividend of US$10,000 per year. A total preferred dividend of US$10,000 was paid to the class B shareholders during the period (2021: US$10,000), which has been expensed in the Statement of Comprehensive Income.

15 Investment in subsidiaries

The Group has a shareholding in the following subsidiaries;

Name	Registered address	Ownership
CRA Aircraft Ireland No.1 Limited	Riverside One Sir John Rogerson's Quay Dublin 2	100%

The principal activity of the subsidiaries is the leasing and subleasing of aircraft and related assets.

16 Loans payable

	Term loan US$	Deferred financing costs US$	Total US$
At 31 December 2021	23,701,223	(115,136)	23,586,087
Repayments	(13,680,081)	-	(13,680,081)
Amortisation of deferred financing costs	-	105,320	105,320
At 31 December 2022	10,021,142	(9,816)	10,011,326

16 Loans payable (continued)

Loans are due to one commercial bank. Summary detail of the loans are as follows:

Interest rate type	Initial loan - US$	Maturity
Fixed	55,095,000	2023

The loans were fixed at drawdown by locking in the applicable USD LIBOR on the day of the drawdown and applying a margin of between 1% and 3%. The loans were entered into during 2017.

On 17 February 2023, the Group entered into a amendment agreement with the existing commercial bank for the extension of the facility to 21 February 2024. As part of the amendment, the Group will draw on an additional US$2,500,000, remove the liquidity facility and increase the interest margin to 5%.

Minimum future contractual principal payments due under the loan payable as of 31 December 2022 are as follows:

	2022 US$	2021 US$
Term loan repayable		
Within one year	10,021,142	7,346,770
Between 2 to 5 years	-	16,354,453
Greater than 5 years	-	-
Total loan balance	10,021,142	23,701,223
Deferred financing costs		
Within one year	(9,816)	(102,774)
Between 2 to 5 years	-	(12,362)
Greater than 5 years	-	-
Deferred financing balance	(9,816)	(115,136)
Net of deferred loan costs		
Within one year	10,011,326	7,243,996
Between 2 to 5 years	-	16,342,091
Greater than 5 years	-	-
Net of deferred loan costs	10,011,326	23,586,087

Guarantees and security

The Group has entered into secured financing facilities with one commercial bank. The Group has granted first priority mortgages over aircraft & related components (fair valued at US$47,372,687 as at 31 December 2022) in favour of the financier as security for its obligations under the loan agreements.

17 Maintenance reserves and security deposits

The obligation to pay for maintenance costs on the airframe and engines which arise, during the term of the leases are paid to the Group against which the lessee can draw down upon in respect of maintenance expenditures for major checks. Amounts held in respect of aircraft maintenance, which are net of any releases to the income statement, are presented as a component of other liabilities in the Group statement of financial position. Any light maintenance costs borne directly by the Group which are not paid by the lessee are expensed as incurred.

Maintenance reserves are held as security over maintenance obligations the lessee has on the aircraft. Once the maintenance tasks have been completed and paid to the satisfaction of the lessor, the relevant amount is reimbursed by the lessor to the lessee. At 31 December 2022, the Group held US$1,220,167 (2021: US$304,822) maintenance reserves. During the period there were additions of US$4,505,956 and releases of liability obligations of US$3,590,611, of which US$680,709 relates to claims. At 31 December 2022, the Group held US$1,588,985 (2021: US$1,384,185) security deposits.

The table below summarises the timing of repayment of maintenance reserves based on the expected timing of maintenance events:

	2022 US$	2021 US$
Within 1 year	111,626	203,125
More than 1 year but less than 5 years	1,108,541	101,697
	1,220,167	304,822

The table below summarises the timing of repayment of security deposits based on the current expiry of leases:

	2022 US$	2021 US$
Within 1 year	1,109,000	609,000
More than 1 year but less than 5 years	479,985	604,985
Greater than 5 years	-	170,200
	1,588,985	1,384,185
Non-current maintenance reserves and security deposits	1,588,526	876,882
Current maintenance reserves and security deposits	1,220,626	812,125
	2,809,152	1,689,007

18 Other liabilities

	2022 US$	2021 US$
all amounts falling due within 1 year		
Trade payables	17,831	55,356
Accrued expenses	520,019	571,606
Accrued interest on bank financing	19,360	40,695
	557,210	667,657

These balances are repayable on demand and do not bear interest.

19 Group membership and ultimate parent undertaking

The Group is a 100% subsidiary of CRA Aircraft Holdings LLC, which in turn is managed by Barings Capital LLC. The ultimate parent and controlling party is Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, MA, 01111, USA.

20 Related party transactions

Related parties include directors and associated companies, directly or indirectly owned by the Group's parent. The directors of the Group also hold Directorships of associated companies.

The Group holds a capital contribution of US$23,353,310 (2021: US$23,353,310) from CRA Aircraft Holdings LLC. During the prior financial year, CRA Aircraft Holdings LLC made a capital contribution of US$15,000,000 to the Company for the purposes of restructuring parent debt promissory note payable. During year end 2017, a promissory note of US$29,502,000 (the "Promissory Note") was provided to CRA Holdings LLC. This note was listed on the Bermudan Stock Exchange and bears interest at 11% per annum. This is a non-cash transaction.

Since the acquisition of the aircraft, Genesis Aircraft Services Limited has acted and will continue to act as servicer. The total for the financial year was US$551,674 (2021: US$339,484). As at 31 December 2022, there was an accrual of US$61,223 relating to the servicing of the portfolio for the year ended 31 December 2022 (2021: US$30,028).

Conor Ward, a director of the Company, is also a director of MoyleRoe Corporates Services Limited, a company providing corporate administration services at an arm's length basis.

21 Intercompany payable

	2022 US$	2021 US$
Due to parent company	23,361,927	21,038,960
Capitalised accrued interest on promissory note	2,342,344	2,322,967
	25,704,271	23,361,927

Interest unpaid in the month due is accrued for in that month and capitalised in the following month by adding to the outstanding principal balance. Non-payment of principal and interest does not constitute a default, however all amounts due must be paid on or before the maturity date. Principal payments are not scheduled and therefore can be repaid at any point prior to or on the maturity date.

The balance due to related party relates to the promissory note which the Group listed on the Bermudan Stock Exchange on the 29th September 2018 with nominal amount of US$21,394,460 and is wholly owned by the parent company. This note is interest bearing and will mature in December 2024. The contractual interest on the note is 11%.

22 Financial instruments and associated risks

The Group is exposed to market, credit, interest rate, operational foreign currency, public liability and liquidity risk. The Group's directors oversee the management of these risks. The directors ensure these risks are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with its policies and risk appetite.

Market risk

The Group is highly dependent upon the continuing financial strength of the airline industry, which is cyclical, economically sensitive and highly competitive. The Group operates as a lessor to its lessees and bears the risk of non-performing leases by the airlines operating the aircraft. A significant deterioration in this sector could adversely affect it through a reduced demand for aircraft in the fleet, and/or reduced market rates, higher incidences of lessee default and aircraft off-lease.

A significant deterioration in the financial condition of or bankruptcy by a lessee could impair their ability to comply with their lease payment obligations to the Group and expose the Group to significant financial loss. The Group periodically perform reviews of aircraft values, trade receivables, and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties. Additionally, exposures to market and asset risk are managed through the requirement of airlines, that lease the Group's aircraft, to maintain insurance and adequate maintenance policies.

Credit risk

The Group is subject to the credit risk of its lessees as to collection of rental payments and maintenance payments under its leases. Credit risk is defined as potential loss in cash and earnings if the counterparty is unable to pay its obligations in due time. Creditworthiness of each new customer is assessed with specific focus on lease revenue contribution and the Group seeks security deposits in the form of cash or Letter of Credit to mitigate overall financial exposure to its lessees.

IFRS 9 establishes a simplified impairment approach for qualifying trade receivables and lease receivables and allows the Group to recognise a loss allowance based on lifetime expected credit losses at each reporting date.

Management calculate expected credit losses by reviewing amounts collectable, net of security, under the lease, applying the product of: (i) a probability of loss based on S&Ps average default rates; and (ii) loss given default.

22 Financial instruments and associated risks (continued)

Credit risk *(continued)*

The loss given default is based on credit risk profiles assigned to each lessee and other factors. Credit risk profiles are internally generated and determined based on a weighed profile which includes external ratings, financial statements, industry information, days overdue and security available to the Group.

In instances where maintenance reserves and security deposits are not required by the Group. The Group considers that these lessees will be in a position to pay for any deterioration in the aircraft when required. Maximum exposure to credit risk at the reporting date was:

	2022 US$	**2021 US$**
Trade receivables	1,133,220	2,044,378
Other assets	90,065	27,641
Cash	3,216,617	3,144,874
Restricted cash	1,588,985	1,383,985
	6,028,887	6,600,878

Cash during the financial year relates to cash held in Deutsche Bank pledged accounts as required per financing arrangements. Rating agencies Moodys and S&P assign Deutsche Bank a credit rating of A2 and BBB respectively.

The aviation industry is cyclical, economically sensitive and highly competitive. A key determinant of the Group's success is the financial strength of its customers and their ability to react to and cope with the competitive environment in which they operate. If a customer experiences financial difficulty, this may result in default. This risk is mitigated by comprehensive credit reviews of customers both prior to and during the course of a service contract.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, when revenue or expense are dominated in a different currency from the Group's functional currency.

The Group manages its foreign currency risk by undertaking all major transactions both inflows and outflows, in the Company's functional currency and significant cash balances in US$. Movements in foreign currencies do not materially affect the Group.

22 Financial instruments and associated risks (continued)

Liquidity risk

The Group has funded a large part of its operations with debt financing. The ability of the Group to continue to operate is dependent upon its ability to meet its payment obligations and adhere to covenant requirements under the respective loan agreements, which are dependent upon the factors outlined above.

If the Group cannot meet its obligations under the various debt arrangements or its capital commitments, it may be subject to contract breach damages suits and may even be unable to continue to operate on a going concern basis.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows. It monitors the risk to shortage of funds by regular analysis of cash flow movements, forecasts and adherence to all loan covenants.

In addition to debt financing and the significant cash flow generated from the leasing of aircraft, as well as the cash generated from the collection of maintenance reserves and the requirement that lessees provide security deposits in respect of leased aircraft, the Group also includes cash generated from the potential sale of aircraft as an integral aspect of its liquidity strategy.

The below tables summarise the expected cashflows of the financial assets for the financial year ended 31 December 2022 and 31 December 2021 of the Group:

At 31 December 2022	**Less than 12 months US$**	**Between 1-3 years US$**	**More than 3 years US$**	**Total US$**
Financial assets:				
Cash and cash equivalents	3,216,617	-	-	3,216,617
Restricted cash	1,588,985	-	-	1,588,985
Trade receivables	904,104	-	-	904,104
Total	5,709,706	-	-	5,709,706

At 31 December 2021	**Less than 12 months US$**	**Between 1-3 years US$**	**More than 3 years US$**	**Total US$**
Financial assets:				
Cash and cash equivalents	3,144,874	-	-	3,144,874
Restricted cash	1,383,985	-	-	1,383,985
Trade receivables	930,135	-	-	930,135
Total	5,458,994	-	-	5,458,994

22 Financial instruments and associated risks (continued)

Liquidity risk *(continued)*

The following tables summarise the gross contractual cashflows for the financial year ended 31 December 2022 and 31 December 2021 of the Group:

At 31 December 2022	**Less than 12 months US$**	**Between 1-3 years US$**	**More than 3 years US$**	**Total US$**
Financial liabilities:				
Loan payable	10,011,326	-	-	10,011,326
Interest payable	-	-	-	-
Due to related party	-	25,704,271	-	25,704,271
Security deposits	609,000	479,985	-	1,088,985
Accrued interest	19,360	-	-	19,360
Other liabilities	537,850	-	-	537,850
Total	11,177,536	26,184,256	-	37,361,792

At 31 December 2021	**Less than 12 months US$**	**Between 1-3 years US$**	**More than 3 years US$**	**Total US$**
Financial liabilities:				
Loan payable	7,243,996	16,342,091	-	23,586,087
Interest payable	823,076	101,967	-	925,043
Due to related party	-	-	23,361,927	23,361,927
Security deposits	609,000	604,985	170,200	1,384,185
Accrued interest	40,695	-	-	40,695
Other liabilities	626,963	-	-	626,963
Total	9,343,730	17,049,043	23,532,127	49,924,900

Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to minimise its weighted average cost of capital, while maintaining sufficient and relevant Equity to Asset ratio.

The Group manages its capital structure and adjusts it, considering changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

22 Financial instruments and associated risks *(continued)*

Fair value measurement

It is the Group's policy to maximise the use of observable inputs and minimise the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy as described below. Where limited or no observable market data exists, fair value measurements for assets and liabilities are based primarily on management's own estimates and are calculated based upon our pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results may not be realised in actual sale or immediate settlement of the asset or liability.

The three broad levels included in the fair value hierarchy is as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as at the reported date.

Level 2 - The fair values determined through Level 2 of the fair value hierarchy are derived principally from or corroborated by observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparables, interest rates, yield curves and other items that are to be determined.

Level 3 - The fair values pertaining to Level 3 of the fair value hierarchy are derived principally from unobservable inputs from our own assumptions about market risk developed based on the best information available, subject to cost benefit analysis, and may include our own data.

When there are no observable comparables, inputs used to determine value are derived through extrapolation and interpolation and other company-specific inputs such as projected financial data and our own views about the assumptions that market participants would use.

The Group has no financial assets or liabilities at fair value. The following tables summarise the fair value of our financial assets and financial liabilities held at amortised cost as at 31 December 2022 and 31 December 2021 by level within the fair value hierarchy. Due to the nature of these assets and liabilities the carrying value approximates fair value.

	Quoted prices in active markets for identical assets (level 1) US$	Using significant other observable inputs (level 2) US$	Significant unobservable inputs (level 3) US$
As at 31 December 2022			
Cash and cash equivalents	3,216,617	-	-
Restricted cash	1,588,985	-	-
Trade receivables	-	904,104	-
Due to related party	-	25,704,271	-
Trade payables	-	215,592	-
Term loan	-	10,011,326	-
Security deposits	1,588,985	-	-

22 Financial instruments and associated risks *(continued)*

Fair value measurement *(continued)*

	Quoted prices in active markets for identical assets (level 1) US$	Using significant other observable inputs (level 2) US$	Significant unobservable inputs (level 3) US$
As at 31 December 2021			
Cash and cash equivalents	3,144,874	-	-
Restricted cash	1,383,985	-	-
Trade receivables	-	930,135	-
Due to related party	-	23,361,927	-
Trade payables	-	55,357	-
Term loan	-	23,586,087	-
Security deposits	1,384,185	-	-

The Group engages an independent appraiser to value the Group including its term loan. As the term loan is non-transferable and a sale of the Group would have to be repaid at par the fair value of the debt is deemed to be equal to the balance outstanding.

The carrying amounts and fair values of our financial instruments as at 31 December 2022 are as follows:

	Carrying amount of asset/(liability) US$	Fair value of asset/(liability) US$
Assets		
Cash and cash equivalents	3,216,617	3,216,617
Restricted cash	1,588,985	1,588,985
Trade receivables	904,104	904,104
Liabilities		
Term loan	10,011,326	10,011,326
Due to related party	25,704,271	25,704,271

22 Financial instruments and associated risks *(continued)*

Fair value measurement *(continued)*

The carrying amounts and fair values of our financial instruments as at 31 December 2021 are as follows:

	Carrying amount of asset/(liability) US$	Fair value of asset/(liability) US$
Assets		
Cash and cash equivalents	3,144,874	3,144,874
Restricted cash	1,383,985	1,383,985
Liabilities		
Term loan	23,586,087	23,586,087

23 Commitments and contingencies

Claims, suits and complaints arise in the ordinary course of our business. Currently, the Directors are not aware of any such claims or contingent liabilities that would be material to our final position or results of operations that require disclosure.

24 Subsequent events

On 17 February 2023, the Group entered into a amendment agreement with the existing commercial bank for the extension of the facility to 21 February 2024. As part of the amendment, the Group will draw on an additional US$2,500,000, remove the liquidity facility and increase the interest margin to 5%. On 30 March 2023, the Group repaid the $10m term loan.

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

25 Approval of financial statements

The directors approved these financial statements on 28 March 2023.