

COMPANY NUMBER 2830526

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

Annual Report
for the Year Ended 31 December 2008

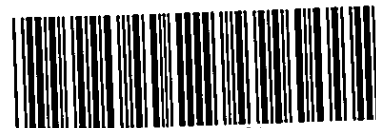
**Directors on
2nd June 2009:**

**M Brady
M N Morris**

Secretaries:

**D J Goma
C H Jackson**

THURSDAY



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COMPANIES HOUSE

Registered Office: 65 Buckingham Gate, London SW1E 6AT

REPORT OF THE DIRECTORS

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2008.

The directors report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REVIEW OF THE BUSINESS

The Company's principal business is as a holding company.

FINANCIAL REVIEW

Results

The results for the year are set out on page 6. The Directors do not recommend payment of a dividend (2007: Nil)

DIRECTORATE

The directors, who served throughout the year except as noted, were as follows:

M Brady	(appointed 21 April 2008)
N T Goldsworthy	(resigned 21 April 2008)
M N Morris	
H I Wilson	(resigned 21 April 2008)

REPORT OF THE DIRECTORS (Continued)

AUDITORS


Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By Order of the Board

A handwritten signature in black ink, appearing to be 'C Jackson', written over a horizontal line.

C Jackson
Secretary
2nd June 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

We have audited the financial statements (the "financial statements") of Rolls-Royce Aircraft Management Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page number 2.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

AUDITORS' REPORT (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London,
EC4Y 8BB

London
2nd June 2009

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 US\$000	2007 US\$000
Cost of sales		-	728
Gross profit		<u>-</u>	<u>728</u>
General and administrative costs		5	(117)
Management charge		-	(616)
Operating profit/(loss) before exceptional items		<u>5</u>	<u>(5)</u>
Exceptional items	4	(278)	(200)
Operating loss		<u>(273)</u>	<u>(205)</u>
Net interest receivable	3	10	111
Loss on ordinary activities before taxation	2	<u>(263)</u>	<u>(94)</u>
Taxation	5	-	(32)
Loss for the financial year		<u>(263)</u>	<u>(126)</u>

The notes on pages 8 to 11 form part of these Financial Statements.

The Company had no recognised gains or losses other than those recorded in the profit and loss account.

All the results have been derived from discontinued activities.

**BALANCE SHEET
AT 31 DECEMBER 2008**

	Notes	2008 US\$000	2007 US\$000
Fixed assets			
Investments	8, 14	3,072	3,350
Current assets			
Debtors - amounts falling due within one year	9	684	856
Creditors - amounts falling due within one year	10	(7,000)	(7,187)
Net current liabilities		(6,316)	(6,331)
Total assets less current liabilities		(3,244)	(2,981)
Net liabilities		<u>(3,244)</u>	<u>(2,981)</u>
Capital and reserves			
Called up share capital	11	61,636	61,636
Profit and loss account	12	(64,880)	(64,617)
Equity shareholders' funds		<u>(3,244)</u>	<u>(2,981)</u>

The Financial Statements were approved by the Board of Directors on 2nd June 2009 and were signed on its behalf by:



M N Morris
Director

The notes on pages 8 to 11 form part of these Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

1. Accounting Policies

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of Rolls-Royce Group plc and its cash flows are included within the consolidated cash flow statement of that company.

The Company is similarly exempt, on the grounds that it is a wholly owned subsidiary undertaking of Rolls-Royce Group plc, from the requirements under FRS 2 to prepare consolidated financial statements for its Group and under FRS 8 to disclose related party transactions with the Rolls-Royce Group and its joint venture undertakings.

The Financial Statements are prepared on a going concern basis as the parent company Rolls-Royce plc has provided a written undertaking stating that it will continue to provide financial and other support as necessary to the company for at least the next twelve months to enable it to continue to trade and to meet its liabilities.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into US dollars at the rate ruling at the year end. The trading results of overseas undertakings are translated at the average exchange rates for the year. Other exchange differences, including those arising from currency conversions in the usual course of trading, are taken into account in determining loss on ordinary activities before taxation.

Interest

Interest payable is charged to the profit and loss account as incurred.

Taxation

Provision for taxation is made at the current rate and for deferred taxation, at the projected rate, on all timing differences, which have originated, but not reversed at the Balance Sheet date

2. Loss on ordinary activities before taxation

Auditors' remuneration will be paid by the holding company.

NOTES (continued)
3. Net interest receivable

	2008 US\$000	2007 US\$000
Interest receivable:		
Other	10	111
	10	111

4. Exceptional Items

	2008 US\$000	2007 US\$000
Impairment of investment in subsidiary	278	200

The revised carrying value of the investment in Rolls-Royce & Partners Finance (Netherlands) B.V. was determined by reference to the net assets of that company and its subsidiaries.

5. Tax on loss on ordinary activities

	2008 US\$000	2007 US\$000
In respect of the loss for the year:		
Group relief payable at 28.5% (2007:30%)	(4)	(32)
Group relief not paid for	4	-
Total tax charge	-	(32)
Reconciliation of tax charge:		
Loss on ordinary activities before tax	(263)	(94)
Nominal credit at UK tax rate of 28.5% (2007:30%)	75	28
Group relief not paid for	4	-
Expenses not deductible for tax purposes	(79)	(60)
Current tax	-	(32)

6. Emoluments of directors

The Directors did not receive any emoluments during the year.

7. Employee information

The Company did not have any employees during the year

NOTES (continued)
8. Investments

	2008 US\$000	2007 US\$000
Shares in group undertakings	2,622	2,900
Equity Investment	450	450
	<u>3,072</u>	<u>3,350</u>

9. Debtors - amounts falling due within one year

	2008 US\$000	2007 US\$000
Amounts owed by parent company	684	856
	<u>684</u>	<u>856</u>

10. Creditors - amounts falling due within one year

	2008 US\$000	2007 US\$000
Trade creditors	-	2
Accruals and deferred income	-	33
Maintenance reserves	7,000	7,000
Amounts owed to parent company	-	120
Group relief payable	-	32
	<u>7,000</u>	<u>7,187</u>

11. Share capital

Authorised	2008	2007
Ordinary shares of £1 each	£100	£100
Ordinary shares of US\$1 each	\$65,000,000	\$65,000,000
	<u>2008</u>	<u>2007</u>
Issued and fully paid		
Ordinary shares of £1 each	£1	£1
Ordinary shares of US\$1 each	\$61,636,342	\$61,636,342

NOTES (continued)**12. Profit and loss account**

	<u>US\$000</u>
Balance at 1 January 2008	(64,617)
Loss for the financial year	(263)
Balance at 31 December 2008	<u>(64,880)</u>

13. Ultimate holding company

Rolls-Royce Group plc, a company registered in England and Wales, is the ultimate holding company and heads the largest group in which the results of the Company are consolidated. Rolls-Royce plc, a company registered in England and Wales, is the immediate holding company and heads the smallest group in which the results of the Company are consolidated. Copies of both companies consolidated financial statements can be obtained from 65 Buckingham Gate, London, SW1E 6AT.

14. Investments as at 31 December 2008

Name	Country of incorporation	Business	Interest in ordinary shares %
Rolls-Royce & Partners Finance (Netherlands) B.V.	Netherlands	Holding Company	100
GMR Aviation Partners Limited	Cayman Islands	Investment in an A321 aircraft	17