
ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

COMPANY INFORMATION

DIRECTORS

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

COMPANY SECRETARIES R Johnson

REGISTERED NUMBER 02830526

REGISTERED OFFICE 62 Buckingham Gate
London
England
SW1E 6AT

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

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ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present their report and the financial statements for the year ended 31 December 2014.

DIRECTORS

The Directors who served during the year were:

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

FINANCIAL REVIEW

The Company's loss for the year before taxation amounted to US\$2,000 (2013 - loss of US\$125,000).

The proposed transfer from reserves is US\$2,000 (2013 - US\$125,000). The Directors do not recommend payment of a dividend (2013 - Nil).

BUSINESS REVIEW

In 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\$1,122,000 relating to the settlement of amounts owed to the Company by GMR Aviation Partners Limited and US\$208,000 relating to the sale of the Company's investment in GMR Aviation Partners Limited.

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.

DISCLOSURE OF INFORMATION TO AUDITOR

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

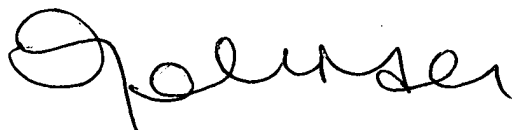
- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor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

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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: 24 June 2015

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 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 accounting estimates that are reasonable and prudent;
- 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 2014, set out on pages 4 to 11. 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 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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.

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 2014 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 LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
Date: 24 June 2015

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 \$000	2013 \$000
Administrative expenses		<u>(2)</u>	<u>(125)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2)	(125)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	11	<u><u>(2)</u></u>	<u><u>(125)</u></u>

All amounts relate to discontinued operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

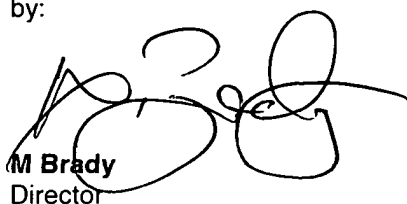
The notes on pages 6 to 11 form part of these financial statements.

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED
REGISTERED NUMBER: 02830526

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	\$000	2014 \$000	\$000	2013 \$000
FIXED ASSETS					
Investments	7		-		210
CURRENT ASSETS					
Debtors	8	-		1,122	
CREDITORS: amounts falling due within one year	9	<u>(2,833)</u>		<u>(4,163)</u>	
NET CURRENT LIABILITIES			<u>(2,833)</u>		<u>(3,041)</u>
NET LIABILITIES			<u>(2,833)</u>		<u>(2,831)</u>
CAPITAL AND RESERVES					
Called up share capital	10		61,636		61,636
Profit and loss account	11		<u>(64,469)</u>		<u>(64,467)</u>
SHAREHOLDERS' DEFICIT	12		<u>(2,833)</u>		<u>(2,831)</u>

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


M Brady
 Director

Date: 24 June 2015

The notes on pages 6 to 11 form part of these financial statements.

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 UK Generally Accepted 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\$2,833,000 (2013 - US\$3,041,000) 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.

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 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 (2013 - US\$2,400) and were paid by Rolls-Royce plc.

3. ADMINISTRATIVE EXPENSES

	2014 \$000	2013 \$000
Impairment of Fixed Asset Investment: (Note 7)	2	240
Bad debt expense	-	(115)
	<u>2</u>	<u>125</u>

Administrative expenses include exceptional costs of US\$2,000 relating to impairment of fixed asset investments (2013 - US\$240,000). During the year, the Company's 1/6 share of GMR Aviation Partners Limited was disposed. On the basis of these discussions, the Company's investment was deemed to be impaired. As such, an impairment charge of US\$2,000 was recognised for the year.

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4. TAXATION

	2014 \$000	2013 \$000
UK corporation tax charge on loss for the year	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2013 - the same as) the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%) as set out below:

	2014 \$000	2013 \$000
Loss on ordinary activities before tax	<u>(2)</u>	<u>(125)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	-	(29)

Effects of:

Expenses not deductible for tax purposes	-	56
Group relief not paid for	-	(27)
	<u>-</u>	<u>-</u>

Current tax charge for the year (see note above)

	<u>-</u>	<u>-</u>
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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 (2013 - Nil).

6. STAFF COSTS

The Company has no employees other than the Directors, who did not receive any remuneration (2013 - \$NIL).

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

7. FIXED ASSET INVESTMENTS

	Investments in associates \$000
Cost or valuation	
At 1 January 2014	450
Disposals	<u>(208)</u>
At 31 December 2014	<u>242</u>
Impairment	
At 1 January 2014	240
Charge for the year	<u>2</u>
At 31 December 2014	<u>242</u>
Net book value	
At 31 December 2014	<u>-</u>
At 31 December 2013	<u>210</u>
Participating interests	

The Company disposed of its investment in GMR Aviation Partners Limited during the year. 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\$208,000 related to the sale of the Company's investment in GMR Aviation Partners Limited.

8. DEBTORS

	2014 \$000	2013 \$000
Amounts owed by undertakings in which the Company has a participating interest	<u>-</u>	<u>1,122</u>

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. CREDITORS:
Amounts falling due within one year

	2014 \$000	2013 \$000
Amounts owed to parent company	<u>2,833</u>	<u>4,163</u>

10. SHARE CAPITAL

	2014 \$000	2013 \$000
Authorised		
100- ordinary shares of £1 each	-	-
65,000,000- ordinary shares of \$1 each	65,000	65,000
	<u>65,000</u>	<u>65,000</u>
Allotted, called up and fully paid		
1- ordinary share of £1	-	-
61,636,342- ordinary shares of \$1 each	61,636	61,636
	<u>61,636</u>	<u>61,636</u>

11. RESERVES

	Profit and loss account \$000
At 1 January 2014	(64,467)
Loss for the financial year	(2)
	<u>(64,469)</u>
At 31 December 2014	<u>(64,469)</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 \$000	2013 \$000
Opening shareholders' deficit	(2,831)	(2,706)
Loss for the financial year	<u>(2)</u>	<u>(125)</u>
Closing shareholders' deficit	<u>(2,833)</u>	<u>(2,831)</u>

ROLLS-ROYCE AIRCRAFT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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, following a request from the SFO for information about allegations of malpractice in overseas markets. On 23 December 2013, Rolls-Royce Holdings plc (RRHPLC) announced that it had been informed by the SFO that it had commenced a formal investigation. Since the initial announcement, RRHPLC has continued its investigations and is engaging with the SFO and other authorities in the UK, the USA and elsewhere in relation to the matters of concern.

The consequence of these disclosures will be decided by the regulatory authorities. It is too early to predict the outcomes, but these could include the prosecution of individuals and of the RRHPLC Group, the potential for fines, penalties or other consequences 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. 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 62 Buckingham Gate, London, SW1E 6AT.