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**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

M Brady  
S de Wit-Huijs (appointed 30 June 2014)  
M S Thompson (resigned 30 June 2014)

**COMPANY SECRETARIES**

R Johnson  
Rolls-Royce Secretariat Limited

**COMPANY NUMBER**

02830526

**REGISTERED OFFICE**

65 Buckingham Gate  
London  
England  
SW1E 6AT

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**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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## **ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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The Directors present their report and the financial statements for the year ended 31 December 2013.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is to hold investments within the aviation industry.

#### **FINANCIAL REVIEW**

The Company's loss for the year before taxation amounted to US\$125,000 (2012 - loss of US\$122,000).

The proposed transfer from reserves is US\$125,000 (2012 - US\$122,000). The Directors do not recommend payment of a dividend (2012 - Nil).

#### **BUSINESS REVIEW**

During the year, discussions were held in relation to the disposal of the Company's 1/6 share of GMR Aviation Partners Limited. On the basis of these discussions, the Company's investment was deemed to be impaired. As such, an impairment charge of US\$240,000 was recognised for the year and the carrying value of the investment in GMR Aviation Partners Limited at the year end was US\$210,000.

Post year end, on 11 February 2014, the Company disposed of its investment in GMR Aviation Partners Limited. The total amount received by the Company was US\$1,330,000, with US\$1,120,000 relating to the settlement of amounts owed to the Company by GMR Aviation Partners Limited and US\$210,000 relating to the sale of the Company's investment in GMR Aviation Partners Limited.

#### **DIRECTORS**

The Directors who served during the year were:

M Brady  
M S Thompson (resigned 30 June 2014)

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **PROVISION OF INFORMATION TO AUDITOR**

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

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

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**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**AUDITOR**

The Company's auditor, KPMG Audit Plc, has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning KPMG LLP's appointment will be proposed at the next Board of Directors meeting.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**R Johnson**  
Secretary

Date: 30/06/14

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**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND  
THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

We have audited the financial statements of Rolls-Royce Aircraft Management Limited for the year ended 31 December 2013, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Craig Parkin (Senior Statutory Auditor)  
for and on behalf of  
**KPMG Audit Plc, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date: 7th July 2016

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**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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	Note	2013 \$000	2012 \$000
Administrative expenses	3	(125)	(122)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(125)	(122)
Tax on loss on ordinary activities	4	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	11	(125)	(122)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account.

The notes on pages 7 to 12 form part of these financial statements.



**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**  
**REGISTERED NUMBER: 02830526**


**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	\$000	2013 \$000	2012 \$000
<b>FIXED ASSETS</b>				
Investments	7		210	450
<b>CURRENT ASSETS</b>				
Debtors	8	1,122		719
<b>CREDITORS:</b> amounts falling due within one year	9	(4,163)		(3,875)
<b>NET CURRENT LIABILITIES</b>			(3,041)	(3,156)
<b>NET LIABILITIES</b>			(2,831)	(2,706)
<b>CAPITAL AND RESERVES</b>				
Called up share capital	10		61,636	61,636
Profit and loss account	11		(64,467)	(64,342)
<b>SHAREHOLDERS' DEFICIT</b>	12		(2,831)	(2,706)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**M Brady**  
Director

Date:

  
30/06/14

The notes on pages 7 to 12 form part of these financial statements.

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## ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### 1.2 Cash flow statement

The Company is a wholly owned subsidiary of Rolls-Royce Holdings plc and is included in the consolidated financial statements of Rolls-Royce Holdings plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

##### 1.3 Group financial statements

The Company is exempt from the requirements under FRS 2 to prepare consolidated financial statements for its group on the grounds that it is a wholly owned subsidiary undertaking of Rolls-Royce Holdings plc.

##### 1.4 Related party transactions

The Company has taken advantage of the exemption in FRS 8 not to disclose related party transactions with other group companies.

##### 1.5 Going concern

The Company has net current liabilities of US\$3,041,000 (2012 - US\$3,156,000) so is dependent for its working capital on funds provided to it by Rolls-Royce plc, a parent undertaking of the Company. Rolls-Royce plc has stated that its current policy is to ensure that the Company is managed so that it maintains adequate financial resources and is in a position to meet its financial obligations arising from its normal trading activities.

Based on the Directors' assessment of the Company's future financial retirements, the ability of Rolls-Royce plc to support the Company if necessary and the statement referred to above, the Directors consider that the Company will have sufficient financial resources to meet its obligations for the foreseeable future, that is for at least 12 months from the date of approval of these financial statements.

##### 1.6 Functional and presentational currency

The accounts are presented in US Dollars as the Company conducts its principal activities in US Dollars and therefore recognise US Dollars as its functional currency.

##### 1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

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## ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 Foreign currencies

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date. The trading results of overseas undertakings are translated at the average exchange rates for the year. Exchange differences, including those arising from currency conversions in the usual course of trading, are taken into account in determining the profit on ordinary activities before taxation.

##### 1.9 Interest

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

##### 1.10 Taxation

The charge/credit for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Balance Sheet date, except as otherwise required by FRS 19.

#### 2. AUDITOR'S REMUNERATION

The fees for the audit of the Company financial statements were US\$2,400 (2012 - US\$2,400) and were paid by Rolls-Royce plc.

#### 3. ADMINISTRATIVE EXPENSES

	2013 \$000	2012 \$000
Impairment of Fixed Asset Investment: Note 7	240	-
Bad debt expense	(115)	115
Other administrative expenses	-	7
	<u>125</u>	<u>122</u>

Administrative expenses include exceptional costs of US\$240,000 relating to impairment of fixed asset investments (2012 - Nil). During the year, discussions were held in relation to the disposal of the Company's 1/6 share of GMR Aviation Partners Limited. On the basis of these discussions, the Company's investment was deemed to be impaired. As such, an impairment charge of US\$240,000 was recognised for the year.

During 2012, a provision of US\$115,000 had been made against the amount owed to the Company by GMR Aviation Partners Limited. In 2013, this provision was reversed as a result of the discussions held in relation to the disposal of the Company's investment in GMR Aviation Partners Limited. This disposal was completed post year end on 11 February 2014 (see Note 14).

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**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**4. TAXATION**

	2013 \$000	2012 \$000
UK corporation tax charge on loss for the year	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 \$000	2012 \$000
Loss on ordinary activities before tax	(125)	(122)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(29)	(30)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	56	2
Group relief not paid for	(27)	28
<b>Current tax charge for the year (see note above)</b>	-	-

**Factors that may affect future tax charges**

There are no factors significantly affecting future tax charges.

**5. DIRECTORS' REMUNERATION**

The Directors did not receive any emoluments during the year (2012 - Nil).

**6. STAFF COSTS**

The Company did not have any employees during the year (2012 - Nil).

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**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**7. FIXED ASSET INVESTMENTS**

	Investments in associates \$000
<b>Cost or valuation</b>	
At 1 January 2013 and 31 December 2013	450
<b>Impairment</b>	
At 1 January 2013	-
Charge for the year	240
At 31 December 2013	240
<b>Net book value</b>	
At 31 December 2013	210
At 31 December 2012	450

**Participating interests**

At the year end, the Company held a 1/6 interest in GMR Aviation Partners Limited, a company incorporated in the Cayman Islands. The principal activity is investment in an A321 aircraft.

The book value of the investment in GMR at the beginning of the year was US\$450,000 (initial cost US\$808,000), representing the cost of acquiring the 1/6 share of GMR Aviation Partners Limited in July 2006.

During the year, discussions were held in relation to the disposal of the Company's 1/6 share of GMR Aviation Partners Limited. On the basis of these discussions, the Company's investment was deemed to be impaired. As such, an impairment charge of US\$240,000 was recognised for the year and the carrying value of the investment in GMR Aviation Partners Limited at the year end was US\$210,000.

Post year end, on 11 February 2014, the Company disposed of its investment in GMR Aviation Partners Limited. The total amount received, including repayment of amounts owed by GMR Aviation Partners Limited to the Company was US\$1,330,000. Of this amount, US\$210,000 related to the sale of the Company's investment in GMR Aviation Partners Limited.

**8. DEBTORS**

	2013 \$000	2012 \$000
Amounts owed by undertakings in which the Company has a participating interest	1,122	719

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**ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**9. CREDITORS:**

**Amounts falling due within one year**

	2013 \$000	2012 \$000
Amounts owed to parent company	4,163	3,875
	<u>4,163</u>	<u>3,875</u>

**10. SHARE CAPITAL**

	2013 \$000	2012 \$000
<b>Authorised</b>		
100 ordinary shares of £1 each	-	-
65,000,000 ordinary shares of US\$1 each	65,000	65,000
	<u>65,000</u>	<u>65,000</u>
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	-	-
61,636,342 ordinary shares of US\$1 each	61,636	61,636
	<u>61,636</u>	<u>61,636</u>

**11. RESERVES**

	Profit and loss account \$000
At 1 January 2013	(64,342)
Loss for the year	(125)
At 31 December 2013	<u>(64,467)</u>

**12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	2013 \$000	2012 \$000
Opening shareholders' deficit	(2,706)	(2,584)
Loss for the year	(125)	(122)
Closing shareholders' deficit	<u>(2,831)</u>	<u>(2,706)</u>

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## **ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **13. CONTINGENT LIABILITIES**

On 6 December 2012, Rolls-Royce Holdings plc (the ultimate parent company of the Company) announced that it had passed information to the Serious Fraud Office (SFO), an independent United Kingdom government department, relating to concerns in overseas markets. Since that date Rolls-Royce Holdings plc has continued its investigations and is engaging with the SFO and other authorities in the UK, the USA and elsewhere.

In December 2013, Rolls-Royce Holdings plc announced that it had been informed by the SFO that it had commenced a formal investigation. The consequence of these disclosures will be decided by the regulatory authorities. It remains too early to predict the outcomes, but these could include the prosecution of individuals and of the Rolls-Royce Holdings plc group. Accordingly, the potential for fines, penalties or other consequences (including debarment from government contracts, suspension of export privileges and reputational damage) cannot currently be assessed. As the investigation is ongoing, it is not yet possible to identify the timescale in which these issues might be resolved.

#### **14. POST BALANCE SHEET EVENTS**

On 11 February 2014, the Company disposed of its investment in GMR Aviation Partners Limited.

The total amount received by the Company was US\$1,330,000, with US\$1,120,000 relating to the settlement of amounts owed to the Company by GMR Aviation Partners Limited and US\$210,000 relating to the sale of the Company's investment in GMR Aviation Partners Limited.

#### **15. CONTROLLING PARTY**

The Company is a subsidiary undertaking of Rolls-Royce plc, incorporated in Great Britain.

The largest group in which the results of the Company are consolidated is that headed by Rolls-Royce Holdings plc. The smallest group in which the results of the Company are consolidated is that headed by Rolls-Royce plc, incorporated in Great Britain.

The consolidated accounts of these groups are available to the public and may be obtained from 65 Buckingham Gate, London, SW1E 6AT.