SAL Aviation Number 2 Limited

Directors' report and statutory financial statements

Year ended 31 December 2023

Registered number: 627362

SAL Aviation Number 2 Limited

Directors' report and financial statements

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SAL Aviation Number 2 Limited

Directors and other information

Directors	Stephen Coyle (Irish) (resigned 31 January 2023) Órla Kearney (Irish) (resigned 28 April 2022, reappointed 27 November 2024) David Butler (Irish) (appointed 31 January 2023, resigned 21 June 2024) Eugene O’Reilly (Irish) (appointed 28 April 2022) Christopher Collenette (appointed 21 June 2024, resigned 27 November 2024)
Secretary	Seraph Aviation Management Limited 2nd Floor, Embassy House, Herbert Park Lane, Ballsbridge Dublin 4
Registered office	Embassy House Herbert Park Lane Ballsbridge Dublin D04 H6Y0
Principal place of business	Embassy House Herbert Park Lane Ballsbridge Dublin D04 H6Y0
Independent auditor	KPMG Chartered Accountants 1 Harbourmaster Place IFSC Dublin 1
Solicitor	A&L Goodbody 28 North Wall Quay North Wall Dublin 1
Bankers	AIB Corporate Banking Ireland 10 Molesworth Street Dublin 2

Directors' report

The directors present their first annual report together with the audited statutory financial statements of SAL Aviation Number 2 Limited ("the Company") the year ended 31 December 2023.

Principal activities, business review and future developments

The principal activity of the Company is the acquisition, sale, and leasing of commercial aircraft for humanitarian purposes and associated equipment to airlines and other third parties worldwide.

As at 31 December 2023, the Company was a subsidiary of Seraph Aviation Leasing Limited, itself a wholly owned subsidiary of Guardian Holdings Limited. At 31 December 2023, Guardian Holdings Limited was a wholly owned subsidiary of Seraph Aviation Group Limited ("SAG Limited"). On incorporation of the Company, SAG Limited was a subsidiary of Acasta Enterprises Inc. On 27 March 2018 Seraph Aviation Holdings LLC purchased SAG Limited from Acasta Enterprises Inc. via its wholly owned subsidiary Bariflow Limited ("Bariflow"). Bariflow is a wholly owned subsidiary of Seraph Aviation Holdings LLC ("SAH LLC"). On 25 August 2020, The Seraph Aviation Group, LLC ("SAG LLC") purchased all the membership units of SAH LLC. At 31 December 2023, the majority unit holders of SAG LLC are ECN (Canada) Holdings Corp and Buckthorn Financing DAC. ECN (Canada) Holdings Corp is a subsidiary of ECN Capital Corp., an entity listed on the Toronto Stock Exchange. The shares of Buckthorn Financing DAC are held on trust for general charitable purposes.

During the year ended 31 December 2023, the Company did not generate any revenue, as its sole aircraft, a C-295H, remained off lease and in secure storage. The operating lease on this aircraft was terminated in December 2020, and the aircraft continues to be maintained by a certified airworthiness management organisation. The Company incurred a loss before tax of $1,268,000 (2022: profit before tax $3,426,000), primarily due to depreciation and technical expenses on the Company's aircraft.

In September 2022, the Seraph Aviation Group entered into a Share Purchase Agreement with an affiliate of Aergo Capital Limited for the sale of its principal trading subsidiary, Seraph Aviation Management Limited. This transaction closed in November 2022. Following this, the shareholders have indicated their intention to pursue an orderly wind-up of the remaining group entities.

As at the date of approval of these financial statements, the Company has not entered into any binding agreement to lease or sell the aircraft. The directors continue to evaluate all available options, including the potential sale of the aircraft. The Company was sold on 31 May 2024 and is now a wholly owned subsidiary of Buckthorn Financing DAC. The directors will continue to monitor market conditions and actively seek opportunities to maximise value from the aircraft asset.

The directors remain committed to maintaining the aircraft in a condition suitable for future lease or sale and will take all necessary steps to ensure the Company's assets are managed in the best interests of its stakeholders.

Principal risks and uncertainties

The directors have identified the risks facing the Company and have undertaken approaches to deal with the relevant risks, as outlined in the Financial Risk Management disclosures in note 20. The Company is exposed to market risk, credit risk and liquidity risk. The Company's directors oversee the management of these risks and ensure these risks are governed by appropriate policies and procedures.

Directors, Secretary and their interest

The directors of the Company who held office during the year and up to the date of approval of these financial statements were as follows: Stephen Coyle (resigned 31 January 2023), Órla Kearney (resigned 28 April 2022, re-appointed 27 November 2024), David Butler (appointed 31 January 2023, resigned 21

June 2024), Eugene O'Reilly (appointed 28 April 2022) and Christopher Collenette (appointed 21 June 2024, resigned 27 November 2024)

The Company Secretary during the year was Seraph Aviation Management Limited.

As at 31 December 2023, none of the directors held any beneficial interest in the shares of the Company. The directors have no contracts of significance, other than service contracts, with the Company or any subsidiary undertaking.

The registered office and principal place of business of the Company is Embassy House, Herbert Park Lane, Ballsbridge, Dublin 4, D04 H6Y0.

Details of changes in directorships and secretary appointments since the year end are disclosed in the Subsequent Events section of this report.

Transactions involving directors

The directors confirm that there were no contracts or arrangements of significance in relation to the business of the Company in which any director had a material interest during the year ended 31 December 2023 (2022: $Nil). Furthermore, no director received any remuneration or benefits from the Company during the year.

Accounting records

The directors believe that they have complied with the requirements of section 281 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with the appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at Embassy House, Herbert Park Lane, Ballsbridge, Dublin D04 H6Y0.

Key performance indicators

For year ended 31 December 2023:

- The Company had revenues of $nil *(2022: $5,000k)*.
- The Company incurred a loss before tax of $1,268k *(loss before tax 2022: $3,426k)*.

Dividend

The Company did not declare a dividend during the year *(2022: $Nil)*.

Political donations

The Company did not give any political donations during the year ended 31 December 2023 *(2022: $Nil)*.

Subsequent events

On 31 May 2024, the Company was sold and became a wholly owned subsidiary of Buckthorn Financing DAC. This change in ownership represents a significant event after the reporting date. Following the sale, the Company's ownership structure and certain governance arrangements were updated to reflect the requirements of the new parent entity.

In connection with the sale, there were changes to the composition of the Board of Directors. David Butler resigned as director on 21 June 2024, and Christopher Collenette was appointed on the same date. Subsequently, on 27 November 2024, Órla Kearney was re-appointed as director and Christopher

Collenette resigned. These changes have been duly notified to the Companies Registration Office and are reflected in the Company's statutory records.

The directors have considered the financial impact of these events, including the restructuring of certain intercompany balances and the recognition of expected credit losses on amounts due from group companies. No other material events requiring adjustment or disclosure in these financial statements have occurred between the reporting date and the date of approval of these financial statements.

Going concern

As at the reporting date there are events and conditions impacting going concern, these include the absence of revenue-generating leases, negative equity and the requirement for financial support. The directors have considered the relevant facts and have engaged the aircraft servicer in plans to secure a lease for the aircraft. The directors have also obtained financial support from the Company's parent entity and debt provider. As a result of the above the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future and for this reason, the going concern basis has been adopted in preparing the financial statements. While the directors have concluded that the entity remains a going concern, the directors acknowledge that a material uncertainty exists relating the above conditions which may cast significant doubt on the entity's ability to continue as a going concern.

Statement on relevant audit information

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditor

In accordance with Section 383(2) of the Companies Act 2014 KPMG, Chartered Accountants and Registered Auditors will continue in office.

On behalf of the board

Órla Kearney
Director

Eugene O'Reilly
Director

6 February 2026

SAL Aviation Number 2 Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board

Órla Kearney
Director

Eugene O'Reilly
Director

6 February 2026

KPMG

Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAL AVIATION NUMBER 2 LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SAL Aviation Number 2 Limited ('the Company') for the year ended 31 December 2023 set out on pages 9 to 36, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cashflows and related notes, including the material accounting policies set out in note 3.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Company's aircraft is currently off-lease, the Company is in a net deficit position, and it remains dependent on financial support from its parent. As stated in note 2, these events or conditions, along with the other matters explained in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

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

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAL AVIATION NUMBER 2 LIMITED (continued)

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.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, those parts of the directors' report specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014, have been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAL AVIATION NUMBER 2 LIMITED (continued)

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 391 of the Companies Act 2014. 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.

9 February 2026

Terence Coveney

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5

SAL Aviation Number 2 Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2023

	Note	**2023 USD'000**	2022 USD'000
Other income	*4*	**-**	5,000
		-	5,000
Operating expenses	*5*	**(1,268)**	(1,523)
Operating (loss)/profit		**(1,268)**	3,477
Finance expense	*8/16*	**-**	(51)
(Loss)/profit on ordinary activities before taxation		**(1,268)**	3,426
Tax (charge)/credit on ordinary activities	*9*	**-**	-
Net (loss)/profit for the year		**(1,268)**	3,426
Other comprehensive income		**-**	-
Total comprehensive (loss)/income		**(1,268)**	3,426

All items dealt with and arriving at the results for the year ended 31 December 2023 related to continued activities.

The notes on pages 14 to 36 form part of the financial statements.

SAL Aviation Number 2 Limited

Statement of financial position
as at 31 December 2023

	Note	2023 USD'000	2022 USD'000
Assets			
Non-current assets			
Aircraft and related components	*10*	**20,519**	21,494
Total non-current assets		**20,519**	21,494
Current assets			
Other receivables	*12*	**3,223**	3,271
Cash and cash equivalents	*13*	**1**	1
Total current assets		**3,224**	3,272
Total assets		**23,743**	24,766
Equity and Liabilities			
Equity attributable to equity holders			
Issued and called up capital	*14*	**-***	-*
Retained deficit		**(1,885)**	(617)
Total deficit		**(1,885)**	(617)
Current liabilities			
Loans and borrowings	*16*	**22,412**	22,412
Trade and other payables	*17*	**3,216**	2,971
Total current liabilities		**25,628**	25,383
Total liabilities		**25,628**	25,383
Total equity and liabilities		**23,743**	24,766

*Share capital is less than $1,000.

SAL Aviation Number 2 Limited

Statement of financial position *(continued)*

The notes on pages 14 to 36 form part of the financial statements.

Approved by the board and signed on its behalf by:

Órla Kearney
Director

Eugene O'Reilly
Director

SAL Aviation Number 2 Limited

Statement of changes in equity
for the year ended 31 December 2023

Attributable to equity holders of the Company

	Issued and called up capital USD'000	Retained deficit USD'000	Total (deficit) USD'000
Balance at 1 January 2022	-*	(4,043)	(4,043)
Net income and total comprehensive income for the year	-	3,426	3,426
Balance at 31 December 2022	-	(617)	(617)
Balance at 1 January 2023	-*	(617)	(617)
Net loss and total comprehensive loss for the year	-	(1,268)	(1,268)
Balance at 31 December 2023	**-***	**(1,885)**	**(1,885)**

The notes on pages 14 to 36 form part of the financial statements.

*Share capital is less than $1,000.

SAL Aviation Number 2 Limited

Statement of cash flows
for the year ended 31 December 2023

	Note	**2023 USD'000**	2022 USD'000
Cash flows from operating activities			
(Loss)/profit on operating activities before taxation		**(1,268)**	3,426
Adjustment for:			
- Depreciation	*10*	**975**	975
- Unwinding of discount	*8*	**-**	51
		(293)	4,452
Adjustments for:			
Decrease/(increase) in trade receivables and other receivables		**48**	(45)
Increase/(decrease) in other liabilities		**245**	(4,430)
Net cash (used in) operating activities		**-**	(23)
Net cash from investing activities		**-**	-
Net cash from financing activities		**-**	-
Net (decrease) in cash and cash equivalents		**-**	(23)
Cash and cash equivalents at beginning of year		**1**	24
Cash and cash equivalents at end of year		**1**	1

*less than US$1,000

The notes on pages 14 to 36 form part of the financial statements.

Notes
forming part of the financial statements

1 Reporting entity

SAL Aviation Number 2 Limited was incorporated on 24 May 2018 and is registered in the Republic of Ireland. On 10 February 2020, the Company acquired an aircraft, a C-295H. This was financed by external debt in the amount of $23,000,000. The aircraft is not currently on lease. The operating lease was terminated on 3 December 2020.

The principal activity of the Company is the acquisition, sale and leasing of commercial aircraft for humanitarian purposes and associated equipment to airlines and other third parties throughout the world.

2 Basis of preparation and measurement

Statement of compliance

The statutory financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and in accordance with the relevant requirements of the Companies Act 2014.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Companies Act 2014. The financial statements are presented in United States Dollars (USD), which is the Company's functional currency, and have been prepared under the historical cost convention except where otherwise stated.

Going concern

As at the reporting date there are events and conditions impacting going concern, these include the absence of revenue-generating leases, negative equity and the requirement for financial support. The directors have considered the relevant facts and have engaged the aircraft servicer in plans to secure a lease for the aircraft. The directors have also obtained financial support from the Company's parent entity and debt provider. As a result of the above the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future and for this reason, the going concern basis has been adopted in preparing the financial statements. While the directors have concluded that the entity remains a going concern, the directors acknowledge that a material uncertainty exists relating the above conditions which may cast significant doubt on the entity's ability to continue as a going concern.

Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency. The directors of the Company believe that USD most faithfully represents the economic effects of the underlying transactions, events and conditions.

Notes *(continued)*

2 Basis of preparation and measurement *(continued)*

Critical accounting estimates and judgments

The preparation of the financial statements in conformity with IFRS as adopted by the EU requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities at the reporting date, income and expenses during the reporting period.

These estimates and associated assumptions are based upon historical experience of the Service Providers and various other factors which are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the directors 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.

The key accounting estimates and judgements involved in Company's accounting policies that have the most significant impact on amounts in the financial statements are:

Aircraft Impairment

The carrying value of the Company's aircraft is assessed for impairment at each reporting date, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining whether an impairment exists requires significant judgment and estimation by management.

In assessing impairment, management estimates the recoverable amount of the aircraft as the higher of fair value less costs to sell and value in use. The fair value of the aircraft is determined with reference to independent appraiser values. For the year ended 31 December 2023, the Company engaged an ISTAT-certified appraiser, to provide a hypothetical market value and maintenance-adjusted market value for the aircraft, based on an Extended Desktop Appraisal methodology. This approach incorporates market data, maintenance status, and specific asset characteristics, but is subject to limitations due to the restricted market for the aircraft and the absence of directly comparable transactions.

The appraisal reflects assumptions regarding the aircraft's certification status, storage and maintenance condition, and marketability, as well as broader market factors such as demand for humanitarian transport aircraft. Given the unique nature of the aircraft and the lack of an established resale market, the appraiser's value represents a best estimate under current market conditions. Management reviews these appraiser values in conjunction with other available information to determine whether the carrying amount of the aircraft should be impaired.

Actual results may differ from these estimates, and changes in market conditions, regulatory status, or asset-specific factors could result in future adjustments to the carrying value of the aircraft.

2 Basis of preparation and measurement *(continued)*

Critical accounting estimates and judgments *(continued)*

Expected Credit Losses (ECL) on Receivables

Management exercises significant judgement in estimating expected credit losses on receivables. This involves assessing historical experience, the financial position of counterparties, and forward-looking information. Given the restructuring of group balances and limited expectation of recovery, an ECL provision has been recognised based on management's best estimate at the reporting date. Actual outcomes may differ from these estimates.

Going concern

In assessing going concern, management has exercised significant judgement, considering the absence of revenue-generating leases, negative equity, and the need for financial support. After evaluating available options and obtaining support from the parent entity and lender, management believes the company has sufficient resources to continue operating for the foreseeable future. However, material uncertainties remain that may cast doubt on the company's ability to continue as a going concern.

Deferred Tax Asset Recognition

Management has exercised significant judgement in assessing the recoverability of deferred tax assets arising from tax losses carried forward. Given the absence of revenue-generating activities and the company's negative equity position, it was concluded that it is not probable future taxable profits will be available. As a result, the deferred tax asset has not been recognised in the financial statements.

3 Statement of accounting policies

Recognition of income and expenses

Revenue is recognised in accordance with IFRS 16. Lease rental income from operating leases is recognised on a straight-line basis over the lease term. Other income is recognised when the right to receive payment is established and the amount can be measured reliably.

Operating expenses are recognised in the Statement of Comprehensive income upon utilisation of the services. Interest income or expense is recognised using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purpose of meeting short term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Where investments are categorised as cash equivalents, the related balance has a maturity of three months or less from the date of acquisition.

Financial instruments

Non-derivative financial assets and financial liabilities – Recognition and initial measurement

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

3 Statement of accounting policies *(continued)*

Financial instruments *(continued)*

Non-derivative financial assets and financial liabilities – Recognition and initial measurement *(continued)*

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

Non-derivative financial assets and financial liabilities – Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment; Fair Value Through Other Comprehensive Income (FVOCI) – equity investment; or Fair Value Through Profit & Loss (FVTPL).

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

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

Debt investments at FVOCI – These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI – These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

FVTPL – These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see for derivatives designated as hedging instruments.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3 Statement of accounting policies *(continued)*

Financial instruments *(continued)*

Non-derivative financial assets and financial liabilities – Derecognition

Financial Assets – The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its Statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised

Financial Liabilities – The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Non-derivative financial assets and financial liabilities – Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets and financial liabilities – Business model

The Company's financial assets includes trade receivables and cash and cash resources. The Company assessed that these assets meet the conditions for classification at amortised cost under IFRS 9 since the expected cash flows solely relate to payments of principal and interest (SPPI) and the Company's business model is to hold and collect contractual cash flows.

Non-derivative financial assets – Impairment

The Company is required to apply the impairment model, under IFRS 9, to its classes of financial assets. The impairment model requires the recognition of impairment provisions based on expected credit losses (ECL). It applies to trade receivables and other financial assets.

- 12-month Expected Credit Losses ('ECLs'): these are ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

3 Statement of accounting policies *(continued)*

Financial instruments *(continued)*

Non-derivative financial assets – Impairment *(continued)*

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the lessee is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due. Impairment losses related to trade and other receivables, are presented separately in the Statement of comprehensive income to the extent they are material. The Company assessed its trade and other receivables balance at 31 December 2022 by comparing historical receivable loss patterns experienced by the Company with current and future forecasted credit conditions.

The loss rates applied in measuring the lifetime expected credit losses have been derived by the Company with respect to the credit risk of the underlying lessees. The Company grades its lessees by credit risk on a scale of 1 to 10, with a higher number grade indicating a higher risk of default. Each number directly corresponds to a percentage rate (e.g.: 1 corresponds to 10%, 2 corresponds to 20%, etc.) which is multiplied by the outstanding receivables at the reporting date for each lease to obtain the expected credit loss. The loss rates applied to each grade increase in severity to reflect the increased expected credit losses on higher risk exposures.

Expected credit loss

IFRS 9 is a forward-looking “expected credit losses” (ECL) model. Assessing how changes in economic factors affect ECL requires considerable judgement. ECL are determined on a probability-weighted basis.

The Company recognises loss allowances for ECLs on the following instruments that are not measured at FVTPL:

- Financial assets that are debt instruments carried at amortised cost or FVOCI; and
- Lease receivable in the scope of IFRS 16;

The Company measures impairment allowances either using the general or simplified approach as considered appropriate.

Under the general approach, impairment allowances are measured at an amount equal to 12-month ECL except when there has been a significant increase in credit risk since inception. In such cases, the Company measures impairment allowances at an amount equal to credit loss expected over the life of the financial asset.

Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is a significant increase in credit risk under simplified approach.

12-month ECL: These losses are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

3 Statement of accounting policies *(continued)*

Expected credit loss *(continued)*

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: measured as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive upon such drawdown; and
- financial guarantee contracts: measured as the expected payments to reimburse the holder less any amounts that the Company expects to recover

Foreign currencies

Transactions in foreign currencies are translated into USD at the exchange rate prevailing at the date of the transaction or at the rates of exchange under related forward contracts where such contracts exist. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the exchange rate prevailing at that date, whilst non-monetary assets and liabilities that are measured at historical cost are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss.

Aircraft and related components

Aircraft

The aircraft owned by the Company are accounted for at cost less accumulated depreciation and provisions for impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset, including any cost attributable to bringing the asset to a working condition for intended use.

Aircraft acquired on lease are assessed for the existence of component maintenance return assets as well as lease components. To the extent that lease payments are off-market, they are lease components which are amortised over the remaining lease term. Maintenance component assets are assessed at the end of the underlying lease for reclassification to Aircraft or write-off through the profit or loss depending on the form of the economic benefits received from such assets. The revised aircraft balance is depreciated over the remaining useful economic life of the aircraft. Any end of lease payments are recognised in profit or loss.

The aircraft are depreciated on a straight line basis over their estimated useful lives of 20 years from the date of manufacture of the aircraft. The residual value at the end of the aircraft's life has been estimated at the value at which the aircraft is sold at the end of the 20 years which has the potential to change over a period of time. As such, the depreciation method, useful life and residual value are reviewed annually at the reporting period in order to revise estimates based on information available at that point in time.

Impairment is charged through profit or loss to reduce the carrying value of aircraft to the recoverable amount where impairment is considered to have occurred in accordance with IAS 36 “Impairment of Assets”. The carrying value of aircraft is reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the recoverable amount is greater than the carrying value, no impairment is required.

3 Statement of accounting policies *(continued)*

Aircraft and related components *(continued)*

Aircraft *(continued)*

Recoverable amount is the higher of the fair value less costs to sell and value in use. Fair value less costs to sell is the price that would be received to sell an asset in an orderly transaction between market participants less any directly attributable selling costs.

The fair value of the aircraft has been arrived at using indicative prices from letters of intent signed with independent third parties which represent the “as is, where is” value of the aircraft.

Value in use is the present value of future cash flows discounted at a risk adjusted market rate expected to be obtainable as a result of an asset’s continued use, including those from contracted lease rentals, assumed future leases (not yet contracted) and estimated ultimate disposal proceeds. The factors considered in estimating the future cash flows are impacted by changes in contracted lease rates, maintenance cashflows as estimated by the appraisers, estimated downtime, estimated residual values, economic conditions, technology and demand for particular aircraft types.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (each aircraft).

The Company shall assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased.

An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised.

Maintenance component

IAS 38 requires that intangible assets are initially recognised at cost if it is probable that future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. Therefore, it is necessary to recognise off-market leases and maintenance return condition elements separately as the economic benefits that will flow to the acquiring lessor will be realised either at the end of the lease term for maintenance condition or over the lease term for off market elements.

The maintenance component represents the fair value of the Company's contractual right under a lease to receive an aircraft in an improved maintenance condition at lease expiry as compared to the maintenance condition on the acquisition date.

The maintenance component represents the difference between the current condition (maintenance adjusted value at the date of purchase) and the current market value of the aircraft in the contracted return condition at lease end based on the appraisers’ values.

The Company's lease arrangements generally provide for the lessee to be responsible for maintenance, which is accomplished through one of two types of provisions in its leases: (i) end of lease return conditions (EOL Leases) or (ii) periodic maintenance payments (Cash Paying Leases).

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

3 Statement of accounting policies *(continued)*

Aircraft and related components *(continued)*

Maintenance component *(continued)*

When the Company recognises maintenance right assets and liabilities with respect to EOL Leases, no amortisation is recorded during the remaining term of the lease and one (or combination) of the following possibilities occur at lease-end (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment to the Company by the lessee, the maintenance right asset is relieved and reclassified as an aircraft improvement; (ii) the lessee pays the Company cash compensation at lease expiry in excess of the value of the maintenance right asset, the maintenance right asset is relieved and any excess is recognised as end of lease income; or (iii) the lessee pays the Company cash compensation at lease expiry that is less than the value of the maintenance right asset, the cash is applied in the first instance to the maintenance right asset and the balance of such asset is reclassified as an aircraft improvement. Any aircraft improvements recognised are depreciated over the remaining useful economic life of the aircraft.

Under cash paying leases, the lessee is required to make periodic payments for maintenance based upon usage of the aircraft. When qualifying major maintenance is performed during the lease term, the Company is obligated under the lease to reimburse the lessee for the costs associated with such maintenance to the extent cash contributions received. At the end of lease, the Company is generally entitled to retain any cash receipts in excess of the required reimbursements to the lessee.

When the Company has recorded maintenance right assets and liabilities with respect to cash paying leases, no amortisation is recorded during the remaining term of the lease and one (or combination) of the following possibilities occur at lease end (i) the aircraft is returned at lease expiry and no qualified major maintenance has been performed by the lessee since the acquisition date, the maintenance right asset is offset by the amount of the associated maintenance payment liability and any excess liability is recorded as end of lease income; or (ii) the Company has already reimbursed the lessee for the performance of certain qualified major maintenance. Maintenance liabilities that have not been reimbursed to the lessee are applied in the first instance to the maintenance right asset and the balance of such asset is reclassified as an aircraft improvement. Any aircraft improvements recognised are depreciated over the remaining useful economic life of the aircraft.

When Aircraft are sold, maintenance return intangible assets and liabilities are released from the Statement of financial position as part of the gain or loss on disposal.

Lease component

At the time of an aircraft acquisition, the company evaluates whether the lease acquired with the aircraft is at fair market value by comparing the contractual lease rates to the range of current lease rates of similar aircraft. A lease premium is recognised when it is determined that the acquired lease's terms are above market value; lease discounts are recognised when it is determined that the acquired lease's terms are below fair market value. Lease premiums and discounts are capitalised as a portion of the aircraft value and are depreciated on a straight-line basis over the lease term and presented as part of the aircraft and related components depreciation.

3 Statement of accounting policies *(continued)*

Leases

The Company leases out aircraft under operating leases and records rental income on a straight-line basis over the term of the lease. Rentals received but unearned under the lease agreement are recorded in "Deferred Income" in trade payables on the Company's Statement of financial position until earned.

Leasing revenue consists of rental payments received in exchange for the lease of an aircraft. A lease is classified as an operating lease where it does not transfer substantially all the risks and rewards incidental to the ownership. Operating lease income under fixed and floating rent leases are recorded as revenue on an accrual and straight-line basis, assuming no future change in interest rates after commencement date, over the term of the lease. Differences in revenue on floating rate leases due to changes in interest rates are recognised through an increase or decrease in leasing revenue in the period when the change occurs.

For past due rentals on all operating leases, IFRS 9 establishes a simplified impairment approach for qualifying trade receivables and lease receivables. A provision may be established on the basis of management's assessment of collectability and to the extent such past due rentals exceed security deposit. Such provisions for bad debts for lease receivables are expensed through profit or loss and included in operating expenses.

In most contracts, the lessee also has an obligation to pay supplemental rentals based on utilisation of the leased asset. These rentals are held as deposits which under certain circumstances are refundable to the lessee. See the maintenance deposit accounting policy for further detail on how the accounting of these deposits is applied.

Amortisation of lease component is recorded as a part of depreciation. The amortisation charge is calculated on a straight-line basis over the life of each lease.

Impairment

The carrying value of specific assets is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is assessed by comparing the carrying value of an asset with its recoverable amount.

Maintenance provision

In many operating leases, the lessee is required to make partial payments for certain future anticipated maintenance expenses by paying regular maintenance deposits throughout the term of the lease. The payments are normally calculated on a flight hour, flight cycle, or calendar time basis based on the actual usage of the asset, and payable to the lessor at monthly intervals.

Customarily, the lessee will cause the required maintenance to be completed and then claim reimbursement for the qualified portion of the work from the deposit account held by the lessor.

Upon the end of the lease term all uncollected maintenance reserves are recognised as income in profit or loss in the Statement of other comprehensive Income to the extent that they are not refundable to the lessee.

Maintenance costs incurred when an aircraft is off lease, at end of lease or in excess of maintenance deposits received are recognised as an expense in the period incurred, reimburses the lessee for all maintenance payments made by way of reducing the maintenance deposits amount for a qualifying event.

Notes *(continued)*

3 Statement of accounting policies *(continued)*

Maintenance provision *(continued)*

In other lease contracts, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear accepted) as when accepted under the lease, with reference to major life limited components of the aircraft. To the extent that such components are re-delivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at re-delivery. The Company records end-of-lease compensation adjustments received as part of other income when these are received in cash.

Security deposits

In the normal course of leasing aircraft to third parties under its lease agreements, the Company receive cash or letters of credit as security for certain contractual obligation, which are held on deposit until termination of the lease. Security deposits are returned to the lessee at lease termination or taken into income if the lessee fails to perform under its lease.

Taxation

Income tax on the profit or loss for the period comprises current and deferred taxes. Current tax is recognised in the Statement of comprehensive income based upon rates enacted at the Statement of financial position date taking into account relief for overseas taxation where appropriate and including any adjustments to taxes payable in respect of previous years. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatments of items for tax and accounting purposes which have arisen, but not reversed, at the Statement of financial position date. Deferred taxes are recognised based upon the rates expected to be in force when the timing differences reverse.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Share capital

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

3 Statement of accounting policies *(continued)*

Adoption of New and Amendment of Accounting Standards, interpretations and amendments adopted by the Company

New standards and interpretations issued and adopted

The Company has adopted the following new standards, amendments to standards and interpretations starting January 1, 2023 and accordingly, changed its accounting policies.
The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

Effective date	New accounting standards or amendments
1 January 2023	IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
	Definition of Accounting Estimates – Amendments to IAS 8
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
23 May 2023*	International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

Amendment to standards and interpretations not yet adopted

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

Effective date	New accounting standards or amendments
1 January 2024	*Non-current Liabilities with Covenants – Amendments to IAS 1* and *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
	IFRS S1** *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2** *Climate-related Disclosures*
1 January 2025	*Lack of Exchangeability – Amendments to IAS 21*
Available for optional adoption/effective date deferred indefinitely***	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*

3 Statement of accounting policies *(continued)*

The Directors reviewed the impact of these amendments to standards and note that they do not have a significant impact on the financial statements.

4 Income

	2023 USD'000	2022 USD'000
Other income	**-**	5,000
	-	5,000

On 18 May 2022 the Company was party to an agreement with Airbus Defence and Space, S.A.U. for the termination of contracts to purchase aircraft. As a result of this agreement aircraft post-delivery purchase liabilities of $5,000k were released as other income in 2022.

At 31 December 2023 and 31 December 2022 there were no future receivable minimum lease payments under non-cancellable leases.

5 Net operating expenses

	2023 USD'000	2022 USD'000
Depreciation (note 10)	**975**	975
Administration fees	**53**	313
Legal, professional and other fees	**240**	235
	1,268	1,523

6 Statutory and other information

(Loss)/profit on ordinary activities before taxation was arrived after charging:

	2023 USD'000	2022 USD'000
Directors' remuneration*	**-**	-
Tax compliance	**8**	6
Audit of company accounts	**17**	11
	25	17

*There is no remuneration for the directors of the Company.

Notes *(continued)*

7 Staff numbers

The Company had no employees at 31 December 2023. The aircraft is serviced by means of a servicing agreement with a previous related party, Seraph Aviation Management Limited.

8 Finance expense

	2023 **USD'000**	2022 USD'000
Unwinding of discount re: deferred financing (note 17)	**-**	51
	-	51

9 Income tax expense

	2023 **USD'000**	2022 USD'000
Current tax		
Current tax (charge)/credit	**-**	-
Deferred tax		
Deferred tax (charge)/credit	**-**	-
Total income tax (charge)/credit	**-**	-

The deferred tax asset arises from timing differences between Net Book Value (NBV) (US$) and Tax Written Down Value (TWDV) (US$) on aircraft and related components.

Reconciliation of effective tax rate	**2023** **USD'000**	2022 USD'000
(Loss)/profit before taxation	**(1,268)**	3,426
(Loss)/profit multiplied by standard rate of corporation tax in Ireland (12.5%)	**(159)**	428
Reconciled by:		
Prior year under provision	**-**	(113)
Expenses not deductible	**-**	(618)
Deferred Tax Asset deemed irrecoverable	**159**	303
	-	-

Notes *(continued)*

10 Aircraft and related components

	Aircraft USD$'000	Total USD$'000
Cost		
At 31 December 2021	24,338	24,338
Additions	-	-
At 31 December 2022	24,338	24,338
Additions	-	-
At 31 December 2023	**24,338**	**24,338**
Depreciation		
At 31 December 2021	1,869	1,869
Charge for the year	975	975
At 31 December 2022	2,844	2,844
Charge for the year	975	975
At 31 December 2023	**3,819**	**3,819**
Net book value		
At 31 December 2023	**20,519**	**20,519**
At 31 December 2022	21,494	21,494

On 10 February 2020 the Company acquired an aircraft, a C-295H, for cost $24,338,291.
The aircraft is carried at cost less accumulated depreciation and impairment. Depreciation was charged on this aircraft in line with company policy.

Based on the appraiser's values and management's assessment, the carrying value of the aircraft at 31 December 2023 was lower than the appraised market value, and no impairment was considered necessary. The Company will continue to monitor market conditions and asset-specific factors and will reassess the need for impairment at each reporting date. Given the unique nature of the aircraft and the limited marketability, actual values realised on sale or lease may differ from appraised values, and future changes in market conditions or regulatory status could result in impairment charges.

Notes *(continued)*

11 Trade receivables

	2023 USD'000	2022 USD'000
Lease rentals	**1,808**	1,808
Expected credit loss	**(1,808)**	(1,808)
	-	-

The directors have considered the potential expected credit losses arising on the receivables noted above. Given that the lease associated with the aircraft was terminated in December 2020, and management have limited expectation that outstanding lease rentals at date of termination will be recovered, an expected credit loss equal to the amount of outstanding receivables was recognised.

12 Other receivables

	2023 USD'000	2022 USD'000
Amounts due from group companies (note 20)	**3,141**	3,182
VAT receivable	**82**	63
Prepayments	**-**	26
	3,223	3,271

Amounts due from associated companies are non-interest bearing and repayable on demand and as such are classified as current. Management assessed that the expected credit loss on the amounts due to group companies are not deemed material to the financial statements and are expected to be rationalised following sale of the aircraft and/or exercise by the funding provider of its security interest(s).

13 Cash and cash equivalents

	2023 USD'000	2022 USD'000
Cash and cash equivalents	**1**	1

Cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

The Company's cash is held in a financial institution rated Baa2 by Moody's *(2022: Baa2).*

Notes *(continued)*

14 Share capital

	2023 **USD'000**	2022 USD'000
Authorised		
1,000,000 ordinary shares of US$1 each	**-**	-
Issued and fully paid		
1 ordinary shares of US$1 each	**-***	-*

* Less than USD$1,000

15 Deferred tax asset

As at 31 December 2023, the Company had unrecognised deferred tax assets amounting to $864k (2022: $702k) relating to unutilised tax losses carried forward. In accordance with IAS 12, deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilised.

Given the absence of revenue-generating activities, the Company's negative equity position, and the directors' assessment that there is no reasonable expectation of future taxable profits, the deferred tax asset relating to these tax losses has not been recognised in the financial statements.

The position will be reviewed at each reporting date and the deferred tax asset will be recognised if and when it becomes probable that future taxable profits will be available.

Notes *(continued)*

16 Loans and borrowing

On 10 February 2020, the Company obtained a loan of $23,000,000 to fund the acquisition of an aircraft. This loan was provided by Buckthorn Financing DAC, which, following the sale of the Company on 31 May 2024, became the Company's immediate parent entity.

The loan is provided on a limited recourse basis and is secured by both a share charge over the Company and a security interest over the aircraft asset. Interest ceased to accrue on this loan effective from 15 July 2020, and repayment of principal has been deferred by agreement with Buckthorn Financing DAC.

As at 31 December 2023, the outstanding loan balance was $22,412,000 (2022: $22,412,000), classified as a current liability. Following the sale of the Company to Buckthorn Financing DAC, the lender and parent entity are now the same party, and any future restructuring or settlement of the loan will be determined by Buckthorn Financing DAC in its capacity as both lender and shareholder.

The Company will continue to disclose the terms and status of this loan at each reporting date, including any changes arising from its relationship with Buckthorn Financing DAC.

	2023 **USD'000**	2022 USD'000
Opening balance	**22,412**	22,412
Loan drawdowns	**-**	-
Loan repayments	**-**	-
	22,412	22,412

Repayable < 1 year, $22,412k *(2022: $22,412k)*
Repayable > 1 year, $Nil *(2022: $Nil)*

17 Trade and other payables

	2023 **USD'000**	2022 USD'000
Accrued audit fee	**17**	7
Tax Compliance	**-**	6
Amounts due to associated companies (note 20)	**3,199**	2,724
Trade and other payables	**-**	234
	3,216	2,971

Amounts due to associated companies are non-interest bearing and repayable on demand and as such are classified as current.

18 Financial instruments and associated risks

The Company's financial instruments comprise cash and cash equivalents, other receivables, loans and borrowings and other liabilities. The Company does not maintain positions in derivative financial instruments.

The Company's activities expose it to mainly financial risk which is credit risk, market risk and liquidity risk. The principal assets and liabilities of the Company are denominated in U.S. dollars which is the functional currency of the Company.

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

(a) Credit risk

The Company's principal activity is the purchase, leasing and disposal of aircraft. The aviation industry is cyclical, economically sensitive and highly competitive. A key determinant of the Company's success is the financial strength of its customers and their ability to react to and cope with the competitive environment in which they operate.

If a customer experiences financial difficulty, this may result in default. This risk is mitigated by comprehensive credit reviews of customers prior to entering leasing contracts.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises principally from rental receivables and receivables from intercompany.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023 **USD'000**	2022 USD'000
Cash and cash equivalents	**1**	**1**
Other receivables (note 13)	**3,223**	**3,245**
	3,224	**3,246**

18 Financial instruments and associated risks *(continued)*

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income.

Currency risk

The currency used in the aviation industry is predominantly USD. The Company manages its exposure to currency risk by effectively matching its income and its administration expenses to the functional currency. The Company also manages its exposure to currency risk by effectively matching its foreign currency assets and liabilities. There were no materially outstanding foreign currency payables and receivables at 31 December 2023 and therefore there is no significant foreign currency risk.

Interest rate risk

Interest rate risk is a measure of the Company's financial exposure due to fluctuations in the market interest rates. The interest rate on aircraft related debt is fixed, limiting interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach in managing liquidity is to ensure that rentals earned on a monthly basis are sufficiently managed and held to allow fees and expenses arising on a monthly basis to be settled.

	Less than 1 year USD'000	**From 1 – 5 years USD'000**	**Greater than 5 years USD'000**	**Contractual cash flows USD'000**	**Carrying value USD'000**
As at 31 December 2023					
Loans and borrowings	22,412	-	-	22,412	22,412
Other liabilities	3,216	-	-	3,216	3,216
	25,628	**-**	**-**	**25,628**	**25,628**

	Less than 1 year USD'000	From 1 – 5 years USD'000	Greater than 5 years USD'000	Contractual cash flows USD'000	Carrying value USD'000
As at 31 December 2022					
Loans and borrowings	22,412	-	-	22,412	22,412
Other liabilities	2,971	-	-	2,971	2,971
	25,384	-	-	25,384	25,384

18 Financial instruments and associated risks *(continued)*

(d) Fair value

The amounts disclosed in the Statement of financial position in relation to cash and amounts receivable and repayable on demand approximate their fair value. Under IFRS 13 the Company uses the following hierarchy for determining and disclosing fair value by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments held by the Company—including amounts due from group undertakings, current receivables, accrued expenses, accounts payable, and amounts due to group undertakings are current. Their carrying values approximate fair value due to their short-term nature.

Fair value of cash and cash equivalents, trade receivables trade payables and loans and borrowings approximate their carrying values due to their short-term nature.

19 Company membership

SAL Aviation Number 2 Limited was incorporated on 24 May 2018 and is registered in the Republic of Ireland. The Company’s principal place of business is Embassy House, Herbert Park Lane, Ballsbridge, Dublin 4, D04 H6Y0.

On incorporation, the Company was a subsidiary of Seraph Aviation Group Limited (“SAG Limited”), which at that time was itself a subsidiary of Acasta Enterprises Inc. On 27 March 2018, Seraph Aviation Holdings LLC acquired SAG Limited from Acasta Enterprises Inc. via its wholly owned subsidiary, Bariflow Limited. Bariflow Limited is a wholly owned subsidiary of Seraph Aviation Holdings LLC (“SAH LLC”).

On 25 August 2020, The Seraph Aviation Group, LLC (“SAG LLC”) purchased all the membership units of SAH LLC. At 31 December 2023, the majority unit holders of SAG LLC were ECN (Canada) Holdings Corp and Buckthorn Financing DAC. ECN (Canada) Holdings Corp is a subsidiary of ECN Capital Corp., an entity listed on the Toronto Stock Exchange. The shares of Buckthorn Financing DAC are held on trust for general charitable purposes.

As at 31 December 2023, the Company was a subsidiary of Seraph Aviation Leasing Limited, itself a wholly owned subsidiary of Guardian Holdings Limited, which was in turn a wholly owned subsidiary of SAG Limited.

On 31 May 2024, the Company was sold and became a wholly owned subsidiary of Buckthorn Financing DAC. Following this transaction, Buckthorn Financing DAC became both the Company’s immediate parent and principal lender.

The principal activity of the Company is the acquisition, sale, and leasing of commercial aircraft for humanitarian purposes and associated equipment to airlines and other third parties worldwide.

20 Related party transactions

Related parties comprise of directors and the associated companies directly or indirectly owned by parent and companies where directors of the Company also hold directorship and key management personnel. Key Management personnel are those people having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly. There were no contracts or arrangements of significance in relation to the business of the Company in which any director had a material interest during the year. No director received any remuneration or benefits from the Company during the year. Based on the activities performed by the directors, the allocable amount that would be notionally assigned to the Company is $5,000 (2022: $5,000).

Details of transactions with related parties and balances with them were as follows:

	2023 USD'000	2022 USD'000
Administration fee charged from Seraph Aviation Group Limited	**53**	**200**
Other receivables (note 12)		
Amount due from Bariflow Limited	**3,139**	**3,140**
Amount due from Seraph Aviation Korea Limited	**-**	**40**
Amount due from Seraph Capital Limited	**2**	**2**
Other payables (note 17)		
Amount due to Seraph Aviation Group Limited	**881**	**775**
Amount due to Guardian Holdings Limited	**1,205**	**1,201**
Amount due to Buckthorn Financing DAC	**365**	**-**
Amount due to SAL Aviation Number 1 Limited	**748**	**748**

Each of the above associated companies share the same ultimate parent company and amounts due to and from associated companies are non-interest bearing and repayable on demand.

At 31 December 2023, Buckthorn Financing DAC was a majority unit holder of SAG LLC which was the ultimate parent of SAL Aviation Number 2 Limited at that date. Buckthorn Financing DAC's shares are held on trust for general charitable purposes. Accordingly, Buckthorn Financing DAC exercised significant influence over the group, including SAL Aviation Number 2 Limited, through its ownership interest in SAG LLC during the financial year ended 31 December 2023.

21 Subsequent events

On 31 May 2024, the Company was sold and became a wholly owned subsidiary of Buckthorn Financing DAC. This change in ownership represents a significant event after the reporting date. Following the sale, the Company's ownership structure and certain governance arrangements were updated to reflect the requirements of the new parent entity.

In connection with the sale, there were changes to the composition of the Board of Directors. David Butler resigned as director on 21 June 2024, and Christopher Collenette was appointed on the same date. Subsequently, on 27 November 2024, Órla Kearney was re-appointed as director and Christopher Collenette resigned. These changes have been duly notified to the Companies Registration Office and are reflected in the Company's statutory records.

The directors have considered the financial impact of these events, including the restructuring of certain intercompany balances and the recognition of expected credit losses on amounts due from group companies. No other material events requiring adjustment or disclosure in these financial statements have occurred between the reporting date and the date of approval of these financial statements.

22 Approval of financial statements

The board of directors approved these financial statements on 6 February 2026.