AMEDEO AIR FOUR PLUS LIMITED

Consolidated Annual Financial Report (audited)
For the year ended 31 March

2019

Contents

Summary Information

Trading	The Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	AA4
SEDOL ISIN LEI	BWC53H4 GG00BWC53H48 21380056PDNOTWERG107
Reporting Currency	Sterling
Launch Date / Share Price	13 May 2015 / 100p
Share Price	91.50p (as at 31 March 2019) 91.25p (as at 16 July 2019)
Market Capitalisation	GBP588 million (as at 31 March 2019)
Target Dividend	Current dividends are 2.0625p per Share per quarter (8.25p per annum)
Dividend Payment Dates	January, April, July, October
Year End	31 March
Stocks & Shares ISA	Eligible
Aircraft Registration Numbers	A6-EEY, A6-EOB, A6-EOM, A6-EOQ, A6-EOV, A6-EOX, A6-EPO, A6-EPQ, A6-API, A6-APJ, HS-THF, HS-THG, HS-THH, HS-THJ
Website	www.aa4plus.com

Key Advisers and Contact Information

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John Le Prevost
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Key Advisers and Contact Information (continued)

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Company Overview

Amedeo Air Four Plus Limited ("**AA4**" or the "**Company**") is a Guernsey company incorporated on 16 January 2015. The Company operates under the Companies (Guernsey) Law, 2008, as amended (the "**Law**") and the Disclosure Guidance and Transparency Rules (the "**DGTRs**") of the UK's Financial Conduct Authority (the "**FCA**").

The Company's shares were first admitted to trading on the Specialist Fund Segment ("**SFS**") of the London Stock Exchange's Main Market on 13 May 2015 upon the admission of 202,000,000 redeemable ordinary shares ("**Shares**") at an issue price of 100 pence per Share. Subsequently, the Company has conducted six additional placings, resulting in the issue and admission to trading on the SFS of an additional 440,250,000 Shares at issue prices in the range of 100 pence to 104 pence.

As at 16 July 2019, the last practicable date prior to the publication of this report, the Company's total issued share capital was 642,250,000 Shares trading at 91.25 pence per Share.

Investment Objective and Policy

The Company's investment objective is to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling aircraft (each an "**Asset**" and together "**Assets**").

To pursue its investment objective, the Company seeks to use the net proceeds of placings and/or other equity capital raisings, together with debt facilities (or instruments), to acquire aircraft which will be leased to one or more major airlines.

The Company's Articles of Incorporation (the "**Articles**") provide that the Company may only acquire further aircraft with the approval of the Company's shareholders by ordinary resolution in relation to each proposed acquisition. Where such approval for a new acquisition is obtained, it is the current intention of the Board of directors of the Company (the "**Board**") to offer shareholders the opportunity to participate in any equity financing of such further acquisitions on a broadly pre-emptive basis, although other approaches to the equity financing may also be considered and pursued if the Board consider it appropriate to do so in order to diversify the funding sources of the Company.

In accordance with the investment policy, it is the Board's intention that, subject to finding suitable deals and obtaining subsequent shareholder approval, the Company be grown into a larger vehicle owning a range of aircraft leased to more major airlines. The aim of such a strategy is to diversify the risk profile of the Company's portfolio of Assets and lease credits whilst maintaining its target investor returns of a quarterly dividend of 2.0625 pence per share and a double digit total return.

The Board regularly discusses with its advisors, Amedeo Limited ("**Amedeo**" or the "**Asset Manager**") and Nimrod Capital LLP ("**Nimrod**" or the "**Corporate and Shareholder Adviser**"), the scope for further acquisitions of aircraft in the future.

Investment Portfolio

As at the financial reporting date the Company had sixteen wholly-owned subsidiaries, see note 1 for further details. Together the Company and its subsidiaries are known as the "**Group**".

Company Overview (continued)

The table below details the Assets held by the Group at the reporting date:

Manufacturer	Aircraft Type	Manufacturer's Serial Number ("**MSN**") and Registration	Date of Acquisition / Lease	Lessee*	Initial Lease Duration
Airbus	A380-800	157 - A6-EEY	19-May-15	Emirates	12 years
Airbus	A380-800	164 - A6-EOB	19-May-15	Emirates	12 years
Airbus	A380-800	187 - A6-EOM	03-Aug-15	Emirates	12 years
Airbus	A380-800	201 - A6-EOQ	27-Nov-15	Emirates	12 years
Airbus	A380-800	206 - A6-EOV	19-Feb-16	Emirates	12 years
Airbus	A380-800	208 - A6-EOX	13-Apr-16	Emirates	12 years
Boeing	777-300ER	42334 - A6-EPO	28-Jul-16	Emirates	12 years
Boeing	777-300ER	42336 - A6-EPQ	19-Aug-16	Emirates	12 years
Airbus	A380-800	233 - A6-API	24-Mar-17	Etihad	12 years
Airbus	A380-800	237 - A6-APJ	24-May-17	Etihad	12 years
Airbus	A350-900	123 - HS-THF	13-Jul-17	Thai	12 years
Airbus	A350-900	130 - HS-THG	31-Aug-17	Thai	12 years
Airbus	A350-900	142 - HS-THH	22-Sep-17	Thai	12 years
Airbus	A350-900	177 - HS-THJ	26-Jan-18	Thai	12 years

* "**Emirates**" means Emirates Airline;
"**Etihad**" means Etihad Airways PJSC;
"**Thai**" means Thai Airways International Public Company Limited.

Distribution Policy

The Company aims to provide shareholders with an attractive total return comprising income from distributions through the period of the Group's ownership of the Assets and a capital gain upon the sale, or other disposition of the Assets.

The Group receives income in the form of lease payments. Income distributions are made to shareholders quarterly, subject to compliance with applicable laws and regulations. The Company currently targets and has achieved to date a distribution to shareholders of 2.0625 pence per Share per quarter.

There can be no guarantee that dividends will be paid to shareholders and, if dividends are paid, as to the timing and amount of any such dividend. There can also be no guarantee that the Company will, at all times, satisfy the statutory solvency test (the "**Solvency Test**") required to be satisfied pursuant to section 304 of the Law prior to any declaration of a dividend by the Board.

In the event that the Company is wound-up, shareholders may also receive a capital return from the net proceeds of a sale of the Assets.

Performance Overview

All payments by the Lessees have to date been made in accordance with the terms of the respective leases.

In accordance with the Distribution Policy, the Company declared four dividends of 2.0625 pence per Share during the year under review and two dividends of 2.0625 pence per Share were declared after the end of the reporting period. Further details of dividends declared and paid can be found on page 19.

Company Overview (continued)

Return of Capital

Following the sale of an Asset the Board may, as it deems appropriate at its absolute discretion, either return to shareholders all or part of the net capital proceeds of such sale (subject to satisfaction of the Solvency Test), or re-invest the proceeds in accordance with the Company's investment policy, subject to shareholder approval.

The Asset Manager regularly monitors the market valuations of the Assets and, subject to any lease obligations, will consider the most appropriate time for the sale of any one or more of the Assets. The Board will consider any recommendation from the Asset Manager as to the sale of any Asset and proceed as the Board considers appropriate.

Liquidation Resolution

Although the Company does not have a fixed life, the Articles require that the Board convenes a Liquidation Proposal Meeting in 2029 or such other date as shareholders may approve by ordinary resolution.

Chairman's Statement

I am pleased to present shareholders with the Group's full year financial report covering the period from 1 April 2018 to 31 March 2019.

The key development during the period was the announcement on 14 February 2019 that Airbus will close production of the A380 in 2021. This development means that the total production run for the aircraft will be around 250 units, almost half of which will be operated by Emirates (with whom the Company has six A380s on fixed-term leases). The A380 remains a unique double-decker aircraft in that it has the capability to carry over 500 passengers on two decks and this can help facilitate growth at slot-constrained airports around the world. The announcement by Airbus has no direct impact on the Company's leases nor its ability to pay targeted distributions. The Company's first lease expiry does not fall due until 2026. While the A380 forms approximately two-thirds of the Group's portfolio by appraised value, the portfolio is complemented and diversified by two additional aircraft models, namely the B777-300ER and A350-900. The Company's share price fell sharply on the day of the Airbus announcement, having demonstrated little volatility since launch in 2015 and currently resides at 91.25 pence at the time of writing. Further details on the cessation of the A380 programme and the Company's portfolio can be found in the Asset Manager's report. However, during the year the Company has continued to declare quarterly dividends of 2.0625 pence per share, representing a yearly distribution of 8.25 pence per share and your Board is hopeful of continuing to pay such dividends for the foreseeable future.

With respect to new transactions the landscape remains much as I described in my statement accompanying the most recent half-yearly report. It is pleasing to consider that aircraft investment is gaining traction with investors as a more traditional asset class, but the challenge of securing high-quality transactions that will maintain the Company's existing sterling denominated dividend target and double digit total return target mean your Board has not been able to recommend any new transactions for shareholders to consider. Having discussed the recent pace of growth with shareholders and the Company's advisors I continue to believe that we should be patient and exercise discipline with regard to future growth. I continue to encourage Amedeo to source potential future transactions and to work with Nimrod in evaluating their suitability for shareholders. During the period each of our lessees has continued to meet its obligations and so dividends have been maintained at the targeted level.

If, in the view of the Board, it is in the interests of the Company to acquire any further aircraft, taking into account the maintenance of the Company's target income distributions, opportunities for capital growth, the diversification of the Company's portfolio and risk profile, the Board will seek shareholders' approval of those proposed acquisitions.

On 31 March 2019 the Company had 642,250,000 shares in issue which, at the then market price of 91.5 pence equated to a market capitalisation of approximately £588 million. However, as mentioned above, the current share price of 91.25 pence equates to a market capitalisation in excess of £586 million.

The Company's Asset Manager, Amedeo, continues to monitor the leases and reports regularly to the Board. Nimrod, the Company's Corporate and Shareholder Adviser, continues to liaise between the Board and shareholders.

Our underlying leases with respect to Emirates and Etihad include monthly lease rentals paid in US Dollars (matched in currency and amount to interest and regular principal loan repayments) and Sterling (to cover operating costs and dividend payments). In the case of Thai, the entire monthly lease rental is denominated in US Dollars.

Following a review of recent activity levels and transactions in the subsidiaries of the Company, their Boards have seen fit to re-designate their functional currency to US Dollars from 1 April 2018 and the subsequent accounting for the year ended 31 March 2019. This is reflective of the most recent economic environment of these subsidiaries, as their rental income and sources of financing are primarily US Dollar based.

US Dollar lease rentals and loan repayments (with the exception of the four Thai aircraft) are closely matched as to amount and timing so that during the life of a lease the lease payments cover all loan repayments as to interest and principal save for the repayment of bullet repayments of principal due on the final maturity of a loan. The Thai leases' floating lease rental payments are matched to floating rate loan repayments so as to closely match the loan interest and capital repayments save for the bullet capital repayments due on the final maturity of such loans. The Board monitors the foreign exchange exposure as well as the interest rate risk resulting from the Thai transaction and may if it considers it appropriate undertake hedging transactions.

Chairman's Statement (continued)

Rental income receivable is credited evenly to the profit or loss in the Consolidated Statement of Comprehensive Income over the planned life of each lease. Conversely, the methodology for accounting for interest costs means that the proportion of the loan repayments which is treated as interest and is debited to the Consolidated Statement of Comprehensive Income varies over the course of the loan – so that the differential between rental income and interest cost (as reported in the Consolidated Statement of Comprehensive Income) reduces over the course of each twelve year lease.

Finally, the Board is always keen to meet with shareholders, as indeed I have done during the last year, and we welcome the opportunity to meet more shareholders in the future as your Board very much welcomes an open dialogue. Please do not hesitate to contact Nimrod to request a meeting.

On behalf of the Board, I would like to thank our service providers for all their help and all shareholders for their continuing support of the Company.

Robin Hallam
Chairman

Date: 17 July 2019

Asset Manager's Report

On the invitation of the Directors of the Company, the following commentary has been provided by Amedeo as Asset Manager of the Company and is provided without any warranty as to its accuracy and without any liability incurred on the part of the Company, its Directors and officers and service providers. The commentary is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Company should seek their own independent financial advice and may not rely on this communication in evaluating the merits of an investment in the Company. The commentary is provided as a source of information for shareholders of the Company but is not attributable to the Company.

THE ASSETS

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles
Emirates	A380-800	157	A6-EEY	19/05/2015	04/09/2026	19,509	3,107
	A380-800	164	A6-EOB	19/05/2015	03/11/2026	19,464	3,076
	A380-800	187	A6-EOM	03/08/2015	03/08/2027	19,128	1,764
	A380-800	201	A6-EOQ	27/11/2015	27/11/2027	13,889	2,190
	A380-800	206	A6-EOV	19/02/2016	19/02/2028	13,541	2,141
	A380-800	208	A6-EOX	13/04/2016	13/04/2028	12,459	1,973
	777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	11,804	2,972
	777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	12,058	2,716
Etihad	A380-800	233	A6-API	24/03/2017	24/03/2029	10,820	1,152
	A380-800	237	A6-APJ	24/05/2017	24/05/2029	10,050	1,036
Thai	A350-900	123	HS-THF	13/07/2017	13/07/2029	8,157	1,369
	A350-900	130	HS-THG	31/08/2017	31/08/2029	7,689	1,218
	A350-900	142	HS-THH	22/09/2017	22/09/2029	7,492	1,203
	A350-900	177	HS-THJ	26/01/2018	26/01/2030	5,785	966

As of 31 March 2019

RECENT EVENTS

On 14 February, Airbus announced that it will stop production of the A380 aircraft in 2021. Emirates will take an additional 14 A380 units, all Rolls Royce powered, bringing its current total of 109 A380s to 123.

All other outstanding orders, including Amedeo's, were terminated by mutual agreement. Emirates stated that the A380 will remain a pillar in their fleet well into the 2030s. The Asset Manager of the Company estimates that the long-term core Emirates A380 fleet will comprise in excess of 100 A380 units, which the Asset Manager expects will continue to be operated by Emirates for the entirety of their useful economic lives.

In the Emirates A380 fleet, 90 units are Engine Alliance powered, and 33 units will have Rolls Royce engines, including 19 aircraft already in service and 14 on order.

In addition, Emirates agreed to acquire a further 40 A330-900s and 30 A350-900s.

It has been reported that Air France plans to reduce its A380s fleet from 10 to 5 aircraft. The carrier plans to return the first two to the lessor when their contract expires in 2019. The carrier will continue to operate the remaining 3 aircraft until their lease expiration.

Lufthansa is reported to have concluded a new purchase agreement with Airbus for 20 A350-900 aircraft (and 20 787s with Boeing). As part of the order Airbus has agreed to buy back from Lufthansa 6 of its A380s in 2022 and 2023.

Dr. Peters, the asset manager for ex-Singapore Airlines A380s, reported that MSNs 3 and 5 will be parted out for sale by VAS Aero Services. Dr. Peters estimates US$45 million in parts proceeds over a two-year period, in addition to maintaining a lease agreement with Rolls Royce for the engines until 2020, with Rolls Royce paying rent of $480,000 per month for each four engine sets, after which time it plans to sell the engines. Dr. Peters has stated that this will produce US$80 million per aircraft and an investment return of 145-155%.

Hi Fly, a wet lease operator who provides capacity with its own flight and cabin crew to airlines like Norwegian and Air New Zealand continues using ex Singapore Airlines MSN 6, on lease from a Doric managed fund and contemplates taking additional A380s.

The Japan based airline ANA received its first A380 on 21 March, the first of its 3 A380s on order that will ultimately operate on the Tokyo – Honolulu route.

In February, Malaysia Airlines launched a new brand called Amal that will run Malaysia A380 flights from South East Asia to Saudi Arabia for Islamic Pilgrimage flights.

Furthermore, Boeing postponed the roll out of the new B777X aircraft. It is unclear if the certification of this new large jet will be delayed by the certification process review after the grounding of the 737 Max aircraft.

It is fair to say that the reporting about A380s during this quarter has been negative, culminating in the Airbus announcement of the termination of the program in 2021.

The Asset Manager continues to engage with the airlines regarding future A380 fleet planning. Considering that the Company's earliest A380 lease termination is in 2026, this process does not need to be rushed.

IATA ECONOMIC ANALYSIS

Annual growth in industry-wide revenue passenger kilometres (RPKs) started 2019 positively, rising by 6.5% y-o-y in January, its fastest pace over the past six months. The seasonally adjusted upward trend in RPKs accelerated in January but it is too soon to think that this represents a change in trend.

Available Seat Kilometres (ASK) grew by 6.4% y-o-y in January, very similar to the RPK growth pace. Load factors remained at 79.8% from last year. The Latin American region recorded the highest passenger load factors during January (82.5%), followed by Asia Pacific (81.0%).

European airlines showed the fastest growth in International passenger demand in January: 7.7% y-o-y. European RPKs show a slower pace than in previous months due to the uncertainty of its economic growth caused by Brexit. Asia Pacific airlines follow closely, showing a 7.1% y-o-y increase in January for international RPKs, a considerable improvement from 5.0% in December 2018. The region's upward trend slowed down over the third quarter of 2018 mainly due to natural disasters that had an impact on air traffic. However, demand recovered rapidly. The characteristic strong demand in the region has been backed by the recent increase in connecting airport pairs and the rise in household income across the middle class.

Middle-East RPK growth became positive again in January, as carriers based in the region flew 1.5% more international RPKs than a year ago, recovering from flat growth seen during the end of 2018.

IATA shows cautious optimism for 2019 due to lower oil prices and a solid but slower economic growth. IATA forecasts that 2019 will be the tenth consecutive year of profit and the fifth year that airlines deliver a return on capital that exceeds the industry's cost of capital, creating value for its investors.

International Air Transport Association, 2019. Air Passenger Market Analysis (January 2019) © All Rights Reserved. International Air Transport Association, 2018. Cautious Optimism Extends into 2019 – Airlines Heading for a Decade in the Black (December 2018) © All Rights Reserved.

EMIRATES GROUP

Emirates fleet consisted of 270 aircraft as of March 2019. In February, Airbus and Emirates reached an agreement on its A380 contract, bringing its total A380 orderbook to 123, with 14 more A380s to be received from 2019 until the end of 2021. Emirates announced an order for 40x A330-900s and 30x A350-900s, that will deliver between 2021 and 2024.

Emirates financial year 2018/19 produced the thirty first consecutive year of profit. The airline posted a net result of AED871 million (USD237 million), down by 69% y-o-y. This drop came despite the increase of 6% in total revenue to AED97.9 billion (USD26.7 billion) and was mainly due to higher fuel prices, unfavourable foreign exchange movements and increasing competition in its major markets.

Asset Manager's Report (continued)

During the financial year, total operating costs increased by 8% y-o-y. Fuel was the largest of the airline's expenses (32% of the total). The average price of jet fuel increased 22% plus a 3% higher uplift in line with capacity increases, which meant a fuel bill increase of 25% y-o-y. Additionally, the relative strengthening of the US dollar against currencies in many of the airline's key markets had an AED572 million (USD156 million) negative impact compared to the positive currency impact of AED661 million (USD180 million) the year before.

The airline's overall passenger numbers during the year remained flat carrying 58.6 million passengers, with a share of 41% flying on an A380. Passenger traffic, measured in RPKs, increased by 2.7%, while capacity, measured in ASKs, grew by 3.6%. Passenger load factor was 76.8% compared to last year's 77.5%.

Emirates launched three new passenger destinations during the year: London Stansted, Santiago (Chile) and Edinburgh, and also reinstated services to Sabiha Gokcen (Turkey). Furthermore, it added flight capacity to 14 existing destinations and upgraded capacity to six cities by offering a higher frequency with more onward connections.

Due to the closure of Dubai International's southern runway for refurbishment work between 16 April and 30 May 2019, Emirates has temporarily grounded 48 aircraft and cut its flight schedule by 25%. Some services have been cancelled; others re-timed or operated with different aircraft to reduce the impact on customers. However, a negative impact on the current year's financial results is expected. Emirates also intend to make other changes to its network later in the year, including deploying the A380 on services to Boston and Glasgow in the summer.

Emirates entered into a memorandum of understanding with China Southern Airlines to begin codesharing on 18 routes in China, the Middle East and Africa. Emirates has also continued to develop its partnership with Flydubai, optimising flight schedules and offering new city-pair connections through Dubai. The codeshare and network optimisation scheme is set to cover 240 destinations by 2022, of which 67 were already available as of 31 March. The two airlines have also combined their loyalty programmes under Emirates Skywards.

In February 2019, Emirates provided an update on its fleet planning: Months of discussions with Airbus and engine manufacturer Rolls-Royce resulted in an agreement to reduce the number of unfilled A380 orders from 53 to 14. The remaining deliveries shall take place by 2021. In parallel the lessee signed a heads of agreement to order 40 A330-900 and 30 A350-900 with deliveries starting from 2021 and 2024 respectively. Notwithstanding the new order, His Highness Sheikh Ahmed bin Saeed Al Maktoum emphasized that "the A380 will remain a pillar of our fleet well into the 2030s" and that the operator continues to invest in this product.

The Emirates Group. © 2018 All Rights Reserved. Emirates Group announces half-year performance for 2018-19

The Emirates Group. © 2019 All Rights Reserved. Emirates signs deal for 40 A330-900s, 30 A350-900s.

ETIHAD AIRWAYS

As of March 2019, Etihad had a majority widebody fleet of 110 aircraft in service. Its orderbook was reduced during the quarter, having cancelled 40x A350-900, 2x A350-1000 and 19x B777-9.

Etihad entered into a codeshare agreement with Royal Jordanian in February and Gulf Air in March. Etihad will codeshare on Royal Jordanian's Abu Dhabi-Larnaca and Abu Dhabi Berlin services. Services to Algiers, Tunis, Vienna and Montreal are set to be added to this agreement. Under its agreement with Gulf Air, Etihad will place its code on Gulf Air services from Bahrain to Abu Dhabi, Baghdad, Casablanca, Dhaka, Faisalabad, Larnaca, Malaga, Multan, Najaf, Peshawar, Sialkot and Tbilisi.

Etihad improved core performance in 2018 as its transformation continues. The airline announced in March an improvement in core operating performance of 15% over the year, 7% higher than expected. Passenger yields increased by 4% due to capacity discipline, fleet and network optimisation and growing market share in premium as well as point to point markets. Results show a 3% decrease in unit costs over the year, despite fuel prices being 31% higher. Over the year, the airline has carried 17.8 million passengers and 682,100 leg tonnes of cargo. Etihad reported total revenue of USD5.9 billion (3% lower than in 2017) and a net loss of USD1.28 billion (16% improvement y-o-y).

Centre for Aviation, 2019. Etihad Airways and Royal Jordanian announce new codeshare partnership (February 2019) © All Rights Reserved.

Centre for Aviation, 2019. Etihad Airways Improves Core Performance In 2018 As Transformation Continues (March 2019) © All Rights Reserved.

THAI AIRWAYS INTERNATIONAL

Thai Airways International's fleet is composed of 79 widebody aircraft as of March 2019, of which 8x B747s, 32x B777s, 6x B787s, 15x A330s, 12x A350s & 6x A380s. The majority of its fleet is owned by the airline (72%) and 28% is leased from various lessors. Thai is set to formalise a five-year aircraft acquisition plan to replace its older fleet, although no details were shared with the release of its results. During the FY 2018, Thai took delivery of 3x A350-900s & 2x A330-300s and decommissioned 2x B747-400s.

The group reported its 1Q 2019 results, with a total revenue of THB 49,791 million, 6.9% less than the same period last year, due to appreciation of THB against major revenue currencies and intense competition. In addition, total expenses increased by THB 989 million or 2% resulting from the change of estimated residual values and higher leases of aircraft. The group reported a profit of THB 456 million. Passenger load factor was 80.3% during the quarter, lower than previous year's 80.6%, having carried 6.29 million passengers, a 0.6% increase compared to the previous year. The airline is expecting stronger passenger numbers and load factors this year as the government boosts tourism promotion and the airline is expecting fuel prices to fall.

Thai Airways is expecting to improve its financial situation with the Montra Project, a short-term plan with a main goal of stopping the airline's losses and strengthening its financial position. This plan will include more leases instead of acquisitions of aircraft, improving service efficiency, increasing revenue and reducing costs.

Thai Airways International Public Company Limited. Thai Announces First Quarter Results 2019

Directors

Robin Hallam (age 65) (Chairman) (independent non-executive)
Until 31 December 2015, Robin Hallam was a partner and co-head of Asset Finance at international law firm Hogan Lovells LLP, where he was a partner since 1995 specialising in aircraft finance, particularly leasing, export credit and structured financing. Between January and December 2016, Robin was a consultant at Hogan Lovells LLP. He has represented financial institutions, operating lessors, investors, airlines and export credit agencies. Robin holds a degree in law from Trinity College, Cambridge, is a member of International Society of Transport Aircraft Trading ("**ISTAT**") and was ranked Band 1 for Asset Finance in Chambers UK 2015.

David Gelber (age 71) (independent non-executive)
David Gelber began his career with Citibank in London in 1974. Over the course of the next twenty years he held a variety of trading roles in foreign exchange, fixed income and derivatives at Citibank, Chemical Bank and HSBC where he was Chief Operating Officer of HSBC Global Markets. In 1994 he joined ICAP, an inter-dealer broker, as COO and oversaw two mergers and a number of acquisitions. He is currently the non-executive Chairman of Walker Crips PLC, a stock broker and wealth manager; and a non-executive director of IPGL, a holding company with investments in numerous companies on several of which he serves as a director. He recently joined the Board of Singapore Life Ltd, a newly formed online insurance company. David holds a BSc in Statistics and Law from the University of Jerusalem and an MSc in Computer Science from the University of London.

John Le Prevost (age 67) (independent non-executive)
John Le Prevost is the Chief Executive Officer of Anson Group Limited and Chairman of Anson Registrars Limited (the Company's Registrar). He has spent over forty years working in offshore fund, trust and investment businesses during which time he has been a managing director of subsidiaries in Guernsey for County NatWest Investment Management, The Royal Bank of Canada and for Republic National Bank of New York. He is a Full Member of the Society of Trust and Estate Practitioners. He is a director of a number of other companies associated with Anson Group's business as well as being a trustee of the Guernsey Sailing Trust. John is currently also a non-executive director of Doric Nimrod Air One Limited, Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited (each of which is an aircraft leasing investment vehicle). He is resident in Guernsey.

Laurence Barron (age 67) (independent non-executive)
Having begun his career as a commercial lawyer in Paris and then in Tokyo, where he first became involved in aircraft financing transactions, Laurence joined Airbus in 1982 as an in-house lawyer specialising in aircraft finance. He subsequently moved to the business side when, in 1984, he was appointed Sales Finance Director North America, becoming Head of Sales Finance in 1985, and then, in 1987, Vice President of Customer Finance. In 1994, he was asked to set up the Asset Management Organisation within Airbus and that year became Vice President and Head of Asset Management. Airbus Asset Management has full responsibility for all used aircraft transactions at Airbus and acts as an in-house leasing company for the used Airbus aircraft owned or controlled by the Airbus group of companies. In 2001 he was promoted to Senior Vice President of Airbus before assuming the role of President of Airbus China in 2004, with responsibility for Airbus' overall activities in the People's Republic of China. In January, 2013, Laurence was appointed Chairman of EADS China, now rebranded Airbus China. Laurence retired from salaried Airbus employment at the end of April 2016 and was non-executive Chairman of Airbus China until the end of 2017. He holds an LLB from Bristol University Law Faculty.

Management and the Delegation of Functions

The Directors, whose details are set out on page 15, are responsible for managing the business affairs of the Group in accordance with the Articles and have overall responsibility for the Group's activities, including investment activity and performance. Each of the Directors is a non-executive director and is independent. The Group has delegated management of the Assets to Amedeo, which is a company incorporated in Ireland. The Directors delegate secretarial and administrative functions to JTC Fund Solutions (Guernsey) Limited ("**JTCFSL**" or the "**Secretary**" or the "**Administrator**") which is a company incorporated in Guernsey and licensed by the Guernsey Financial Services Commission for the provision of administration services. The Company has appointed Nimrod as the Company's Corporate and Shareholder Adviser and Anson Registrars Limited ("**Anson**") as the Company's Registrar, Transfer Agent and Payment Agent.

Asset Manager, Agency Services and Liaison Agent

Amedeo has been appointed by the Company to provide asset management services to the Group. Pursuant to the Asset Management Agreement dated 30 April 2015, Amedeo will: (i) monitor and, to the extent required pursuant to the terms and conditions set out in each lease, administer each relevant lessee's performance of its obligations under the relevant lease (including such lessee's obligations relating to the insurance of the Assets); (ii) as the Group's exclusive remarketing agent in respect of the Assets, use all reasonable endeavours to solicit offers to lease or sell each of the Assets on the best terms reasonably obtainable having due regard to the then current market conditions (including current industry and market practice); (iii) carry out mid-lease inspections of the Assets; (iv) provide the Group with information and analysis with respect to each Asset, including a quarterly asset monitoring report which will include recent developments and a forward looking statement including inspection results, events, any material information, significant changes, decisions which have been or need to be made, events affecting distributions, and other major or pending events, issues or outcomes as far as known to Amedeo; and (v) if requested by the Group, acting reasonably, provide a financial model that would allow the Board to prepare or re-assess target distributions based on the Asset Manager's view of projected cash flows and liabilities.

Amedeo has further undertaken that it will dedicate sufficient time and resources as they reasonably believe is sufficient from time to time to fulfil any contractual arrangements it enters into with the Group.

Amedeo has also been appointed as Agency Services provider by the Company, pursuant to the Agency Agreement dated 30 April 2015, to assist the Group, and act as the Group's agent, in relation to the arrangement, negotiation, review, and, following the approval and execution by the Group, the management of the acquisition of Assets, the borrowings of the Group relating to the acquisition of the Assets (including any Financing Documentation), each lease and ensuring that Material Agreements are consistent with market practice in the aviation industry.

Amedeo Services (UK) Limited has been appointed as Liaison and Administration Oversight Agent by the Company, pursuant to the Liaison and Administration Oversight Agreement dated 30 April 2015, to: (i) co-ordinate the provision of services by service providers to the Group under the Asset Management Agreement, the Agency Agreement and the Administration Agreement; (ii) facilitate communication between the Group and its service providers in relation to the services provided under the Administration Agreement, Asset Management Agreement and Agency Agreement; (iii) in relation to the acquisition of any Asset, monitor and review the timing or payments and any currency exchanges to be effected in order to ensure payments are made in a timely maker; (iv) monitor the on-going budget of the Group and the payment of recurring and certain non-recurring costs, fees and expenses, and (v) assist the Administrator in monitoring the balances in the bank accounts of the Group and, where appropriate, provide the Administrator with any assistance it might reasonably require with respect to making payments, transferring balances or entering into currency exchanges as appropriate. Amedeo Services (UK) Limited is authorised and regulated by the FCA.

The Amedeo group is primarily involved in the operating lease and management of wide-body aircraft. The aircraft portfolio currently managed by the Amedeo group, includes forty-two aircraft under management and an additional 8 aircraft under oversight. The volume of assets under management is c. US$7.5 billion, which include commercial airliners including A380, A350, A330, A321 and B777 and B747-F. Amedeo is a member of ISTAT, the International Society of Transport Aircraft Trading, and is a Strategic Partner of the International Air Transport Association ("**IATA**").

Corporate and Shareholder Adviser

Nimrod, which is authorised by the FCA, has been appointed as the Corporate and Shareholder Adviser by the Company pursuant to the Corporate and Shareholder Advisory Agreement dated 30 April 2015. In such a capacity Nimrod maintains a regular dialogue with shareholders in order to ensure that any significant developments in relation to the Group are communicated appropriately to shareholders.

Management and the Delegation of Functions (continued)

Nimrod was founded in 2008 as an entirely independent organisation which specialises in generating and sourcing interesting investment funds, themes and solutions managed by experts in their fields for the professional investor marketplace. Nimrod has launched nine listed investment companies since its formation and it also provides investment, marketing, distribution and advisory services to investment companies and their board of directors and managers.

Secretary and Administrator

JTCFSL is an independent provider of institutional and private client services to clients in numerous jurisdictions and is a member of the JTC Group. See the JTC Group's website at www.jtcgroup.com.

JTCFSL is a Guernsey incorporated company, which is licensed by the Guernsey Financial Services Commission. JTCFSL provides administration and secretarial services to the Group pursuant to the Administration Agreement dated 30 April 2015, as amended. In such capacity, JTCFSL is responsible for the general secretarial functions required by the Law and assists the Group in its compliance with its continuing legal and regulatory obligations, as well as providing advice on good corporate governance and best practice for a publicly traded company.

The Administrator is also responsible for the Group's general administrative functions and for the preparation of unaudited half-yearly and audited annual financial reports, subject to the direction and oversight of the Company's Board of directors.

Registrar

Anson has been appointed as registrar, transfer agent and paying agent by the Company pursuant to a Registrar's Agreement dated 30 April 2015. Anson performs all the usual duties of a registrar, transfer agent and paying agent in relation to the Shares and the maintenance of the Company's Share register.

Review

The Board keeps under review the performance of the Asset Manager, Corporate and Shareholder Adviser, the Secretary and Administrator and the Registrar and the powers delegated to each service provider. In the opinion of the Board the continuing appointments of the current service providers on the terms agreed is in the interest of the Company and its shareholders as a whole.

A full list of the Group's service providers is set out on pages 4 and 5.

Management Report

A description of important events that have occurred during the financial year, their impact on the financial statements and a description of the principal risks and uncertainties facing the Group, together with an indication of important events that have occurred since the end of the financial year and are likely to affect the Group's future development are included in the Company Overview, the Chairman's Statement, Asset Manager's Report, the Directors Report, Statement of Principal Risks and Uncertainties, Audit Committee Report and the notes to the consolidated financial statements contained on pages 46 to 73 and are incorporated herein by reference.

There were no events or changes in the related parties during the financial year which had or could have had a material impact on the financial position of the Group, other than those disclosed in this consolidated annual financial report.

Responsibility Statement

The Directors jointly and severally confirm that to the best of their knowledge:

(a) the consolidated financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

(b) this management report (including the information incorporated by reference) includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

Robin Hallam
Director

Directors' Report

The Directors present their consolidated annual financial report of the Group for the financial year ended 31 March 2019.

Principal Activities and Business Review

The principal activity of the Group is to acquire, lease and then sell aircraft. The Directors do not envisage any change in these activities for the foreseeable future. A description of the activities of the Group in the year under review is given in the Chairman's Statement on pages 9 to 10.

Status

The Company is a Guernsey domiciled company with registered number 59675, the shares of which have been admitted to trading on the Specialist Funds Segment of the London Stock Exchange's Main Market.

Results and Dividends

The financial results of the Group for the financial year are set out on pages 42 to 45.

The Company declared and paid the following dividends during the financial year:

Announcement Date	Payment Date	Dividend per Share (pence)
12 April 2018	30 April 2018	2.0625
11 July 2018	31 July 2018	2.0625
10 October 2018	31 October 2018	2.0625
17 January 2019	31 January 2019	2.0625

The Company declared and paid the following dividend after the financial year end:

Announcement Date	Payment Date	Dividend per Share (pence)
11 April 2019	30 April 2019	2.0625
11 July 2019	31 July 2019* (*expected payment date)	2.0625

The Company aims to continue for the time being to pay quarterly dividends of 2.0625 pence per Share in accordance with the Distribution Policy subject on each occasion to the Company's satisfaction of the statutory solvency test. There is no guarantee that any future dividends will be paid.

Directors

The Directors in office are shown on page 15 and all Directors remain in office as at the date of approval of this consolidated annual financial report. Further details of the Directors' responsibilities are given on page 26.

At each annual general meeting of the Company, all the directors who held office at the two preceding annual general meetings and did not retire shall be eligible for re-election at the same meeting.

Anson is the Company's Registrar, Transfer Agent and Paying Agent. John Le Prevost is a director and controlling shareholder of Anson Group Limited, the holding company of Anson.

Other than the above, no Director has a contract of service with the Group, nor are any such contracts proposed.

The interests in Shares of the Company held by persons discharging managerial responsibility and their persons closely associated are shown below:

	Number of Shares held as at 31 March 2019	Number of Shares held as at the date of this report
Robin Hallam	44,669	44,669
Amanda Hallam	44,669	44,669
John Le Prevost	50,000	50,000
David Gelber	332,518	332,518
Vivienne Gelber	33,945	33,945
Laurence Barron	–	–

Other than the above shareholdings and Mr Le Prevost's interest in Anson, none of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements during the year and none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group during the reporting year.

As at the year end and as at the date of this report, there were no outstanding loans or guarantees between the Group and any Director.

There were no material related party transactions which took place in the year, other than those disclosed in this Directors' Report and in note 25 to this consolidated annual financial report.

Substantial Shareholdings

As of the date of this report, the following shareholders had notified the Company that they held or controlled 5% or more of the total voting rights of the Company in issue:

Holder	% of Total Voting Rights	Number of Shares
Legal & General Investment Management Limited	5.01%	32,200,000
Newton Investment Management Limited	6.21%	39,909,866

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm in accordance with the provisions of Section 249 of the Law that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KPMG has expressed its willingness to continue in office as auditor and the Audit Committee has recommended their reappointment. A resolution proposing its reappointment will be submitted at the forthcoming annual general meeting to be held pursuant to section 199 of the Law.

Corporate Governance

Statement of Compliance with The UK Corporate Governance Code April 2016, as published in June 2016 (the "Code")

The Company is committed to complying with the corporate governance obligations which apply to Guernsey registered companies. As a Guernsey incorporated company and under the DGTRs, the Company was not, for the year under review, required to comply with the Code. However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have therefore chosen voluntarily to comply with the provisions of the Code to the extent that they are considered relevant to the Group.

Having reviewed the Code the Board considers that it has maintained procedures during the year to ensure that it has complied with the Code, other than the following exceptions:

- There is no chief executive position within the Company, which is not in accordance with provision A.1.2 of the Code. The Company has no requirement for a chief executive as all directors are non-executive and each share responsibilities for running the business of the Group.
- There is no senior independent director, which "position" is recommended in provision A.4.1 of the Code. Taking into account the nature of the Company and the fact that all directors are non-executive and independent this position is not seen as necessary.
- There is no remuneration committee, which is not in accordance with provision D.2.1 of the Code. The Company has no requirement for a remuneration committee given the small size of the exclusively non-executive and independent Board, and instead, the full Board performs this function.
- There is no nomination committee, which is not in accordance with provision B.2.1 of the Code. The Company has no requirement for a nomination committee given the small size of the exclusively non-executive and independent Board, and instead, the full Board performs this function.
- There is no internal audit function within the Group. Under provision C.3.6 of the Code the Audit Committee considers that, as all of the Group's administrative functions have been delegated to independent third parties, there is no need for the Group to have an internal audit facility.

Subject to the areas of non-compliance explained above, the Company complied with the other recommendations of the Code during the year. The Code is available on the UK Financial Reporting Council's website: www.frc.org.uk

Board Evaluation

The Board has conducted a performance evaluation of itself, its committees and each of the Directors, as required by Provision B.6.1 of the Code. The process was led by the Board and consisted of each Director completing questionnaires regarding the performance of the Board as a whole, the Chairman and the committees. Each Director also completed a self assessment questionnaire.

The completed questionnaires were sent to, reviewed and discussed by the entire Board, which agreed that the Board was effectively constituted and that each committee and individual Director was contributing effectively to the Group's ongoing operations and governance, such that no changes to the Board's composition or that of any of its committees was considered necessary or desirable at this juncture.

The Board does not believe external facilitation of its annual self-evaluation will add benefit to the Group at this juncture but will keep such suggestion under annual review.

Board Responsibilities

The Board comprises four Directors and their biographies appear on page 15 demonstrating the wide range of skills and experience they each bring to the Board. All the Directors are non-executive and independent, with Robin Hallam acting as Chairman.

To date no director of the Company has resigned and the Board is not seeking additional or new members to its complement but, should such a need arise, it will consider advertising and/or using an external agency to source suitable candidates and, once a candidate is identified and co-opted, they will be onboarded by a series of meetings with each Director and each key service provider. Due to the prescribed life of the Company it is the Board's intention that they each remain Directors for the duration.

Directors are able and encouraged to provide statements to the Board of their concerns and ensure that any items of concern are recorded in the Board minutes.

All Directors receive an annual fee, payable quarterly in arrears, and there are no share options or other performance related benefits available to them. During the financial year the Board performed a review of its remuneration and concluded that the remuneration of the directors should be revised with effect from 1 January 2019 as set out in the next paragraph.

Until 31 December 2018, the Chairman was paid £75,000 per annum and each director paid £60,000 per annum with the Chairman of the Audit Committee receiving an extra £7,500. With effect from 1 January 2019, the Chairman’s fee was increased to £76,875 per annum, the directors fees were increased to £61,500 per annum and the Chairman of the Audit Committee’s fee was increased to £76,875 per annum.

The Board meets in Guernsey at least four times per year to consider the business and affairs of the Group for the previous quarter and the outlook for the coming quarter and beyond, at which meetings the Directors review the Group’s Assets and all other important issues to ensure control is maintained. At two of these meetings the Board considers and, if deemed appropriate, approves the Group’s financial statements.

In the past financial year the Directors held five Board meetings and two Audit Committee meetings in order to carry out their duties. As the Company’s own business issues coupled with many external influences continue to grow, it is likely that the Directors will need to devote more time to the Company’s affairs.

Between these regular meetings the Board keeps in contact by email and telephone as well as meeting to consider specific matters of a transactional nature. Additionally, the Directors hold strategy meetings with relevant advisors as appropriate.

The Directors are kept fully informed by the Asset Manager of all matters concerning the Assets and their financial arrangements and by the Secretary of all matters that are relevant to the business of the Group and which should be brought to the attention of the Directors and/or shareholders. All Directors have direct access to the Secretary who is responsible for ensuring that Board procedures are followed and that there are effective information flows both within the Board and between the Board and its Asset Manager.

The Directors also have access to the advice and services of the Corporate and Shareholder Adviser as required. The Directors may also, in the furtherance of their duties, take independent professional advice at the Group’s expense.

The other significant commitments of the current Chairman are detailed in his biography on page 15. The Board was satisfied during the year and remains satisfied that the Chairman’s other commitments do not interfere with his day-to-day performance of his duties to the Group and that he had the commitment and time to make himself available at short notice should the need arise.

During the year under review the number of full Board meetings and committee meetings attended by the Directors were as follows:

Director	Full Board Meetings	Committee of the Board Meetings	Audit Committee	Dividend Committee
Robin Hallam	5 of 5	0 of 2	2 of 2	0 of 4
David Gelber	5 of 5	0 of 2	2 of 2	0 of 4
John Le Prevost	5 of 5	2 of 2	2 of 2	4 of 4
Laurence Barron	5 of 5	0 of 2	2 of 2	0 of 4

Board Committees:

Audit Committee

All Directors are members of the Audit Committee, with John Le Prevost acting as Chairman. The Audit Committee has regard to the Guidance on Audit Committees published by the Financial Reporting Council in September 2012 and most recently updated in April 2016. The Audit Committee examines the effectiveness of the Group’s and its service providers’ internal control systems as appropriate, the annual and half-yearly reports and financial statements, the auditor’s remuneration and engagement, as well as the auditor’s independence and any non-audit services provided by them.

The Audit Committee considers the nature, scope and results of the auditor’s work and reviews it annually prior to providing a recommendation to the Board on the reappointment or removal of the auditor. When evaluating the external auditor, the Audit Committee has regard to a variety of criteria including industry experience, independence, reasonableness of audit plan, ability to deliver constructive criticism, effectiveness of communication with Board and the Group’s service providers, quality control procedures, effectiveness of audit process and added value beyond assurance in audit opinion.

Auditor independence is maintained through limiting non-audit services to specific audit-related work that falls within defined categories; for example, the provision of advice on the application of International Financial Reporting Standards or formal reports for any Stock Exchange purposes. All engagements with the auditor are subject to pre-approval from the Audit Committee and fully disclosed within the consolidated annual financial report for the relevant period. A new lead audit partner will be appointed every five years and the Audit Committee ensures the auditor has appropriate internal mechanisms in place to ensure its independence.

During the financial year under review the Audit Committee undertook a review of the audit function and recommended to the Board the appointment of a new external auditor, KPMG of Dublin, Ireland, which the Board accepted. Deloitte LLP of Guernsey resigned and KPMG Dublin was appointed as external auditor to the Company on 24 October 2018. Subsequently, the appointment of KPMG as the Company's auditor was approved by shareholders at the annual general meeting held on 12 December 2018.

The Audit Committee will, if appropriate, consider arranging for the external audit contract to be tendered in 2028 (being 10 years from the initial appointment) with the aim of ensuring a high quality and effective audit.

The Audit Committee meets in Guernsey at least twice a year, shortly before the Board meets to consider the Group's half-yearly and annual financial reports, and reports to the Board with its deliberations and recommendations and also holds an annual audit planning discussion with the auditor. The ultimate responsibility for reviewing and approving the half-yearly and the annual financial report remains with the Board.

The Audit Committee also operates within clearly defined terms of reference based on the Institute of Chartered Secretaries and Administrators recommended terms and provides a forum through which the Group's external auditor reports to the Board. The Audit Committee can request information from the Company's service providers with the majority of information being directly sourced from the Asset Manager, Secretary and Administrator and the external auditor. The terms of reference of the Audit Committee are available on the Company's website and on request from the Secretary.

Although the membership is identical, each year, for good governance, the Board examines the Audit Committee's performance and effectiveness, and ensures that its tasks and processes remain appropriate. Key areas covered include the clarity of the committee's role and responsibilities, the balance of skills among its members and the effectiveness of reporting its work to the Board. The Board is satisfied that all members of the Audit Committee have relevant financial experience and knowledge and ensure that such knowledge remains up to date. Overall the Board considers that the Audit Committee has the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the year.

During the financial year the Audit Committee met to consider the annual financial report for the year ended 31 March 2018 and the half-yearly financial report for the period ended 30 September 2018.

Dividend Committee

The Dividend Committee consists of any one Director, who has been given full power and authority to consider and, if thought suitable, declare and approve the payment of a dividend in accordance with the Company's Distribution Policy; subject to no other director having raised an objection to the declaration of such a dividend.

Internal Control and Financial Reporting

The Board is responsible for establishing and maintaining the Group's system of risk management and internal controls, which is reviewed fully for effectiveness on an annual basis. Internal controls are designed to meet the particular needs of the Group and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The key procedures which have been established to provide effective internal controls are as follows:

- The Board is responsible for the Group's systems of risk management and internal controls and for reviewing their effectiveness. The Board confirms that there is an on-going process for identifying, evaluating and monitoring the significant risks faced by the Group. The internal controls, which are delegated to the applicable service providers as appropriate, are designed to meet the Group's particular needs and the risks to which it is exposed.

- The Board clearly defines the duties and responsibilities of their service providers. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their on-going performance and contractual arrangements.
- The Board regularly reviews the performance of, and the contractual arrangements with, the Group's agents, advisers and service providers.
- Asset management services are provided to the Group by Amedeo.
- Corporate and shareholder advisory services are provided to the Company by Nimrod.
- Administration and secretarial services are provided to the Group by JTCFSL.
- Cash investment transactions and expense payments are approved by the Board in accordance with delegated authorities approved in advance by the Board.
- The Board reviews financial information produced by the Administrator on a regular basis.
- The Board also specifies which matters are reserved for a decision by the Board and which matters may be delegated to its service providers.

Bribery

The Directors have undertaken to operate the business in an honest and ethical manner and accordingly take a zero-tolerance approach to bribery and corruption. The key components of this approach are implemented as follows:

- the Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships;
- the Group will implement and enforce effective procedures to counter bribery; and
- the Group requires all its service providers and advisors to adopt equivalent or similar principles.

Data Protection

The Group has implemented measures designed to ensure its compliance with the EU General Data Protection Regulation (EU) 2016/679 and associated legislation in Guernsey and in other jurisdictions. The Company has also issued a privacy notice explaining the data it holds, how the data is processed and its procedures etcetera. This notice is available for review and download at the Company's website.

Dialogue with Shareholders

All shareholders have the right to receive notice of, and attend, general meetings of the Company, at which one or more members of the Board will be available to discuss issues affecting the Group.

The primary responsibility for shareholder relations lies with the Company's Corporate and Shareholder Adviser. In addition, the Directors are always available to enter into dialogue with shareholders and the Chairman is always willing to meet shareholders, as the Company believes such communication to be important. Shareholders also have the opportunity to address questions to the Chairman and the Committees of the Board at the Company's annual general meeting. The Directors can be contacted via correspondence sent to the Group's registered office or via the Secretary.

Going Concern

The Group's principal activities are set out within the Company Overview on pages 6 to 8. The financial position of the Group is set out on page 43. In addition, note 17 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The fixed rental income under the relevant operating leases means that the rents received should be sufficient to repay the senior debts and provide surplus income to pay for the Group's expenses and permit payment of dividends. The bullet repayment of junior debt and senior debt as appropriate is expected to be financed out of the disposal proceeds of the relevant aircraft. The declaration of dividends may need to be suspended if the Board considers that the Company will not be able to repay the junior debt through the sale, refinancing or other disposition of the Assets.

After making reasonable enquiries, and as described above the Directors have a reasonable expectation that the Group has adequate resources to continue in its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Viability Statement

As required by provision C.2.1 of the Code, the Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, and that are reported elsewhere in the consolidated annual financial report.

Provision C.2.2 of the Code recommends that companies publish a viability statement and this statement is intended to meet that requirement.

The Directors regularly consider the viability of the Company and the Group and are required by the Law to do so on every occasion that any distribution is to be declared. When the Directors consider the declaration of a distribution to shareholders and under the Law they are required to consider the Company's future solvency and the Directors consider future cash flows for at least the next three years on the assumption that lease income will continue to flow throughout that time. Likewise for the purposes of this annual financial report, the Directors have considered the prospects of the Company and the Group over a three year period to March 2022.

The Directors, in assessing the viability of the Group, have paid particular attention to the principal risks faced by the Group as disclosed in the Audit Committee Report, the Statement of Principal Risks and Uncertainties and the notes to the consolidated financial statements, reviewing the risks faced and ensuring that any mitigation measures in place are functioning correctly.

In addition, the Directors have considered a detailed cash flow forecast for the running costs of the Group, which is updated regularly, and have assumed that Emirates, Etihad and Thai are each a going concern and will continue to remain going concerns for the foreseeable future. Based on all financial and other information available, including the cash flow forecast, the Directors believe that unencumbered cash held and forecast cash receipts will be sufficient to cover all forecast operating costs of the Group for the period up to at least March 2022 and that the Group will therefore be able to meet its debts as they fall due during that period.

The Directors believe that their assessment of the viability of the Group over the period chosen was sufficiently robust and as a result of their review, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Law requires Directors to prepare financial statements for each financial year. Under the Law, they have elected to prepare the Group's financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union.

The financial statements are required by Law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

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

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the consolidated annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Signed on behalf of the Board on 17 July 2019

Robin Hallam
Director

Statement of Principal Risks and Uncertainties

Summary

The Board has undertaken a robust assessment of the principal risks facing the Group and has undertaken a detailed review of the effectiveness of the risk management and internal control systems. The Board is comfortable that the risks are being appropriately monitored and the documentation to support these processes undergoes review and enhancement with each new acquisition.

The risks set out below are those which are considered by the Board to be the material risks relating to the Company and the Group. Additional risks and uncertainties of which the Group is presently unaware or that the Group currently believes are immaterial may also adversely affect its business, financial condition, results of operations or the value of Shares.

Risk	Explanation/Mitigation
Operational risk	There is a risk that the Group will not achieve its investment objective and that the value of a shareholder's investment could decline substantially or entirely as a consequence. The Board is ultimately responsible for all operational aspects of performance, including cash management, asset management and legal and regulatory obligations. The Group has no employees and so the Company enters into legal agreements with service providers to ensure that all operational functions are fulfilled. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Group and could adversely affect the ability of the Company to meet its investment objective. This risk has been mitigated by the Company using well established, reputable and experienced service providers. The Board assess service providers' continued performance on an annual basis.
Key Personnel at Asset Manager	The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of certain key personnel at Amedeo. The exact impact of the departure of a key individual from Amedeo on the ability of the Company to achieve its investment objective cannot be determined and may depend on the ability of Amedeo to recruit a new individual of a similar level of experience and calibre. There can be no guarantee that Amedeo would be able to do so and this could adversely affect the ability of the Company to meet its investment objective. The service provision agreements in place seek to ensure that the level of service remains continuous.
Investment risk	The Group will only enter into leases on terms which stipulate that the cost of repair and maintenance of the Assets will be borne by the lessee. However, upon expiry or termination of leases, the cost of repair and maintenance will fall upon the Group. Upon expiry of leases, the Group may therefore bear higher costs and the terms of any subsequent leasing arrangements may be adversely affected, which may reduce the distributions paid to the shareholders from such point. Repair and maintenance issues may adversely affect the price of the Assets upon sale. Further, if the Group were to dispose of the Assets at the end of the lease terms, there is a risk that indicative values may not be realised on disposal. This could affect the ability of the Company to meet its investment objective.
Insurance risks	The lease for each Asset requires that the Lessee insures the Asset and this is monitored by the Asset Manager. However, inflation, changes in ordinances, environmental consideration and other factors may make the insurance proceeds insufficient to repair or replace the Assets if they are damaged or destroyed. If the insurance proceeds are insufficient to repair or replace the Assets if they are damaged or destroyed, this may affect the ability of the Company to meet its investment objective. If a lease is terminated, the Group will have to insure the relevant Asset directly which will cause additional expenses to be incurred.

Statement of Principal Risks and Uncertainties (continued)

Return of the Assets at the end of the Leases	At the end of each of the leases, the relevant Asset must, subject to certain conditions, be redelivered in accordance with the relevant terms of the lease. Any redelivery of an Asset in a condition other than contracted condition may impact upon the amount that can be realised upon any subsequent sale or re-lease of such Asset, including that it may create additional, unforeseen expenses, such as re-fitting, storage and insurance costs, for the Group at that time. The Asset Manager performs regular checks of the Assets and updates the Board of any material developments.
Airline industry related risks	The airline industry is particularly sensitive to changes in economic conditions. Unfavourable economic conditions can also impact the ability of airlines to raise fares to counteract increase in fuel, labour and other costs. The airline industry is also subject to other risks including competition between airlines, dependency on rapidly evolving technology, inability to obtain additional equipment or support for aircraft and engine suppliers, availability and price of fuel, staff and employee related issued (including employee strikes), security concerns and the threat of terrorism, airport capacity constraints, air traffic control inefficiencies, changes in or additional governmental regulations relating to air travel and acts of God (including adverse weather and natural disasters). There is also a risk that the behaviour of airline competitors could restrict the lessees' activities in certain jurisdictions. Any of these risks could materially affect the ability of the lessees to comply with payment obligations. Furthermore, a general downturn in the airline industry would have an impact on attainable leasing rates in the event of any termination or at expiry of the leases as well as on attainable sales revenue for the Assets.
Valuation of Assets	The Group's net asset value for accounting purposes is calculated in accordance with IFRS and may not properly reflect the actual realisable value of the Assets at any particular point of time. Valuations of the Assets by Independent Expert Valuers ("**IEV**") will be considered in any valuation of the Group's Assets. The Board will consider these valuations and shall, if there are indicators that would suggest a permanent diminution in book value of one or more of the Assets, determined in consultation with the Administrator, the auditor and the Asset Manager, there will be an appropriate adjustment for accounting purposes to the Net Asset Value and Net Asset Value per Share of the Group. Valuations (including valuations provided by any IEV), and in particular valuations of assets for which market quotations are not readily available, are inherently uncertain. Valuations may therefore fluctuate over short periods of time and may be based on estimates. Valuations of an Asset (including valuations provided by any IEV) will not constitute a guarantee of value and may not necessarily reflect the prices at which that Asset could be, or could have been, purchased or sold at any given time, which may be subject to significant volatility and uncertainty, and depend on various factors beyond the control of the Group, Amedeo and the IEV. Therefore, there can be no guarantee that the Assets could ultimately be realised at the Group's valuation. The "highest and best use" value has been used for accounting purposes given that the aircraft are held for use in a leasing business. The Group has a robust audit process to ensure that valuations accurately reflect the requirements of IFRS. The IEV will be engaged to report on fair value on an annual basis.

Statement of Principal Risks and Uncertainties (continued)

Borrowings and financing risk	There is a risk that the Group is exposed to fluctuations in market interest rates and foreign exchange rates. This risk has been partially mitigated by ensuring that loan repayments are made from lease rental revenues received in the matching currency and by fixing the interest rate on loans and lease rentals. In the case of the four Thai aircraft, the floating rate lease rentals are closely matched to floating rate loan repayments. Should the lessees default on the rental payments it is unlikely the Company will be able to meet its targeted dividends or, in the case of ongoing default, continue as a going concern. Should an Asset not be sold at the end of the lease, steps would need to be taken to refinance the Asset or the Company. The Asset Manager provides the Board with a report on the performance of the lessees and of the Assets which is considered by the Board on a quarterly basis. An expense budget is also reviewed on a quarterly basis to ensure that adequate reserves are maintained to meet operational expenses.
Lessee risk	The Group's airline lessees are responsible for all maintenance and safety checks. The requirement for each airline lessee to service and maintain the aircraft are set out in the lease agreements. There is a risk that airlines may not properly maintain aircraft which may lead to an impairment of the aircraft's value. In order to mitigate against this risk the Group closely monitors each airline's usage of aircraft and their compliance with agreed maintenance schedules. In certain cases, the Group requires lessees to pay maintenance reserve payments in order to ensure that there is adequate funding at all times for proper maintenance of the aircraft. The credit quality and risk of lease transactions with counterparty airlines is evaluated upon conception of the transaction. In addition, ongoing updates as to the operational and financial stability of the airlines are provided by the Company's Asset Manager in its quarterly reports to the Company. Given the full or partial sovereign ownership status of all underlying lessees, the credit quality of these airlines would be regarded as some of the highest ranked in the world. Downturns in the aviation industry on a systemic level could weaken the financial stability of the Group's lessees and result in the increased risk that they could default on lease obligations. If a significant number of lessees are not able to meet their obligations to the Group, the Company's own cash flows and financial results could be adversely affected.
Regulatory risk	The Group is required to comply with the Law, the obligations of a listing on the Specialist Funds Segment of the London Stock Exchange's Main Market, the DGTRs and various European Union regulations and directives. Any failure to comply with applicable laws and regulations or to respond in a timely manner to changes could lead to criminal or civil proceedings. The Company is a member of The Association of Investment Companies (the "**AIC**") which is the trade body for closed-ended investment companies. Amongst other things, the AIC keeps its member companies up-to-date with legal and regulatory changes and provides guidance and advice on how to comply with them. The Board receives periodic updates from the Company's external auditor, legal advisers and other professionals. Although responsibility ultimately lies with the Board, the Secretary also monitors and assists the Board with compliance with its legal and regulatory obligations.

Statement of Principal Risks and Uncertainties (continued)

Impact of the United Kingdom leaving the European Union

Brexit is one of the most significant economic events for the United Kingdom and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

The Board is mindful of the fact that aviation is a global business and the aircraft owned by the Group are active all over Europe. However, as the Group has no business with companies based in the European Union, and the aircraft owned by the Group are leased to airlines based in the Middle East and Thailand, the Board expects that the Group is unlikely to be significantly impacted by the departure of the United Kingdom from the European Union.

A380 Aircraft Production

On 14 February 2019 Airbus announced that it will be closing production of the A380 aircraft in 2021. This development means that the total production run for the aircraft will be around 250 units, almost half of which will be operated by Emirates (with whom the Group has six A380s on fixed-term leases). The Group also has two A380s on fixed term lease to Etihad.

The A380 remains a unique double-decker aircraft in that it has the capability to carry over 500 passengers on two decks and this can help facilitate growth at slot-constrained airports around the world. The announcement by Airbus has no direct impact on the Group's leases nor its ability to pay targeted distributions. The Group's first lease expiry does not fall due until 2026. While the A380 forms approximately two-thirds of the Group's portfolio by appraised value, the portfolio is complemented and diversified by two additional aircraft models, namely the B777-300ER and A350-900. The Asset Manager continues to engage with the airlines regarding further A380 fleet planning.

Audit Committee Report

Membership

John Le Prevost – Chairman of the Audit Committee
Robin Hallam – Chairman of the Board
David Gelber – Non-executive Director
Laurence Barron – Non-executive Director

Key Duties

The Audit Committee's key duties are as follows:

- reviewing and monitoring the integrity of the Group's financial statements and financial results announcements and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of the Group's accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- overseeing the relationship with the external auditor and reviewing the effectiveness of the external audit process;
- make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- monitoring the systems of internal controls and risk management operated by the Group and by the Group's principal service providers;
- monitoring and reviewing the effectiveness of the Group's internal audit function;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditor; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- reporting to the Board on how it has discharged its responsibilities.

Audit Committee Meetings

The Audit Committee (the "**Committee**") meets in Guernsey at least twice a year. The Committee reports to the Board on its activities and on matters of particular relevance to the Board in the conduct of its work.

Main Activities of the Committee during the Year

The Committee assisted the Board in carrying out its responsibilities in relation to financial reporting requirements, compliance and the assessment of internal controls. The Committee also managed the Group's relationship with the external auditor.

Fair, Balanced and Understandable

In order to comply with the Code, the Board has requested that the Committee advise them on whether it believes that the Group's annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Financial Reporting and Significant Issues

The Committee's primary role in relation to financial reporting is to review, with its service providers and the external auditor, the appropriateness of the half-yearly and annual financial reports, the significant financial reporting issues and accounting policies and disclosures in the financial statements. The Committee has considered the key risks identified as being significant to this consolidated annual financial report and the most appropriate treatment and disclosure of any new significant issues identified during the audit, as well as any recommendations or observations made by the external auditor, KPMG. To aid its review, the Committee considered reports prepared by external service providers and reports from KPMG on the outcome of their annual audit.

The significant issues considered by the Committee in relation to this consolidated annual financial report and how these were addressed were as follows:

Significant issues for the year

Residual value of aircraft Assets

The Assets of the Group comprise eight A380-800 aircraft, two B777-300ER aircraft and four A350-900 aircraft (the "**Assets**"). An annual review is required of the residual value of the Assets as per IAS 16 *Property, Plant and Equipment*, which defines residual value as "*the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life*". The Group's estimation technique is to make reference to the current forecast market value (excluding inflation) which the Group believes is a reasonable application of the IAS 16 definition. This approach has been taken because current market values in today's prices for twelve year old A380 and A350's do not exist at the reporting date. It should be noted that in relation to B777-300 ERs residual values, there is minimal to no public secondary market trading data available. As such the Group has made reference to current forecast market values (excluding inflation) in determining residual values for the B777-ERs.

How the Committee addressed these significant issues

At the time of purchase of each Asset, the Group engaged three internationally recognised expert appraisers to provide the Group with third party consultancy valuation services. All appraisers have used similar methodologies to derive their opinions on the current market values and future values. In the absence of used sales data for similar assets, appraisers are heavily reliant on databases containing historical data points of aircraft sales relating to large commercial aircraft. Interpretation of historical data is the basis for the current market value and provides, together with the expected developments in the future, the foundation for their opinions on future values. Furthermore, the appraisers' valuations take into account specific technical and economic developments as well as general future trends in the aviation industry and the macro-economic outlook.

The Group believes that the use of forecast market values excluding inflation best approximates residual value as required per IAS 16 Property, Plant and Equipment. The effect of re-designating the functional currency of the subsidiaries to USD (see "Functional currency and foreign exchange movements" below) as well as the opposite effect of a small increase in USD terms in the aggregate residual values of the aircraft from the prior year, has resulted in an adjustment made to depreciation in the current year, details of which have been disclosed in Note 9.

As updated investment valuations of all Assets as at the year end were commissioned and received from third party professional valuers and analysed by Amedeo and the directors, the Committee believes that those valuations are appropriate for use in preparing the financial statements. Therefore, the average residual value excluding inflation used in the accounts is based on these appraisals.

Upon review of the advice they have received from Amedeo and the appraisers, the Committee is of the opinion that, the current estimates of the residual values excluding inflation of the Assets are reasonable approximations of the residual values of the aircraft within the IAS 16 definition.

Functional currency and foreign exchange movements

IFRS require that all entities have a functional currency, representing the currency of the primary economic environment in which such an entity operates. The functional currency of the Company is Sterling. However, functional currency must be assessed at an individual entity level.

The functional currency of entities can change the accounting treatment for exchange gains or losses and for the re-translation of monetary items. In particular to consolidation, the treatment of re-translations of a foreign operation will differ from that of a subsidiary with a matching functional currency to that of its parent.

Following a review of recent activity levels and transactions in the subsidiaries of the Company, the Boards have seen fit to re-designate the functional currency of the subsidiaries to US Dollars from 1 April 2018. This is reflective of the economic environment of these subsidiaries, as their rental income and sources of financing are primarily US Dollar based.

This will seek to more closely align the results of the Group with the economic activities of the Group over time. The subsidiaries are now classified as foreign operations in accordance with IAS 21, and translation movements in such entities will be recognised through Other Comprehensive Income as appropriate.

The Committee reviewed the decision to re-designate the functional currency of the subsidiaries and the subsequent accounting for the year ended 31 March 2019.

The Committee has carefully considered the disclosure in notes 2(g) and 17(b) to the financial statements to ensure that the change of the functional currency of the subsidiaries to US Dollars from 1 April 2018 as well as the reality of the Group's foreign exchange risk exposure, is properly explained.

Risk of default by Lessee on lease rentals receivable

Should the Lessees default on the rental payments, it is unlikely the Company will be able to meet its targeted dividends or, in the case of ongoing default, continue as a going concern.

The Committee receives quarterly reports from Amedeo which comment on the economic performance of the Lessees. Amedeo has advised that economically, Emirates, Etihad and Thai have continued to perform well.

The Committee concluded that it wishes to continue to receive quarterly reports from Amedeo on the performance of the Lessees and would continue to monitor the Lessees' overall performance.

The Committee has carefully considered the disclosure in note 17(c) to the financial statements to ensure that this concentration of credit risk is properly reflected.

Consideration of any triggers for impairment

IAS 36 *Impairment of Assets* requires that a review for impairment be carried out by the Group when there is an indication of impairment of an asset and if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review will compare the carrying amount of the asset with its recoverable amount, which is the higher of its value if sold (if known) and its value in use.

The Committee considered the issue at length and were of the opinion that, an impairment review be undertaken in the current year.

As detailed in note 3, the Committee has considered various factors such as: a lack of conclusive comparable current market data for the A380 and A350 aircraft, the lack of publically available secondary market data for the B777-300ER aircraft, the nature of the operations of the Group being aircraft leasing as opposed to an airline operating business, as well as other mitigating factors such as the close monitoring by the Group of each airline's usage of aircraft and their compliance with agreed maintenance schedules.

Recognition of the derivative financial instruments in respect of the interest rate swaps

IFRS 9 Financial Instruments: Recognition and Measurement requires that separately identifiable derivative financial instruments such as interest rate swaps are carried at fair value at the reporting date and are accounted for separately in the financial statements. These derivative financial instruments are recorded at mark-to-market fair values as either a financial asset or a financial liability.

In assessing the accounting recognition of the interest rate swaps prevailing during the year, the Committee has considered the issue at length and are of the opinion that, on an on-going basis, the variable loan and corresponding interest rate swap will gives rise to cash flows which, in combination will match the lease income.

The fair value of the interest rate swaps on a mark-to-market basis represents the net present value of the estimated differential between the fixed and variable interest rates that will arise given the market "assessment" of interest rates over the balance of the interest rate swap contracts. This financial instrument will have a zero value at the end of the swap contracts.

Interaction with the Financial Reporting Council ("FRC")

Paragraph 81 of Section 4: Communication with shareholders of the FRC's Guidance on Audit Committees dated April 2016 states, amongst other matters, that the audit committee section in a company's annual report should disclose:

- the nature and extent of interaction (if any) with the FRC's Corporate Reporting Review team; and
- where a company's audit has been reviewed by the FRC's Audit Quality Review team, the Committee should discuss the findings with their auditors and consider whether any of those findings are significant and, if so, make disclosures about the findings and the actions they and the auditors plan to take.

During the year, the FRC's Audit Quality Review ("**AQR**") team selected Deloitte's audit of the Group's 2018 financial statements as part of their 2018-2019 annual review of audit firms which was concluded on 5 March 2019. The AQR identified limited improvements were needed. The Committee subsequently reviewed the FRC's report, discussing it with Deloitte and scrutinising Deloitte's response on how it would address the FRC's limited findings in future audits of similar companies. The Committee invited the successor auditor, KPMG, to ensure that they also follow similar procedures for the future audits of the Company.

The Committee note that the decision to change auditor was made prior to the FRC's review so had no bearing on the decision to change auditors and that there was nothing included in the report which would have impacted on this decision.

Going Concern

After making enquiries, the Committee has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being the next three financial years. The Committee believes the Group is well placed to manage its business risks successfully as the interest on the Group's loans has been fixed, and the fixed rental income under the operating leases ensures rents should be sufficient to repay the senior loans, but not the junior loans, and provide surplus income to pay for the Group's expenses and permit payment of dividends.

Accordingly, the Committee has adopted the going concern basis in preparing the financial information. As regards the USD18.5 million to USD40 million of junior debt per aircraft to be bullet repaid, the Board is comfortable for the time being that the residual disposable value of each aircraft will be sufficient to cover such debt.

Internal Controls

The Committee has made due enquiry of the internal controls of the Administrator. The Committee is satisfied with the controls currently implemented by the Administrator and will continue to review them regularly. The Committee has also requested the Secretary keeps the Group informed of any in-house developments and improved internal control procedures effected.

Audit Committee Report (continued)

Internal audit

The Group has no employees and operates no systems of its own, relying instead on the employees and systems of its external service providers. The Board has therefore taken the decision that it would not be of any material benefit for the Group to appoint an internal auditor.

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Committee received from KPMG, a detailed audit plan, identifying their assessment of the key risks. For the year the primary risks identified were in respect of valuation of the aircraft Assets, depreciation and management override of controls.

Using its collective skills, the Committee evaluated the effectiveness of the audit process in addressing the matters raised through the reporting it received from KPMG at the conclusion of the audit.

In particular the Committee formally appraise KPMG against the following criteria:

- Independence
- Ethics and conflicts
- Knowledge and experience
- Challenge
- Promptness
- Cost
- Overall quality of service

In addition the Committee sought feedback from the Administrator on the effectiveness of the audit process.

For the year, the Committee were satisfied that there had been appropriate focus on the primary areas of audit risk and assessed the quality of the audit process to be good. The Committee discussed their findings with KPMG and will consider if future external audits could be improved.

The Committee holds meetings with the external auditor to provide additional opportunity for open dialogue and feedback from the auditor. If felt necessary, Committee members meet with the external auditor without the Administrator and Asset Manager being present. Matters discussed include the residual valuation of aircraft, the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with the Administrator, confirmation that there has been no obstruction of the auditor by the Administrator or undue influence on the independence of their audit and how they have exercised professional scepticism.

Appointment and Independence

The Committee considers the reappointment of the external auditor, including the rotation of the audit partner, each year and also evaluate their independence on an on-going basis.

Deloitte LLP had been the Group's external auditor since January 2015. During the financial year under review the Audit Committee undertook a review of the audit function and recommended to the Board the appointment of a new external auditor, KPMG of Dublin, Ireland, which the Board accepted. Deloitte LLP of Guernsey resigned and KPMG Dublin was appointed as external auditor to the Company on 24 October 2018. Subsequently, the re-appointment of KPMG as the Company's auditor was approved by shareholders at the annual general meeting held on 12 December 2018.

The Audit Committee has recommended to the Board the re-appointment of KPMG as the Group's external auditor be proposed for the year ending 31 March 2020. Accordingly a resolution proposing the re-appointment of KPMG as the Group's auditor will be put to shareholders at the Company's 2019 annual general meeting.

The Audit Committee will, if appropriate, consider arranging for the external audit contract to be tendered in 2028 (being ten years from the initial appointment) with the aim of ensuring a high quality and effective audit.

There are no contractual obligations restricting the Committee's choice of external auditor. The Committee continues to consider the audit tendering provisions outlined in the Code, of which it is supportive.

Audit Committee Report (continued)

The external auditor is required to rotate the audit partner responsible for the audit every five years. The current lead audit partner has been in place since October 2018.

Non-Audit Services

To further safeguard the objectivity and independence of the external auditor, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No changes have been made to this policy during the year. This policy specifies that KPMG should only be engaged for non-audit services where there is considered to be no material threat to the auditor's independence and such services cannot be provided by another existing service provider.

Committee Evaluation

Our activities formed part of the review of Board effectiveness performed in January 2018.

An internal evaluation of our effectiveness will be carried out in 2019.

John Le Prevost
Chairman of the Audit Committee

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited

1 Our opinion is unmodified

We have audited the financial statements of the Company for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, and the related notes, including the accounting policies in note 2. The financial reporting framework that has been applied in their preparation is the Law and IFRS as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the group as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

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

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

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

In arriving at our audit opinion above, there were two key audit matters as follows;

Valuation of Aircraft £2.2bn (31 March 2018 - £2.2bn)

Refer to page 49 (accounting policy) and 52 (critical accounting judgements) and pages 56 to 57 (financial statement disclosures)

The key audit matter

The Group's aircraft portfolio makes up 94.8% of its total assets by value. Aircraft valuation is a subjective exercise requiring significant judgement and estimation, particularly for certain of the aircraft owned by the Group. Appropriate consideration needs to be given to the market for the Group's aircraft both at present and at the end of their current leases. The secondary market for certain of the Company's aircraft is still nascent and as such valuation can be challenging.

How the matter was addressed in our audit

The procedures we undertook included but were not limited to:

- obtaining and documenting our understanding of the design and implementation of controls over the valuation of aircraft;
- obtaining the Board of Directors' impairment assessment model and:
  (i) evaluating and challenging the indicators used to determine that an aircraft may be impaired based on available external and internal sources of information; and
  (ii) assessing whether the methodology and assumptions used for determining recoverable amounts for aircraft were applied consistently across the portfolio;
- testing the accuracy of the impairment assessment model via re-performance and testing the completeness of the inputs;
- evaluating and challenging the Board of Directors' key judgements and assumptions in determining the recoverable amounts by:
  (i) comparing them to evidence obtained through external sources where possible, our industry knowledge and market experience;
  (ii) performing scenario analysis and stress-testing of the key judgements and assumptions and comparing results to those used by the Group; and
  (iii) holding discussions with management's experts and challenging the basis for their estimates;
- challenging the assumptions applied by the servicer with regard to the commercial outlook and resultant impairment assessment for the aircraft;
- evaluating the competence, capabilities and objectivity of the external independent aircraft appraisers appointed by the Group. The information provided by the independent appraisers is used by the Group to assist in determining the fair value of the aircraft; and
- assessing the adequacy of the disclosures made by the Group in relation to their description of the judgements, assumptions and estimates made.

Based on procedures performed, we found that judgements relating to the valuation of aircraft and the related disclosures are reasonable.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

Functional Currency

Refer to page 48 (accounting policy)

The key audit matter

The Company's primary activity represents the financing of its subsidiaries, which own and lease aircraft. The Company obtains funds from the issuance of equity in Great British Pounds (GBP) which it uses to invest in its subsidiaries in order to part-finance the acquisition of their aircraft. The subsidiary entities earn lease revenue, primarily in US Dollars (USD) which they use to repay their external financing in USD and to pay dividends to the parent.

The functional currency of the subsidiaries has been changed to USD as at 1 April 2018 following a review of their activities and the primary economic environment in which they operate. This matter has involved a certain level of judgement by the Board and significant consideration as part of our audit and therefore represents a key audit matter.

How the matter was addressed in our audit

The procedures we undertook included but were not limited to:

- obtaining and documenting our understanding of the primary economic environments of the parent and subsidiary entities;
- evaluating and challenging the Board of Directors' key judgements and assumptions in determining the functional currencies of the Company and its subsidiaries based on our understanding of the activities in each entity;
- testing the accuracy of the USD balances in the subsidiary accounts by agreeing to underlying transaction documents and recalculating the translation of balances where applicable;
- testing the accuracy of the calculation of the amounts recognised in other comprehensive income in relation to the translation of the subsidiaries of the Company as foreign operations;
- testing the appropriateness of the foreign exchange rates used in order to translate the foreign operations against observable market data; and
- assessing the adequacy of the disclosures made by the Group in relation to their description of the judgements and decisions made in order to change the functional currency of the relevant subsidiaries and to calculate the foreign currency translation reserve.

Based on procedures performed, we found that judgements relating to the change of functional currency and the related disclosures are reasonable.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £11.8m, determined with reference to a benchmark of Total Assets, of which it represents 0.5%.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £558,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality specified above and was all performed by one engagement team in Ireland.

4 We have nothing to report on going concern

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

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 2 (j) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

- if the related statement under the DGTRs set out on pages 24 to 25 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

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

5 We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the annual report but excluding the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the directors' confirmation within the viability statement on page 25 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the DGTRs we are required to review the viability statement. We have nothing to report in this respect.

Other Corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- *Fair, balanced and understandable:* if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- *Report of the Audit Committee:* if the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- *Statement of compliance with UK Corporate Governance Code:* if the directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the DGTRs for our review.

We have nothing to report in these respects.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by DGTRs for our review.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Law we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 19-25, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

Our report is made solely to the Company's members, as a body, in accordance with Section 262 of the Law. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Nelson
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm

17 July 2019

1 Harbour Master Place,
IFSC,
Dublin 1,
Ireland

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2019

	Notes	1 Apr 2018 to 31 Mar 2019 GBP	1 Apr 2017 to 31 Mar 2018 GBP
INCOME			
US Dollar based rent income	4	209,281,106	174,262,912
British Pound based rent income	4	45,367,662	44,622,657
Bank interest received		92,295	310,754
		254,741,063	219,196,323
EXPENSES			
Operating expenses	5	(6,774,131)	(6,409,953)
Depreciation of aircraft	9	(156,592,877)	(118,829,217)
		(163,367,008)	(125,239,170)
Net profit for the year before finance costs and foreign exchange gains		91,374,055	93,957,153
FINANCE COSTS			
Finance costs	10	(84,789,684)	(50,222,982)
Foreign exchange gains	17b	1,897,122	184,771,192
Profit before tax		8,481,493	228,505,363
Income tax expense	23	(64,220)	(35,959)
Profit for the year after tax		8,417,273	228,469,404
OTHER COMPREHENSIVE INCOME			
Translation adjustment on foreign operations	2g	45,399,079	(96,119)
Total comprehensive income for the year		53,816,352	228,373,285

		Pence	Pence
Earnings per Share for the year – Basic and Diluted	8	1.31	39.08

In arriving at the results for the financial year, all amounts above relate to continuing operations.

The notes on pages 46 to 73 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 March 2019

	Notes	31 Mar 2019 GBP	31 Mar 2018 GBP
NON-CURRENT ASSETS			
Aircraft	9	2,247,415,403	2,236,341,901
Financial assets at fair value through profit and loss	16	13,712,492	26,913,163
		2,261,127,895	2,263,255,064
CURRENT ASSETS			
Accrued income	24	13,589,107	12,815,841
Receivables	12	5,231,516	3,096,630
Cash and cash equivalents	19	91,070,150	58,848,615
		109,890,773	74,761,086
TOTAL ASSETS		2,371,018,668	2,338,016,150
CURRENT LIABILITIES			
Payables	13	179,449	182,424
Deferred income	24	37,972,435	35,309,651
Borrowings and *Ijarah* financing	14	118,654,871	107,044,378
		156,806,755	142,536,453
NON-CURRENT LIABILITIES			
Security deposits	20	13,482,669	12,537,207
Maintenance reserves	21	32,365,575	8,567,078
Borrowings and *Ijarah* financing	14	1,455,457,619	1,461,065,080
Deferred income	24	8,327,595	9,562,608
		1,509,633,458	1,491,731,973
TOTAL LIABILITIES		1,666,440,213	1,634,268,426
TOTAL NET ASSETS		704,578,455	703,747,724
EQUITY			
Share capital	15	647,638,697	647,638,697
Foreign currency translation reserve		45,302,960	(96,119)
Retained earnings		11,636,798	56,205,146
		704,578,455	703,747,724
		Pence	Pence
Net Asset Value Per Share based on 642,250,000 (2018: 642,250,000) shares in issue		109.70	109.58

The financial statements were approved by the Board of Directors and authorised for issue on 17 July 2019 and are signed on its behalf by:

John Le Prevost, Director

The notes on pages 46 to 73 form an integral part of these consolidated financial statements.

Financial Statements

Consolidated Statement of Cash Flows

for the year from 1 April 2018 to 31 March 2019

	Notes	1 Apr 2018 to 31 Mar 2019 GBP	1 Apr 2017 to 31 Mar 2018 GBP
OPERATING ACTIVITIES			
Profit for the year after tax		8,417,273	228,469,404
Decrease in accrued and deferred income		(6,653,527)	(1,334,965)
Interest received		(92,295)	(310,754)
Depreciation of aircraft	9	156,592,877	118,829,217
Taxation expense	23	64,220	35,959
Loan and *Ijarah* financing interest payable and fair value adjustments on financial assets	10	82,786,314	48,655,936
Decrease in payables		(2,975)	(1,115,376)
Security deposits received		–	13,712,719
Maintenance reserves received		23,480,248	8,378,751
Decrease in receivables		3,622	934,297
Foreign exchange movement		(1,897,122)	(184,771,192)
Amortisation of debt arrangement costs	10	2,003,370	1,567,046
NET CASH FROM OPERATING ACTIVITIES		264,702,005	233,051,042
INVESTING ACTIVITIES			
Acquisition costs/purchase of Aircraft	9	(11,195)	(787,286,750)
Interest received		92,295	310,754
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		81,100	(786,975,996)
FINANCING ACTIVITIES			
Dividends paid	7	(52,985,621)	(47,711,811)
Repayments of capital on senior loans and *Ijarah* financing	22	(114,824,566)	(93,189,603)
Payments of interest on senior loans and *Ijarah* financing	22	(54,843,611)	(47,516,327)
Payments of interest on junior loans	22	(12,903,161)	(11,216,557)
Security trustee and agency fees	10	(243,897)	(232,591)
Share issue proceeds	15	–	182,000,000
Share issue costs	15	–	(2,250,483)
New debt raised on senior loans and *Ijarah* financing	22	–	559,385,492
Costs associated with debt issued		–	(7,713,807)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		(235,800,856)	531,554,313
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		58,848,615	82,685,031
Increase / (decrease) in cash and cash equivalents		28,982,249	(22,370,641)
Exchange rate adjustment		3,239,286	(1,465,775)
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	91,070,150	58,848,615

The notes on pages 46 to 73 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Notes	Share capital GBP	Retained earnings GBP	Foreign currency translation reserve GBP	Total GBP
Balance as at 1 April 2018		647,638,697	56,205,146	(96,119)	703,747,724
Total comprehensive income for the year		–	8,417,273	45,399,079	53,816,352
Dividends paid	7	–	(52,985,621)	–	(52,985,621)
Balance as at 31 March 2019		647,638,697	11,636,798	45,302,960	704,578,455

	Notes	Share capital GBP	Retained earnings/ (deficit) GBP	Foreign currency translation reserve GBP	Total GBP
Balance as at 1 April 2017		467,889,180	(124,552,447)	–	343,336,733
Total comprehensive income / (loss) for the year		–	228,469,404	(96,119)	228,373,285
Share issue proceeds	15	182,000,000	–	–	182,000,000
Share issue costs	15	(2,250,483)	–	–	(2,250,483)
Dividends paid	7	–	(47,711,811)	–	(47,711,811)
Balance as at 31 March 2018		647,638,697	56,205,146	(96,119)	703,747,724

The notes on pages 46 to 73 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

1. GENERAL INFORMATION

The consolidated financial information incorporates the results of the Company, AA4P Alpha Limited, AA4P Beta Limited, AA4P Gamma Limited, AA4P Delta Limited, AA4P Epsilon Limited, AA4P Zeta Limited, AA4P Eta Limited, AA4P Theta Limited, AA4P Iota Limited, AA4P Kappa Limited, AA4P Lambda Limited, AA4P Mu Limited, AA4P Nu Limited, AA4P Leasing Ireland Limited, AA4P Leasing Ireland 2 Limited and AA4P Xi Limited (each a "Subsidiary" and together the "Subsidiaries") (together the Company and the Subsidiaries are known as the "Group").

The Company was incorporated in Guernsey on 16 January 2015 with registered number 59675. Its share capital consists of one class of redeemable ordinary shares ("**Shares**"). The Shares are admitted to trading on the SFS of the London Stock Exchange's Main Market.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft.

Since the completion of its initial public offering on 13 May 2015, the Company has acquired eight Airbus A380, two Boeing 777-300ER and four Airbus A350-900 aircraft. Eight of these aircraft are leased to Emirates, two aircraft are leased to Etihad and four aircraft are leased to Thai Airways. All aircraft are leased for a period of 12 years from each respective delivery date. In order to complete the purchase of these aircraft, subsidiaries of the Company entered into debt financing arrangements which together with the equity proceeds were used to finance the acquisition of the fourteen aircraft.

Rental income received in US Dollars is used to pay loan interest and regular capital repayments of debt (but excluding any bullet or balloon repayment of principal), which are likewise denominated in US Dollars. US Dollar lease rentals and loan repayments, with the exception of the four Thai aircraft which incorporate floating rate lease rentals, are furthermore fixed at the outset of the Company's acquisition of an aircraft and are very similar in amount and timing save for the repayment of bullet and balloon repayments of principal due on the final maturity of a loan to be paid out of the proceeds of the sale, refinancing or other disposition of the relevant aircraft.

2. ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are as follows:

(a) Basis of preparation

The consolidated financial information has been prepared in conformity with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("**IASB**") and International Financial Reporting Interpretations Committee ("**IFRIC**") and applicable Guernsey law. The financial information has been prepared on a historical cost basis.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the new and amended standards set out below.

Changes in accounting policies and disclosure

The following Standards or Interpretations have been adopted in the current year. Their adoption has not had a material impact on the amounts reported in these consolidated financial statements and is not expected to have any impact on future financial periods except where stated otherwise.

IFRS 9, 'Financial Instruments'. Effective for accounting periods commencing on or after 1 January 2018 and is endorsed by the EU.

IFRS 15 and amendments to IFRS 15 Revenue from contracts with customers – The standard and amendments are effective for annual periods beginning on or after 1 January 2018 and are endorsed by the EU.

The impact of the adoption of the above standards and the new accounting policies are disclosed in note 26.

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Changes in accounting policies and disclosure (continued)

IFRIC 22 'Foreign currency transactions and advance consideration' – this IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice, is effective for annual periods beginning on or after 1 January 2018 and is endorsed by the EU. The adoption of this interpretation has not had a material impact on the amounts reported in these consolidated financial statements and is not expected to have any impact on future financial periods.

The following Standards or Interpretations that are expected to affect the Group have been issued but not yet adopted by the Group. Other Standards or Interpretations issued by the IASB and IFRIC are not expected to affect the Group.

IFRS 16 Leases – specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for annual periods beginning on or after 1 January 2019 and is endorsed by the EU.

IFRIC 23 Uncertainty over Income Tax Treatments – clarifies the accounting for uncertainties in income taxes. This standard is effective for annual periods beginning on or after 1 January 2019 and is endorsed by the EU. Guernsey has a 0% tax rate. The Irish entities adopt commonly utilised tax structures which do not contain inherent uncertainty.

The Directors have considered the above and are of the opinion that the above Standards and Interpretations are not expected to have a material impact on the Group's financial statements except for the presentation of additional disclosures and changes to the presentation of components of the financial statements. These items will be applied in the first financial period for which they are required.

(b) Basis of consolidation

The consolidated financial information incorporates the results of the Company and the Subsidiaries. The Company owns 100% of all the shares in the Subsidiaries which grants it exposure to variable returns from the entities and the power to affect those returns, granting it control in accordance with IFRS 10.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

(c) Taxation

The Company and the Guernsey Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%. Since AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited are Irish tax resident trading companies, they will not be subject to Guernsey tax, but their net lease rental income earned (after tax deductible expenditure) will be taxable as trading income at 12.5% under Irish tax regulations. Please refer to note 23 for more information.

(d) Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of Shares are recognised as a deduction from equity.

(e) Expenses

All expenses, other than interest expenses are accounted for on an accruals basis.

(f) Interest income and expenses

Interest income and expenses are accounted for on an effective interest rate basis.

(g) Foreign currency translation

The currency of the primary economic environment in which the Company operates (the functional currency) is Great British Pounds ("GBP") which is also the presentation currency.

2. ACCOUNTING POLICIES (continued)

(g) Foreign currency translation (continued)

Transactions denominated in foreign currencies are translated into GBP at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

At the 31 March 2018 year end, the Group had two foreign subsidiaries, being AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited, each with a functional currency of US Dollars ("USD").

During the year, on 1 April 2018, the activities and transactions of certain of the Subsidiaries were reviewed by the Board and were noted to be carried out substantially in USD. The Board noted that the currency of the primary economic environment of these entities was now more closely aligned with USD. As such, the decision was made to re-designate the functional currency of these entities to USD and to classify them as foreign operations.

All assets and liabilities in the Subsidiaries were translated into the functional currency of USD using the USD/GBP exchange rate prospectively from the date of change, being 1 April 2018. All monetary assets and liabilities in the Subsidiaries denominated in currencies other than USD were translated to USD using the closing exchange rate at 31 March 2019, with all items of income and expenses in currencies other than USD in the Subsidiaries to USD using the exchange rate at the date of transaction. For non-monetary items in the Subsidiaries (including Aircraft assets), the translated amount into USD at 1 April 2018 will be the item's new historical cost.

On consolidation the financial statements of foreign subsidiaries whose functional currency is not GBP are translated into GBP as follows: statement of financial position items are translated into GBP at the period end exchange rate; statement of income items are translated into GBP at the exchange rates applicable at the transaction dates, as long as this is not rendered inappropriate as a basis for translation by major fluctuations in the exchange rate during the period; unrealized gains and losses arising from the translation of the financial statements of foreign subsidiaries are recorded under "Translation adjustment on foreign operations" in other comprehensive income to be recycled to income.

(h) Cash and cash equivalents

Cash at bank and short term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than three months from the start of the deposit and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(i) Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and selling aircraft (together the "Assets" and each an "Asset"). For more information on segmental information please refer to note 27.

(j) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. While the Group is in a current net liability position, the Group continues to make profits as reflected and generate strong positive operating cash flows. The Directors believe the Group is well placed to manage its business risks successfully despite the current economic climate as the loans have been largely fixed and the fixed rental income under the operating leases means that the rents should be sufficient to repay the debt and provide surplus income to pay for the Group's expenses and permit payment of dividends. In addition the variable rate loans are either hedged with an associated interest rate swap contract issued by the lender to fix the loan interest over the term of the loans, or are unhedged with related rentals which are also floating rate to match. Accordingly, the Directors have adopted the going concern basis in preparing the consolidated financial information. The Board is not aware of any material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

2. ACCOUNTING POLICIES (continued)

(k) Leasing and rental income

The leases relating to the Assets have been classified as operating leases as the terms of the leases do not transfer substantially all the risks and rewards of ownership to the lessee. The Assets are shown as non-current assets in the Consolidated Statement of Financial Position. Further details of the leases are given in note 11.

Rental income and advance lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased Asset and amortised on a straight-line basis over the lease term. The four A350-900 aircraft have variable lease rentals, the variable portion of which is treated as contingent rent. Contingent rent is recognised in the period in which it is earned.

The deferred income liability represents the difference between actual payments received in respect of the lease income (including some received in full upfront) and the amount to be accounted for in the accounting records on a straight line basis over the lease terms. This liability will reduce over time as the leases continue and approach the end of the lease terms. In addition to the timing of receipt of the various rental income streams, the liability is impacted by the USD/GBP exchange rate at the year end and any new leases entered into from new aircraft acquisitions during the period.

(l) Maintenance reserve and security deposits liabilities

In many aircraft operating lease contracts, the lessee has the obligation to make periodic payments which are calculated with reference to utilisation of airframes, engines and other major life-limited components during the lease. In most lease contracts, upon presentation by the lessee of the invoices evidencing the completion of qualifying work on the aircraft, the Group reimburses the lessee for the work, up to a maximum of the advances received with respect to such work.

The Group records such amounts as maintenance advances. Maintenance advances not expected to be utilised within one year are classified as non-current liabilities. Amounts not refunded during the lease are recorded as lease revenue at lease termination. Further details are given in note 21.

Security deposits represent amounts paid by the lessee as security in accordance with the lease agreements. The deposits are repayable to the lessees on the expiration of the lease agreements subject to satisfactory compliance of the lease agreements by the lessees. Further details are given in note 20.

(m) Property, plant and equipment – Aircraft

In line with IAS 16 Property Plant and Equipment, each Asset is initially recorded at cost, being the fair value of the consideration paid. The cost of the Asset is made up of the purchase price of the Assets plus any costs directly attributable to bringing it into working condition for its intended use. Costs incurred by the lessee in maintaining, repairing or enhancing the aircraft are not recognised as they do not form part of the costs to the Group. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Asset.

Depreciation is recognised so as to write off the cost of each Asset less the estimated residual value over the lease term of the Asset of twelve years, using the straight line method. Residual values have been arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees. The Directors consider that the use of forecast market values excluding inflation best approximates residual value as required by IAS 16 Property, Plant and Equipment.

The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually in March and is an estimate of the amount the entity would receive today if the Asset were already of the age and condition they will be in at the end of the lease. Due to a change in functional currency of the subsidiaries to USD as explained in note 2(g) as well as a change in estimate of residual value for all aircraft in the current year and acceleration of the pattern of consumption in certain aircraft, there has been a £21,994,079 increase in the annual depreciation charge for the current year. Further details of the change in estimate of residual values and the impact on depreciation for the current year as a result are given in note 9.

2. ACCOUNTING POLICIES (continued)

(m)Property, plant and equipment – Aircraft (continued)

Depreciation starts when the Asset is available for use.

At each audited reporting date, the Group reviews the carrying amounts of its Assets to determine whether there is any indication that those Assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the Asset is estimated to determine the extent of the impairment loss (if any). Further details are given in note 3.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an Asset is estimated to be less than its carrying amount, the carrying amount of the Asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the Asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the Asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Financial assets and financial liabilities

(a) Classification

The Group classifies its derivatives i.e. the interest rate swaps, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified at fair value through profit or loss at inception. The Group does not classify any derivatives as hedges in a hedging relationship.

Trade and other receivables are classified as financials assets at amortised cost. Financial assets measured at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate methodology.

(b) Recognition/derecognition

Financial assets or liabilities are recognised on the trade date – the date on which the Group commits to enter into the transactions. Financial assets or liabilities are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in profit or loss in the Consolidated Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Consolidated Statement of Comprehensive Income in profit or loss in the period in which they arise.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its receivables or accrued income carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. ACCOUNTING POLICIES (continued)

(o) Non-derivative financial liabilities

Financial liabilities consist of security deposits, payables and borrowings. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially measured at fair value, net of transaction costs. All financial liabilities are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of the financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, to the net carrying amount on initial recognition.

Associated costs are subsequently amortised on an effective interest rate basis over the life of the loan and are shown net on the face of the Consolidated Statement of Financial Position over the life of the lease.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(p) *Ijarah* financing

Ijarah financing, a type of Islamic finance where the Group has substantially all the risks and rewards of ownership of the aircraft, are included within Borrowings and *Ijarah* financing (notes 14 and 22). The *Ijarah* finance is capitalised at inception at the fair value of the aircraft or, if lower, the present value of the minimum payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term borrowings and *Ijarah* financing. Each payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Asset acquired under *Ijarah* financing is depreciated over the Asset's useful life or over the shorter of the Asset's useful life and the finance term if there is no reasonable certainty that the Group will obtain ownership at the end of the finance term.

(q) Net Asset Value

Due to the change in functional currency of the subsidiaries to USD as explained in note 2(g), the net asset value ("NAV") of the Group is £704,578,455 and the NAV per Share is 109.70p as at 31 March 2019 as reflected in the Statement of Financial Position.

However in circumstances where the Directors are of the opinion that the NAV or NAV per Share, as calculated under prevailing accounting standards, is not appropriate or could give rise to a misleading calculation, the Directors, in consultation with the Administrator may determine, at their discretion, an alternative method for calculating a more useful value of the Group and shares in the capital of the Company, which they consider more accurately reflects the value of the Group.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY

Residual value of Aircraft

As described in note 2 (m), the Group depreciates the Assets on a straight line basis over the term of the lease after taking into consideration the estimated residual value. IAS 16 Property, Plant and Equipment requires residual value to be determined as an estimate of the amount that the Group would currently obtain from disposal of the Asset, after deducting the estimated costs of disposal, if it were of the age and condition expected at the end of the lease.

There are currently no A380 or A350 aircraft of a similar type of sufficient age for the Directors to make a direct market comparison in making this estimation. After consulting with the Asset Manager, the Directors have concluded that a forecast market value using base values (determined annually) for the A380 and A350 aircraft at the end of the lease (excluding inflationary effects) best approximates residual value. In relation to the Boeing 777-300ER aircraft residual values, there is minimum to no public secondary market trading data available. In estimating residual value at the 31 March 2019 audited annual year end, the Directors have made reference to forecast market values using base values (excluding inflationary effects) for the aircraft obtained from three independent expert aircraft valuers.

Base value is the appraiser's opinion of the underlying economic value of an aircraft, in an open, unrestricted, stable market environment with a reasonable balance of supply and demand. Full consideration is assumed of its "highest and best use" given the fact that the aircraft are held for use in a leasing business. An asset's base value is determined using the historical trend of values and in the projection of value trends and presumes an arm's-length, cash transaction between willing, able, and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. In the appraisers' valuations, the base value of an aircraft excludes reconfiguration costs and assumes the physical condition is average for an asset of its type and age and that all maintenance requirements and schedules have been met.

The estimation of residual value remains subject to uncertainty. If the estimate of residual value in USD terms, had for instance, decreased by 20% with effect from the beginning of this period, the net profit for the period and closing shareholders' equity would have been decreased by approximately £18.27 million (31 March 2018: £13.08 million). An increase in residual value by 20% would have had an equal but opposite effect. This reflects the range of estimates of residual value that the Directors believe would be reasonable at this time. Estimates of forecast market values have been made on the assumption that a relatively liquid secondary lease market exists at the end of the lease based on management's current intentions for the fleet and their judgments.

CRITICAL ACCOUNTING JUDGEMENTS

Operating lease commitments – Group as lessor

The Group had entered into operating leases on fourteen Assets as at the year end (see note 11). The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these Assets and accounts for the contracts as operating leases.

The operating leases on the Assets have been determined by the Group to be for 12 years.

Impairment

Factors that are considered important which could trigger an impairment review include, but are not limited to, significant decline in the market value beyond that which would be expected from the passage of time or normal use, significant changes in the technology and regulatory environments, evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected. The Directors considered the issue at length and are of the opinion that an impairment review be undertaken.

As described in note 2(m), an impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Directors review the carrying amounts of the Assets at each audited reporting date and monitor the Assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

CRITICAL ACCOUNTING JUDGEMENTS (continued)

Impairment (continued)

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset (ie the income streams associated with the lease and the expected future market value of the aircraft at the end of the lease) are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset and the credit risk profile of the lessees.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such costs can be identified, an appropriate valuation model is used. Such a valuation reflects highest and best use given the fact that the aircraft are held for use in a leasing business.

The Board together with the Asset Manager believes that it would be prudent to conduct an impairment test in the current year, as the below items may result in pricing changes for the current portfolio of aircraft:

1. As further Airbus A380 and A350 aircraft reach comparable 12 year ages and exit their first lease agreements, further market data is available to Amedeo and the asset valuers.
2. Lack of publically available secondary market data for the B777-300ER aircraft.
3. Changing technologies, market innovation and changes to key production programs as well as the success and / or failure as well as the timing of new aircraft model launches.
4. Information regarding Airbus cancellation of the A380 programme, creating uncertainty as to the liquidity of the future market for sale or re-lease.

The assessment was performed by comparing the net book value of each aircraft to the higher of its respective fair value less costs to sell and value-in-use. Rental cash flows to the end of the contracts have been used in the calculation of value-in-use as the cash flows are contractual. Any assumptions with regards issues in counterparty credit risk would be reflected in the discount rate used to calculate the net present value of future cash flows. There are no indications at this time that either Emirates, Etihad or Thai will default or that any of the aircraft will not be marketable post lease.

The Asset Manager considered the following in their determination of the most appropriate discounting rate;

1. The discount rate should be a rate commensurate with what a normal market participant would consider to be the risk inherent in the assets.
2. All of the aircraft are with Emirates, Etihad and Thai, who are considered to have low credit risk profiles.

The fair value and the future sales value of the aircraft have been estimated with reference to the average of current market and future base values from three independent appraisers.

Based on the impairment review performed, the Directors are of the opinion that no impairment loss is required to be recognised in the current year.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

4. RENTAL INCOME

	1 Apr 2018 to 31 Mar 2019 GBP	1 Apr 2017 to 31 Mar 2018 GBP
US Dollar based rent income	202,554,650	172,527,166
Revenue earned but not yet received	6,861,748	3,651,430
Revenue received but not yet earned	(4,233,212)	(5,669,398)
	205,183,186	170,509,198
Amortisation of advance rental income (US Dollar)	4,097,920	3,753,714
	209,281,106	174,262,912
British Pound based rent income	45,440,590	45,023,438
Revenue earned but not yet received	150,005	150,004
Revenue received but not yet earned	(222,933)	(550,785)
	45,367,662	44,622,657
Total rental income	254,648,768	218,885,569

Rental income is derived from the leasing of the Assets. US Dollar based rent represents rent received in USD and British Pound based rent represents rent received in "GBP". Rental income received in USD is earned by the Subsidiaries and is consolidated by translating it into the functional currency (GBP) at the average rate for the year.

An adjustment has been made to spread the actual total income receivable over the term of the lease on an annual basis. In addition, advance rentals received have also been spread over the full term of the leases. The four A350-900 aircraft have variable lease rentals, the variable portion of which is treated as contingent rent. Contingent rent is recognised in the period in which it is earned.

The contingent rent for the year ended 31 March 2019 is £7,449,539 per annum (31 March 2018: £2,292,048).

5. OPERATING EXPENSES

	1 April 2018 to 31 Mar 2019 GBP	1 April 2017 to 31 Mar 2018 GBP
Corporate and shareholder adviser fee	2,341,151	2,156,442
Asset management fee	3,340,323	3,122,102
Administration fees	409,728	322,909
Bank charges	11,550	8,568
Accountancy fees	17,581	39,325
Registrar's fee	17,803	20,407
Audit fee	68,702	122,252
Directors' remuneration	264,141	252,375
Directors' and Officers' insurance	44,776	46,470
Legal and professional expenses	93,973	225,449
Annual regulatory fees	30,152	15,859
Travel costs	–	(251)
Sundry costs	120,119	61,247
Other operating expenses	14,132	16,799
	6,774,131	6,409,953

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

6. DIRECTORS' REMUNERATION

Until 31 December 2018, the Chairman was paid £75,000 per annum and each director paid £60,000 per annum with the Chairman of the Audit Committee receiving an extra £7,500. With effect from 1 January 2019, the Chairman's fee was increased to £76,875 per annum, the directors fees were increased to £61,500 per annum and the Chairman of the Audit Committee's fee was increased to £76,875 per annum.

In the prior year, each Director was also paid a documentation and diligence fee in relation to the admission of the new shares issued in June 2017 (as per note 15) of £10,000 as well as a fee of £2,500 pursuant to the Second Placing in November 2017 (as per note 15) with respect to the acquisition, financing and leasing of the Assets acquired.

7. DIVIDENDS IN RESPECT OF SHARES

	1 Apr 2018 to 31 Mar 2019	
	GBP	Pence per Share
First dividend	13,246,405	2.0625
Second dividend	13,246,405	2.0625
Third dividend	13,246,405	2.0625
Fourth dividend	13,246,406	2.0625
	52,985,621	8.2500

	1 Apr 2017 to 31 Mar 2018	
	GBP	Pence per Share
First dividend	9,637,030	2.0625
Second dividend	12,414,188	2.0625
Third dividend	12,414,188	2.0625
Fourth dividend	13,246,405	2.0625
	47,711,811	8.2500

8. EARNINGS PER SHARE

Earnings per Share ("EPS") is based on the profit for the year of £8,417,273 (2018: £228,469,404) and 642,250,000 shares (2018: 584,620,000 shares) being the weighted average number of Shares in issue during the year.

There are no dilutive instruments and therefore basic and diluted Earnings per Share are identical.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

9. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Aircraft 31 Mar 2019 GBP	Aircraft 31 Mar 2018 GBP
COST		
Aircraft purchases – opening balance	2,414,868,310	1,631,681,713
Acquisition costs – opening balance	10,265,805	6,165,652
Additions- aircraft	–	783,186,597
Additions- acquisition costs	11,195	4,100,153
Translation adjustment on foreign operations*	182,885,262	–
Cost as at year end	2,608,030,572	2,425,134,115
ACCUMULATED DEPRECIATION AND AMORTISATION		
Opening balance	188,792,214	69,962,997
Depreciation for the current year based on previous year residual values and functional currency of GBP for the Subsidiaries	133,680,456	66,213,155
Amortisation of acquisition costs on aircraft	918,342	204,405
Depreciation charge for the year on aircraft acquired	–	26,699,478
Adjustment due to movement in USD residual values**	–	19,373,723
FX movement on residual values**	–	6,338,456
Adjustment due to change in functional currency of the Subsidiaries to USD and movement in USD residual values*	21,994,079	–
Net depreciation charge on all aircraft for the year	156,592,877	118,829,217
Translation adjustment on foreign operations*	15,230,078	–
Accumulated depreciation as at year end	360,615,169	188,792,214
Carrying amount – opening balance	2,236,341,901	1,567,884,368
Carrying amount as at year end	2,247,415,403	2,236,341,901

* The Group believes that the use of forecast market values excluding inflation best approximates residual value as required per IAS 16 Property, Plant and Equipment (refer to note 3). As explained in note 2(g), the decision was made by the Board to re-designate the functional currency of the Subsidiaries to USD and to classify them as foreign operations. Therefore the carrying values of the aircraft in the Subsidiaries in USD have been re-translated at the closing GBP / USD exchange rate at 31 March 2019 for consolidation purposes through "Translation adjustment on foreign operations". The combined effect of re-designating the functional currency of the Subsidiaries to USD, together with the opposite effect of a 1.7 per cent increase in average appraised residual values in USD terms (when comparing uninflated residual values at March 2019 with uninflated values at March 2018), resulted in a £21,994,079 increase in the annual depreciation charge for the current year. Included in the depreciation charge for the period is additional depreciation in respect of certain aircraft which recognised an acceleration in the pattern of consumption of benefits expected from these aircraft based on the redelivery conditions of the aircraft and their residual values.

**In the prior year, where the functional currency of the Subsidiaries was designated as GBP, the combined effect of translating residual values at the GBP / USD exchange rate prevailing at 31 March 2018 of 1.4018 and a 24 per cent reduction in average appraised residual values in USD terms (when comparing uninflated residual values at March 2018 with inflated values at March 2017), resulted in a £25,712,179 increase in the annual depreciation charge for the year.

In order to complete purchases of the aircraft, Subsidiaries of the Company have entered into debt financing agreements with a senior fully amortising loan and junior balloon loan (see note 14). The Company used the equity proceeds (see note 15) in addition to the finance agreements to finance the acquisition of the aircraft. Subject to the below, rentals under each lease are sufficient to pay the senior loan payment (being capital and interest including the Kappa *Ijarah* finance as detailed in note 14 and junior loan payments due (being interest only), also in USD.

9. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT (CONTINUED)

Exceptions to the above include senior loans with an outstanding balance of £335,394,305 (31 March 2018: £330,670,423) at year end, which have balloon capital payments on maturity, and a junior loan, with a balance of £20,178,224 (31 March 2018: £20,130,387) at year end which has capital and interest. Any junior loan principal and senior loan capital due at maturity, is expected to be repaid at lease expiry out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant Asset.

The Group can sell the Assets during the term of the leases (with the lease attached and in accordance with the terms of the transfer provisions contained therein). Under IAS 17 the direct costs attributed in negotiating and arranging the operating leases have been added to the carrying amount of the leased Asset and recognised as an expense over the lease term.

The Group's aircraft with carrying values of £2,247,415,403 (31 March 2018: £2,236,341,901) are pledged as security for the Group's borrowings (see note 14).

Refer to note 3 for details of impairment test conducted by the Group.

10. FINANCE COSTS

	1 April 2018 to 31 Mar 2019 GBP	1 April 2017 to 31 Mar 2018 GBP
Amortisation of debt arrangements costs	2,003,370*	1,567,046*
Interest payable on loan and costs of *Ijarah* financing**	69,341,747*	60,081,508*
Security trustee and agency fees	243,897	232,591
Fair value adjustment on financial assets at fair value through profit and loss (see note 16)	13,200,670	(11,658,163)
	84,789,684	50,222,982

*Included in Finance costs is interest on amortised cost liability for the year of £71,345,117 (31 March 2018: £61,648,554).

** This amount includes £94,223 interest income (31 March 2018: £169,252 interest expense) from the interest rate swaps.

11. OPERATING LEASES

The amounts of minimum lease receipts at the reporting date under non cancellable operating leases are detailed below:

31 March 2019	Next 12 Months GBP	2 to 5 Years GBP	After 5 Years GBP	Total GBP
US Dollar based rent income	205,478,042	819,174,990	919,263,192	1,943,916,224
British Pound based rent income	45,446,952	181,787,808	172,705,533	399,940,293
	250,924,994	1,000,962,798	1,091,968,725	2,343,856,517

31 March 2018	Next 12 Months GBP	2 to 5 Years GBP	After 5 Years GBP	Total GBP
US Dollar based rent income	187,802,884	749,640,959	947,945,267	1,885,389,110
British Pound based rent income	41,540,192	186,086,781	224,678,960	452,305,933
	229,343,076	935,727,740	1,172,624,227	2,337,695,043

The fourteen assets all have an initial lease term of twelve years with lease end dates ranging from September 2026 to January 2030.

At the end of each lease the lessee has the right to exercise an option to purchase the Asset at the discretion of the Company. If a purchase option event occurs the Company and the lessee will be required to arrange for a current market value appraisal of the Asset to be carried out by three independent appraisers. The purchase price will be equal to the average valuation of those three appraisals.

12. RECEIVABLES

	31 Mar 2019 GBP	31 Mar 2018 GBP
Prepayments	162,026	158,167
Accrued rental income	5,069,490	2,930,982
Vat receivable	–	7,481
	5,231,516	3,096,630

The above carrying value of receivables is equivalent to the fair value.

13. PAYABLES

	31 Mar 2019 GBP	31 Mar 2018 GBP
Accrued administration fees	34,816	31,525
Accrued audit fee	74,237	77,000
Accrued registrar fee	1,653	762
Other accrued expenses	249	38,479
Taxation payable	68,494	34,658
	179,449	182,424

The above carrying value of payables is equivalent to the fair value due to their short term maturity period and nature as repayable on demand.

14. BORROWINGS AND *IJARAH* FINANCING

	31 Mar 2019 GBP	31 Mar 2018 GBP
Borrowings		
Bank loans	1,438,601,158	1,432,888,319
***Ijarah* financing**		
Finance liability	154,343,895	154,422,796
Total borrowings and *Ijarah* financing	1,592,945,053	1,587,311,115
Total associated costs	(18,832,563)	(19,201,657)
	1,574,112,490	1,568,109,458
Consisting of:		
Senior loans ($1,537,683,285 at 31 March 2019, $1,666,818,905 at 31 March 2018)	1,178,512,116	1,189,056,145
Ijarah finance ($199,032,505 at 31 March 2019, $ 213,924,455 at 31 March 2018)	152,566,175	152,606,973
Junior loans ($316,795,078 at 31 March 2019, $317,432,479 at 31 March 2018)	243,034,199	226,446,340
	1,574,112,490	1,568,109,458
Borrowings		
Non-current portion	1,315,143,488	1,319,371,167
Current portion (senior loans only)	106,402,827	96,131,318
	1,421,546,315	1,415,502,485
***Ijarah* financing**		
Non-current portion	140,314,131	141,693,913
Current portion (senior loans only)	12,252,044	10,913,060
	152,566,175	152,606,973
Total Borrowings and *Ijarah* financing		
Non-current portion	1,455,457,619	1,461,065,080
Current portion (senior loans only)	118,654,871	107,044,378
	1,574,112,490	1,568,109,458

14. BORROWINGS AND *IJARAH* FINANCING (continued)

The tables below detail the future contractual undiscounted cash flows in respect of the senior and junior loans and the *Ijarah* financing, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Consolidated Statement of Financial Position.

	31 Mar 2019 GBP	31 Mar 2018 GBP
Borrowings: Amount due for settlement within 12 months	166,347,249	152,183,645
Ijarah finance: Amount due for settlement within 12 months	18,928,466	17,601,124
	185,275,715	169,784,769
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	151,868,268	138,738,044
Ijarah finance covered by lease rental receipts (capital and interest)	18,928,466	17,601,124
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	14,478,981	13,445,601
	185,275,715	169,784,769
Borrowings: Amount due for settlement after 12 months and before 60 months	664,378,065	609,470,306
Ijarah finance: Amount due for settlement after 12 months and before 60 months	75,713,863	70,404,495
	740,091,928	679,874,801
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	606,416,522	555,567,118
Ijarah finance covered by lease rental receipts (capital and interest) before 60 months	75,713,863	70,404,495
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	57,961,543	53,903,188
	740,091,928	679,874,801
Borrowings: Amount due for settlement after 60 months	988,276,743	1,052,687,506
Ijarah finance: Amount due for settlement after 60 months	97,797,073	108,540,263
	1,086,073,816	1,161,227,769
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest) and uncovered senior loans (for balloon payment at maturity)	670,246,490	779,609,577
Ijarah finance covered by lease rental receipts (capital and interest)	97,797,073	108,540,263
Repayments of junior debt covered by lease rental receipts (interest only except for one of the junior loans) and uncovered (capital repaid at maturity)	318,030,253	273,077,929
	1,086,073,816	1,161,227,769

No breaches or defaults occurred in the current or prior year. Loans with an outstanding balance of £1,238,718,185 (31 March 2018: £1,237,439,035) have fixed interest rates over the term of the loans. Of this total, loans with an outstanding balance of £632,020,018 (31 March 2018: £629,400,541), although having variable rate interest, also have associated interest rate hedging contracts issued by the lenders in effect fixing the loan interest over the terms of the loans. Loans with an outstanding amount of £335,394,305 (31 March 2018: £330,670,423) at year end are variable rate with no associated hedge of the interest exposure, although the related lease rentals are also floating rate to match, and each senior loan has a USD 15,000,000 balloon capital payment on maturity. Senior loans have both interest and capital repayments whereas junior loans only have interest repayments with the capital to be repaid on maturity (except for a junior loan with a balance of £20,178,224 (31 March 2018: £20,130,387) at year end that has both interest and capital repayments).

14. BORROWINGS AND *IJARAH* FINANCING (continued)

Transaction costs of arranging the loans have been deducted from the carrying amount of the loans and will be amortised over their respective lives. In the Directors' opinion, the above carrying values of the bank loans are approximate to their fair value due to the interest rates charged closely approximating market interest rates.

15. SHARE CAPITAL

The Share Capital of the Company is represented by an unlimited number of redeemable ordinary shares of no par value.

Issued	31 March 2019 Shares	31 March 2018 Shares
Opening balance	642,250,000	467,250,000
Shares issued	–	175,000,000
Total number of Shares as at year end	642,250,000	642,250,000

Issued	31 March 2019 Shares GBP	31 March 2018 Shares GBP
Shares		
Opening balance	655,585,000	473,585,000
Shares issued	–	182,000,000
Share issue costs-cumulative	(7,946,303)	(7,946,303)
Total Share capital	647,638,697	647,638,697

The Company's total issued Share capital at 31 March 2019 was 642,250,000 Shares, none of which were held in treasury.

On 20 June 2017 the Company issued an additional 134,650,000 redeemable ordinary shares of no par value at an issue price of 104 pence per new share.

Pursuant to the Supplementary Prospectus issued on 17 November 2017, the Company issued 40,350,000 new shares on 27 November 2017 under the Second Placing at an issue price of 104 pence per Share. Following this transaction, the Company's total issued Share capital at 31 March 2018 was 642,250,000 Shares, none of which were held in treasury.

Therefore the total number of voting rights in issue was 642,250,000.

Members holding Shares are entitled to receive, and participate in the following: any dividends out of income attributable to the Shares; other distributions of the Company available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein.

On winding up of the Company, shareholders are entitled to the surplus assets attributable to the Share class remaining after payment of all the creditors of the Company.

16. FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

(a) Cash and cash equivalents that arise directly from the Group's operations; and

(b) Debt secured on non-current assets.

(c) Interest rate swaps.

(d) Security deposits.

The Group's objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft.

The following table details the categories of financial assets and liabilities (and the *Ijarah* financing included in note 14) held by the Group at the reporting date:

	31 Mar 2019 GBP	31 Mar 2018 GBP
Financial assets		
Cash and cash equivalents	91,070,150	58,848,615
Financial assets at fair value through profit and loss	13,712,492	26,913,163
Accrued rental income*	5,069,490	2,930,982
	109,852,132	88,692,760

*This amount represents rent due but not yet received and is included within Receivables on the Statement of Financial Position.

	31 Mar 2019 GBP	31 Mar 2018 GBP
Financial liabilities		
Payables and security deposits	13,662,118	12,719,631
Debt payable (including *Ijarah* financing and excluding associated costs)	1,592,945,053	1,587,311,115
	1,606,607,171	1,600,030,746

Fair value of financial instruments

The Company has adopted IFRS 13, 'Fair value measurement' and this standard requires the Company to price its financial assets and liabilities using the price in the bid-ask spread that is most representative of fair value for both financial assets and financial liabilities. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The level of the fair value hierarchy of an instrument is determined considering the inputs that are significant to the entire measurement of such instrument and the level of the fair value hierarchy within those inputs are categorised.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Quoted price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

16. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

The interest rate swaps are considered to be level 2 in the Fair Value Hierarchy. The following tables show the Company's financial assets and liabilities as at 31 March 2019 based on the hierarchy set out in IFRS:

31 March 2019	Quoted Prices in active markets for identical assets (Level 1) 2019 GBP	Significant other observable inputs (Level 2) 2019 GBP	Significant unobservable inputs (Level 3) 2019 GBP	Total 2019 GBP
Assets				
Financial assets at fair value through profit and loss				
Interest rate swaps	–	13,712,492	–	13,712,492

31 March 2018	Quoted Prices in active markets for identical assets (Level 1) 2018 GBP	Significant other observable inputs (Level 2) 2018 GBP	Significant unobservable inputs (Level 3) 2018 GBP	Total 2018 GBP
Assets				
Financial assets at fair value through profit and loss				
Interest rate swaps	–	26,913,163	–	26,913,163

Derivative financial instruments

The following table shows the Company's derivative position as at 31 March 2019 with a comparative table as at 31 March 2018:

	31 March 2019	31 March 2018
Financial assets at fair value (£)	13,712,492	26,913,163
Notional amount (USD)	827,919,177	875,953,879
Notional amount (GBP)	635,150,884	624,877,928

The maturity dates range from 13 April 2028 to 24 May 2029 (31 March 2018: 13 April 2028 to 24 May 2029).

The decrease in the fair value of the Interest Rate Swaps for the year of £13,200,670 (31 March 2018: decrease of £11,658,163) is reflected in Finance Costs in note 10. The notional amount amortises in line with the underlying liability.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are capital management risk, foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below:

(a) Capital management

The Group manages its capital to ensure its ability to continue as a going concern while maximising return to Shareholders through the optimisation of debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 14, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

The Group's Board of Directors reviews the capital structure on a bi-annual basis.

Equity includes all capital and reserves of the Company that are managed as capital.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

The Group has economically mitigated the risk of foreign currency movements by matching its USD rentals with USD debt to the extent necessary. The USD lease rentals should offset the USD payables on amortising debt on the loans (including the Kappa *Ijarah* finance), apart from the loans with an outstanding balance of £335,394,305 (31 March 2018: £330,670,423) as at year end which have balloon capital payments on maturity (refer to note 14). The foreign exchange exposure in relation to the bank loans (capital and interest) and the Kappa *Ijarah* finance is thus largely hedged, apart from the foreign exchange exposure unhedged in respect of the balloon capital portion of the loans with an outstanding balance of £335,394,305 (31 March 2018: £330,670,423) as at year end and the principal bullet repayment of the junior loans at maturity.

The potential future value or the potential sale proceeds of the aircraft upon maturity of the junior loans and senior loans with an outstanding balance of £335,394,305 (31 March 2018: £330,670,423) as at year end (all of which are in USD), should, however, reduce this foreign exchange risk.

Lease rentals (as detailed in notes 4 and 11) are received in USD and GBP. Rental income received in USD is used to pay loan interest and regular capital repayments of debt (but excluding any bullet or balloon repayment of principal), which are likewise denominated in US Dollars. USD lease rentals and loan repayments are furthermore fixed at the outset of the Company's life and are very similar in amount and timing save for the repayment of bullet and balloon repayments of principal due on the final maturity of a loan to be paid out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant aircraft. In addition the variable rate loans are either hedged with an associated interest rate swap contract issued by the lender to fix the loan interest over the term of the loans, or are unhedged with related rentals which are also floating rate to match.

The matching of lease rentals to settle these loan repayments therefore mitigates risks caused by foreign exchange fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	31 Mar 2019 GBP	31 Mar 2018 GBP
Debt (USD) – Liabilities	(1,592,945,053)	(1,587,311,115)
Security deposits (USD) – Liabilities	(13,482,669)	(12,537,207)
Financial assets at fair value through profit and loss (USD) – Asset	13,712,492	26,913,163
Cash and cash equivalents (USD) – Asset	65,350,662	37,700,978
Accrued rental income (USD) – Asset	5,069,490	2,930,982

The USD/GBP exchange rate was 1.3035 at 31 March 2019 (1.4018 at 31 March 2018).

The following table details the Group's sensitivity to a 25% (31 March 2018: 25%) appreciation in GBP against the US dollar. 25% (31 March 2018: 25%) represents the Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 25% (31 March 2018: 25%) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where GBP strengthens 25% (31 March 2018: 25%) against the USD. For a 25% weakening of the GBP against the USD, there would be a comparable but opposite impact on the profit and other equity;

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

	31 Mar 2019 GBP	31 Mar 2018 GBP
Profit or loss	304,459,016	306,460,639
Change in value of assets	(16,826,528)	(13,509,025)
Change in value of liabilities	321,285,544	319,969,664
Excluding junior loans:		
Profit or loss	258,450,098	263,332,490
Change in value of assets	(14,228,607)	(11,347,906)
Change in value of liabilities	272,678,705	274,680,396

On the eventual sale of the Assets, the Group may be subject to foreign currency risk if the sale was made in a currency other than sterling. Transactions in similar assets are typically priced in USD.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk on cash transactions are mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies.

The Group's financial assets exposed to credit risk are as follows:

	31 Mar 2019 GBP	31 Mar 2018 GBP
Cash and cash equivalents	91,070,150	58,848,615
Financial assets at fair value through profit and loss	13,712,492	26,913,163
Accrued rental income	5,069,490	2,930,982
	109,852,132	88,692,760

Surplus cash in the Group is held with Barclays, HSBC, Lloyds, RBSI and Bank of Ireland, which have credit ratings given by Moody's of A2, Aa2, Aa2, Baa2 and A3 (31 March 2018: A1, Aa2, A1, Ba1 and A3) respectively. Surplus cash in the Subsidiaries is held in accounts with RBSI and Westpac, which have credit ratings given by Moody's of Baa2 and Aa3 (31 March 2018: Ba1 and Aa2) respectively.

The credit quality and risk of lease transactions with counterparty airlines is evaluated upon conception of the transaction. In addition, ongoing updates as to the operational and financial stability of the airlines are provided by the Company's Asset Manager in its quarterly reports to the Company. Given the full or partial sovereign ownership status of all underlying lessees, the credit quality of these airlines would be regarded as some of the highest ranked in the world as the Group selected lessees with strong statements of financial position and financial outlook which have no history of defaulting on any rental payments.

There is a potential credit risk arising from the possibility that the lessee may default on the lease payments. This risk is mitigated, as under the terms of the lease agreements between the lessee and the Group, any non payment of the lease rentals constitutes a Special Termination Event, under which the lease terminates and the Company may either choose to sell the Asset or lease the Asset to another party. Lessees also have strong credit ratings with Emirates being rated AA and Etihad and Thai being rated A by Fitch Ratings Inc.

At the inception of each lease, the Company selected a lessee with a strong Statement of Financial Position and financial outlook. The financial strength of Emirates, Etihad and Thai Airways is regularly reviewed by the Directors and the Asset Manager. The Group generally requires its customers to pay rentals in advance and provide collateral in the form of cash or letters of credit as security deposits for leases. Security deposits and Maintenance reserve liabilities are held in relation to funds received at the year end for the timely and faithful performance of the lessees' obligations under the lease agreements for the four A350-900 aircraft. Refer to note 2(l) for further details on the maintenance reserves and security deposits.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

The Group assesses on a forward looking basis the expected credit losses associated with its accrued rental income carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group has chosen to apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Any accrued rental income and receivables at amortised cost are short-term (i.e. no longer than 12 months) and considered to be of high credit quality as the Group selected lessees with strong balance sheet and financial outlook which have no history of defaulting on any rental payments. The Group generally requires its customers to pay rentals in advance and provide collateral in the form of cash or letters of credit as security deposits for leases. Accordingly, any identified impairment losses on such assets are expected to be small.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments such as capital repayments of junior and senior debt at the end of the lease. The Group's main financial commitments are its ongoing operating expenses and repayments on loans.

The fixed rental income under the relevant leases means that the rents received should be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and provide surplus income to pay for the Group's expenses and finance payments of dividends. Where balloon and bullet repayments of debt exist, these are expected to be financed out of the disposal proceeds of the relevant aircraft. Declarations of dividends may need to be suspended if the Board considers that the Company will not be able to repay any balloon and bullet repayments of debt falling due through the sale, refinancing or other disposition of an Asset.

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk through the timings of lease rentals and debt repayments, by maintaining adequate reserves, banking facilities and borrowing facilities, by monitoring forecast and actual cash flows, and by matching profiles of financial assets and liabilities.

The table below details the residual contractual maturities of financial liabilities (and the *Ijarah* financing included in note 14). The amounts below are contractual undiscounted cash flows, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Statement of Financial Position:

31 March 2019	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
Financial liabilities						
Payables	179,449	–	–	–	–	179,449
Security deposit liability	–	–	–	–	13,482,669	13,482,669
Borrowings and *Ijarah* financing	46,313,307	138,962,408	185,151,572	554,940,356	1,054,071,264	1,979,438,907
	46,492,756	138,962,408	185,151,572	554,940,356	1,067,553,933	1,993,101,025

31 March 2018	1–3 Months GBP	3–12 Months GBP	1–2 Years GBP	2–5 Years GBP	Over 5 Years GBP	Total GBP
Financial liabilities						
Payables	182,424	–	–	–	–	182,424
Security deposit liability	–	–	–	–	12,537,207	12,537,207
Borrowings and *Ijarah* financing	42,426,235	127,358,534	169,855,723	510,019,078	1,161,227,769	2,010,887,339
	42,608,659	127,358,534	169,855,723	510,019,078	1,173,764,976	2,023,606,970

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. It is the risk that fluctuations in market interest rates will result in a variation in deposit interest earned on bank deposits held by the Group or on debt repayments.

The loans with an outstanding balance of £335,394,305 (31 March 2018: £330,670,423) as at year end entered into in the current year are variable rate (with no associated interest rate swap contract issued by the lender to fix the loan interest over the term of the loans) although the related rentals are also floating rate to match.

With the exception of loans with an outstanding balance of £335,394,305 (31 March 2018: £330,670,423) as at year end, as mentioned above, the Group mitigates interest rate risk by fixing the interest rate on the bank loans (as well as in respect of loans with an outstanding balance of £632,020,018 (31 March 2018: £629,400,541) as at year end, which have an associated interest rate swap to fix the loan interest).

The following table details the Group's exposure to interest rate risks:

31 March 2019	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Cash and cash equivalents	91,070,150	–	5,069,490	96,139,640
Total Financial Assets	91,070,150	–	5,069,490	96,139,640
Financial Liabilities				
Accrued expenses and reserves	–	–	179,449	179,449
Security deposit liability	–	–	13,482,669	13,482,669
Borrowings and *Ijarah* financing	335,394,305	606,698,167	–	942,092,472
Total Financial Liabilities	335,394,305	606,698,167	13,662,118	955,754,590
Effective of derivatives held for risk management	632,020,018			
Total interest sensitivity gap	(876,344,173)	(606,698,167)		

31 March 2018	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Cash and cash equivalents	58,848,615	–	2,930,982	61,779,597
Total Financial Assets	58,848,615	–	2,930,982	61,779,597
Financial Liabilities				
Accrued expenses and reserves	–	–	182,424	182,424
Security deposit liability	–	–	12,537,207	12,537,207
Borrowings and *Ijarah* financing	330,670,423	608,038,494	–	938,708,917
Total Financial Liabilities	330,670,423	608,038,494	12,719,631	951,428,548
Effective of derivatives held for risk management	629,400,541			
Total interest sensitivity gap	(901,222,349)	(608,038,494)		

If interest rates had been 25 basis points higher throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 31 March 2019 would have been £227,674 (31 March 2018: £147,122) greater due to a increase in the amount of interest receivable on the bank balances.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

If interest rates had been 25 basis points lower throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 31 March 2019 would have been £227,674 (31 March 2018: £147,122) lower due to a decrease in the amount of interest receivable on the bank balances.

Capital repayments are unchanged in respect of the variable interest loans with an outstanding balance of £335,394,305 (31 March 2018: £330,670,423) as at year end (only the interest payments vary) when there is a change in rates. This will affect future cash flows as explained above.

18. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, the Company has no ultimate controlling party as the Company does not have any shareholder which holds greater than 10% of the issued share capital of the Company.

19. CASH AND CASH EQUIVALENTS

	31 March 2019 GBP	31 March 2018 GBP
Bank balances	91,070,150	58,848,615
	91,070,150	58,848,615

Included in the cash and cash equivalents are secured cash deposits of £45,848,244 (31 March 2018: £21,104,285) in respect of security deposits and maintenance reserves. Refer to notes 20 and 21 for more information on security deposits and maintenance reserve liabilities.

20. SECURITY DEPOSITS

	31 March 2019 GBP	31 March 2018 GBP
Security deposit liability	13,482,669	12,537,207
	13,482,669	12,537,207

The Security deposit is held in relation to funds received at the year end for the timely and faithful performance of the lessees' obligations under the lease agreements for the four A350-900 aircraft. Security deposits are contractually bound to be repaid if not utilised. Refer to note 2(l) for accounting policies adopted on the security deposits.

21. MAINTENANCE RESERVES

	31 March 2019 GBP	31 March 2018 GBP
Balance at 1 April	8,567,078	–
Movements for the year	23,798,497	8,567,078
Balance at 31 March	32,365,575	8,567,078

The Maintenance reserve liabilities are held in relation to funds received at the year end for the timely and faithful performance of the lessees' obligations under the lease agreements for the four A350-900 aircraft. Amounts accumulated in the maintenance reserve will be repaid only as re-imbursements for actual maintenance expenses incurred by the lessee. Refer to note 2(l) for accounting policies adopted on the maintenance reserves.

The table below details the expected utilisation of maintenance reserves.

	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
31 March 2019	–	–	–	26,168,148	6,197,427	32,365,575
31 March 2018	–	–	–	7,053,367	1,513,711	8,567,078

22. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

31 March 2019	Borrowings and *Ijarah* finance GBP
Balance at 1 April 2018	1,568,109,458
Cash flows	(182,571,338)
Add back payments of interest on loans and *Ijarah* financing	67,746,772
Movement in interest accruals	609,947
Translation adjustment on foreign operations	120,217,651
Balance at 31 March 2019	1,574,112,490

31 March 2018	Borrowings and *Ijarah* finance GBP
Balance at 1 April 2017	1,294,109,180
Cash flows	(151,922,487)
Add back payments of interest on loans and *Ijarah* financing	58,732,884
New debt raised on loans and *Ijarah* financing	559,385,492
Movement in interest accruals	1,181,090
Translation adjustment on foreign operations	(193,376,701)
Balance at 31 March 2018	1,568,109,458

23. TAX

	31 March 2019 USD	31 March 2018 USD
Profit before tax	674,543	389,003
Irish tax at 12.5%	84,318	48,625
	GBP	GBP
Tax expense (converted into GBP)	64,220	35,959

Irish tax is charged at 12.5% on each of the AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited subsidiaries. The Company and the Guernsey Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%. Since AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited are Irish tax resident trading companies, they will not be subject to Guernsey tax, but their net lease rental income earned (after tax deductible expenditure) will be taxable as trading income at 12.5% under Irish tax regulations.

24. ACCRUED AND DEFERRED INCOME

The deferred and accrued income represents the difference between actual payments received in respect of the lease income (including some received in full upfront) and the amount to be accounted for in the accounting records on a straight line basis over the lease terms. The accrued and deferred income consists of the following:

	31 March 2019 USD	31 March 2018 USD
Accrued income	13,589,107	12,815,841
Deferred income	(46,300,030)	(44,872,259)

25. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Amedeo Limited ("Amedeo") was appointed as the Group's Asset Manager and Agent (the agent is appointed to assist with the purchase of the aircraft, the arrangement of suitable equity and debt finance and the negotiation and documentation of the lease and financing contracts).

During the current year, the Group paid Amedeo £3,340,323 in total (31 March 2018: £6,505,102), split as follows:

(i) an upfront lease and upfront transaction costs of £Nil (31 March 2018: £3,383,000) (the "Upfront Fee") for the assets purchased during the year. These fees were capitalised to the aircraft as acquisition costs and will be depreciated over the life of the leases.

In consideration for providing the services pursuant to the Agency Agreement, the Company (itself and on behalf of each Lessor), upon each "Admission" (being the admission to trading on the SFS becoming effective in accordance with the London Stock Exchange Admission Standard), paid to Amedeo during the year an upfront lease and debt arrangement fee of £Nil (31 March 2018: £845,000 for the tenth asset and £634,500 each for the eleventh, twelfth, thirteenth and fourteenth assets).

(ii) In addition, Amedeo receives, in consideration for providing services to the Group, a management and advisory fee (included under "asset management fee" in note 5).

All fees are payable monthly in arrears (the "Annual Fee").

Following the disposal of the "IPO Assets" (being collectively the first four assets purchased), the Company shall pay to Amedeo disposition fees calculated as detailed in the prospectus, which can be found on the Group's website. Fees range from 2.5% to 4% of the sale value. The fee for the remaining ten aircraft is 3%.

During the year, the Group incurred £3,340,323 (31 March 2018: £3,122,102) of expenses with Amedeo, of which £ Nil (31 March 2018: £Nil) was outstanding to this related party at 31 March 2019.

(iii) Amedeo Services (UK) Limited ("Amedeo Services") was appointed as Liaison and Administration Oversight Agent to the Group. In consideration for this service, the Group paid Amedeo Services £10,769 during the year (31 March 2018: £10,506). As at 31 March 2019 £Nil (31 March 2018: £Nil) was outstanding. This fee is included under "Asset management fee" in note 5.

Nimrod Capital LLP ("Nimrod") is the Company's Corporate and Shareholder Adviser.

During the year, the Group incurred £2,341,151 (31 March 2018: £3,938,442) of fees due to Nimrod. £Nil (31 March 2018: £1,782,000) of these expenses related to share placing fees in the prior year and were deducted from equity. £2,341,151 (31 March 2018: £2,156,442) of these expenses related to corporate and shareholder advisory fees as shown in note 5. £ Nil (31 March 2018: £Nil) was outstanding to this related party at 31 March 2019.

John Le Prevost is a director of Anson Registrars Limited ("ARL"), the Company's registrar, transfer agent and paying agent. During the year the Group incurred £17,094 (31 March 2018: £20,407) of costs with ARL, of which £1,215 (31 March 2018: £762) was outstanding as at 31 March 2019.

26. CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

a) IFRS 9 'Financial Instruments '– Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 'Financial Instruments' from 1 April 2018 only resulted in changes in accounting policies. The new accounting policies are set out in note 26 (b) below. No adjustments were deemed necessary to the amounts recognised in the financial statements and accordingly there was no material impact on the retained earnings as at 1 April 2018.

26. CHANGE IN ACCOUNTING POLICIES (continued)

Classification of Financial Assets and Financial Liabilities

IFRS 9 contains three principal classification categories for financial assets and liabilities: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Based on the Group's assessment, this standard does not have a material impact on the classification of financial assets and financial liabilities of the Group. This is because:

— the interest rate swaps in the Group are currently measured at FVTPL as required by IFRS9. The interest rate swaps do not meet the SPPI criterion (solely payments of principal and interest) and accordingly it will be mandatorily measured at FVTPL under IFRS 9. Interest rate swaps were previously held FVTPL under IAS 39; and

— financial instruments currently measured at amortised cost are cash and cash equivalents and receivables,. These instruments meet the solely principal and interest criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under IFRS 9 resulting in no change from IAS 39.

Impairment of Financial Assets

IFRS 9 replaces the "incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Group assesses on a forward looking basis the expected credit losses associated with its accrued rental income carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group has chosen to apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Based on the Group's assessment, changes to the impairment model do not have a material impact on the financial assets of the Group. This is because:

— the interest rate swaps are measured at FVTPL and the impairment requirements do not apply to such instruments;

— any accrued rental income and receivables at amortised cost are short-term (i.e. no longer than 12 months) and considered to be of high credit quality as the Group selected lessees with strong balance sheet and financial outlook which have no history of defaulting on any rental payments. The Group generally requires its customers to pay rentals in advance and provide collateral in the form of cash or letters of credit as security deposits for leases. Under the terms of the lease agreements between the lessee and the Group, any non-payment of the lease rentals constitutes a Special Termination Event, under which the lease terminates and the Group may either choose to sell the Assets or lease the Assets to another party. Accordingly, any identified impairment losses on such assets are expected to be small; and

— while cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is expected to be small as the instruments are held with regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies.

b) IFRS 9 'Financial Instruments' – Accounting policies applied from 1 January 2018

Investments and other financial assets

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

— those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

— those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

26. CHANGE IN ACCOUNTING POLICIES (continued)

b) IFRS 9 'Financial Instruments' – Accounting policies applied from 1 January 2018 (continued)

Investments and other financial assets (continued)

(i) Classification (continued)

The interest rate swaps in the Group are currently measured at FVTPL due to it being designated into this category as it is managed on a fair value basis in accordance with a documented investment strategy. The interest rate swaps do not meet the SPPI criterion (solely payments of principal and interest) and accordingly it will be mandatorily measured at FVTPL under IFRS 9.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its financial assets into the following measurement category:

— Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Financial assets currently measured at amortised cost are cash and cash equivalents and receivables. These instruments meet the solely principal and interest criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under IFRS 9.

Derivative instruments

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss as applicable. Refer to note 2 (n).

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its accrued rental income carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables Refer to note 2(n).

Financial Liabilities

Financial liabilities consist of payables, security deposits and borrowings. The classification of financial liabilities at initial recognition will be at amortised cost to the extent it is not classified at FVTPL. All financial liabilities are initially measured at fair value, net of transaction costs. All financial liabilities are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability.

Amortised cost: Interest expenses from financial liabilities is included in finance costs using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses), together with foreign exchange gains and losses. Refer to note 2(o).

Subsequent measurement of debt instruments depends on the Group's business model for managing the liability and the cash flow characteristics of the liability.

26. CHANGE IN ACCOUNTING POLICIES (continued)

c) IFRS 15 'Revenue from Contracts with Customers' – Impact of adoption

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts', related interpretations. The only contractual receipts which the Group currently has are rental income from Emirates, Etihad and Thai leasing its Aircraft. Rental income is currently recognised in accordance with IAS 17 (which will be replaced by IFRS 16) which is specifically excluded from IFRS 15. The adoption of IFRS 15 'Revenue from Contracts with Customers' from 1 April 2018 does thus not materially impact the financial statements.

27. SEGMENT INFORMATION

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and selling aircraft.

Geographical analysis

31 March 2019	Middle East GBP	Asia Pacific GBP	Total GBP
Rental income	197,939,462	56,709,306	254,648,768
Net book value – aircraft	1,707,975,123	539,440,280	2,247,415,403

31 March 2018	Middle East GBP	Asia Pacific GBP	Total GBP
Rental income	192,346,297	26,539,272	218,885,569
Net book value – aircraft	1,707,739,744	528,602,157	2,236,341,901

28. SUBSEQUENT EVENTS

On 11 April 2019 the Directors of the Company declared an interim dividend of 2.0625 pence per Share in respect of the 31 March 2020 financial year. This dividend of £13,246,406.25 was paid on 30 April 2019 to holders on record 23 April 2019.

On 11 July 2019 the Directors of the Company declared an interim dividend of 2.0625 pence per Share in respect of the 31 March 2020 financial year. This dividend of £13,246,406.25 will be paid on or around 31 July 2019 to holders on record 19 July 2019.