

COMPANY NUMBER 3780306

OMEGA LEASING LIMITED

Annual Report
for the Year Ended 31 December 2011

**Directors on
12 March 2012:**

M Brady
M A Garrett

Secretaries:

D J Goma
R Johnson

FRIDAY



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COMPANIES HOUSE

Registered Office 65 Buckingham Gate, London SW1E 6AT

CONTENTS**Page No.**

Report of the Directors

1-2

Independent Auditor's Report

3

Profit and Loss Account

4

Balance Sheet

5

Notes to the Financial Statements

6-11

REPORT OF THE DIRECTORS

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2011

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 and
- 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.

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

All of the Company's business involves the leasing of commercial aero engines. The Company had an engine lease portfolio of 8 engines throughout the year (2010: 8 engines).

Both the level of business and the year-end financial position were satisfactory and the Directors expect that the general level of activity will be sustained for the foreseeable future.

FINANCIAL REVIEW

Results

The profit before taxation of the Company was US\$1,625,386 (2010: US\$2,063,082).

Proposed Transfer to Reserves and Payment of Dividend

The proposed transfer to reserves is US\$1,269,386 (2010: US\$910,082). In 2011 the Directors declared an interim dividend of US\$8,000 per ordinary share (2010: US\$10,000). They do not recommend the payment of any further dividend. The total cost of dividends for 2011 is US\$800,000 (2010: US\$1,000,000).

REPORT OF THE DIRECTORS (continued)

DIRECTORATE

The Directors who held office through the year were as follows

Director

M Brady
M A Garrett

DIRECTORS' INTERESTS

None of the Directors, or their immediate family, had any beneficial interest in the shares of the Company during the year

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 auditor is unaware, and

(2) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

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



R Johnson
Secretary

12 March 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMEGA LEASING LIMITED

We have audited the financial statements of Omega Leasing Limited for the year ended 31 December 2011 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 pages 1 and 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2011 and of its profit 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



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

12 March 2012

PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 US\$	2010 US\$
Turnover	2	5,730,200	7,585,324
Cost of sales		<u>(2,683,372)</u>	<u>(2,683,372)</u>
Gross profit		3,046,828	4,901,952
General and administrative costs		<u>(120,000)</u>	<u>(117,317)</u>
Operating profit		2,926,828	4,784,635
Net interest payable	3	<u>(1,301,442)</u>	<u>(2,721,553)</u>
Profit on ordinary activities before taxation	4	1,625,386	2,063,082
Tax credit/(charge) on profit on ordinary activities	5	<u>444,000</u>	<u>(153,000)</u>
Profit for the financial year		<u>2,069,386</u>	<u>1,910,082</u>

All results have been derived from continuing activities.

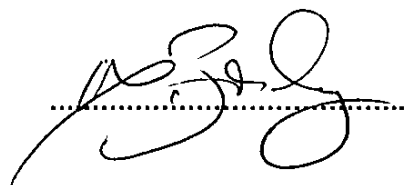
The Company had no recognised gains or losses other than those recorded in the profit and loss account in either 2010 or 2011

The notes on pages 6 to 11 form part of these Financial Statements

BALANCE SHEET
AT 31 DECEMBER 2011
COMPANY NUMBER 3780306

	Notes	2011 US\$	2010 US\$
Fixed assets			
Tangible assets	9	48,351,834	51,035,206
Current assets			
Debtors amounts falling due within one year	10	22,438,885	21,712,045
Debtors amounts falling due after one year	11	1,735,670	1,735,670
Cash		458,916	309,309
		<u>24,633,471</u>	<u>23,757,024</u>
Creditors amounts falling due within one year	12	<u>(3,023,051)</u>	<u>(3,046,717)</u>
Net current assets		<u>21,610,420</u>	<u>20,710,307</u>
Total assets less current liabilities		69,962,254	71,745,513
Creditors amounts falling due after more than one year	13	(49,107,682)	(51,716,327)
Provisions for liabilities and charges	14	<u>(11,027,000)</u>	<u>(11,471,000)</u>
Net assets		<u>9,827,572</u>	<u>8,558,186</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account		<u>9,827,472</u>	<u>8,558,086</u>
Equity shareholder's funds	16	<u>9,827,572</u>	<u>8,558,186</u>

The Financial Statements were approved by the Board of Directors on 12 March 2012 and were signed on its behalf by



M Brady
Director

The notes on pages 6 to 11 form part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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 Alpha Partners Leasing Limited and its cash flows are included within the consolidated cash flow statement of that company

As the entity is a wholly owned subsidiary of Alpha Partners Leasing Limited, the company has taken advantage of the exception contained in FRS 8 and has, therefore, not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee

Functional and Presentational Currency

The Financial Statements are presented in US Dollars as the Company conducts its principal activities in US Dollars and therefore recognises US Dollars as its functional currency

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date at which they occurred. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rate ruling at the year-end. Exchange differences, including those arising from currency conversions in the usual course of trading, are taken into account in determining profit on ordinary activities before taxation

Turnover

Net income from operating leases is credited to the profit and loss account on a straight line basis

Depreciation

Fixed assets are depreciated on a straight line basis from the time that they are first brought into use so as to write off their cost, less estimated residual value, over the lesser of

- (i) the period up to the 25th anniversary of the engine being first delivered to an airline, or purchased for lease by the Company, and
- (ii) the anticipated remaining useful life of the airframe for which the engine is designed

Interest

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

NOTES (continued)**1. ACCOUNTING POLICIES (continued)****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

Dividends on shares presented within equity

Dividends are only recognised as a liability to the extent that they are declared prior to the year end

2. ANALYSIS OF TURNOVER

	2011 US\$	2010 US\$
United Kingdom	<u>5,730,200</u>	<u>7,585,324</u>

All the Company's business arises from operating leases originating in the United Kingdom

3. NET INTEREST PAYABLE

	2011 US\$	2010 US\$
Interest payable on Loans from related parties	2,033,127	3,763,642
Interest receivable on Loans to holding company	(731,685)	(1,042,089)
Net interest payable	<u>1,301,442</u>	<u>2,721,553</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 US\$	2010 US\$
After charging Depreciation of owned tangible fixed assets	2,683,372	2,683,372
Auditor's remuneration	5,000	4,056

NOTES (continued)**5. TAXATION CHARGE**

	2011 US\$	2010 US\$
Current tax		
Group relief payable/(receivable) at 26.5% (2010: 28%)	-	-
Group relief not paid for	-	-
Deferred tax origination and reversal of timing differences		
In respect of current year	438,000	578,000
In respect of reduction in tax rate	(882,000)	(425,000)
Total tax (credit)/charge	<u>(444,000)</u>	<u>153,000</u>
Reconciliation of tax charge		
Profit on ordinary activities before tax	<u>1,625,386</u>	<u>2,063,082</u>
Nominal charge at UK corporate tax rate of 26.5% (2010: 28%)	430,727	577,663
Expenses not deductible	273	337
Tax rate differential	7,000	-
Depreciation in excess of capital allowances	591,000	578,000
Utilisation of brought forward losses	(1,029,000)	(1,156,000)
Current tax	<u>-</u>	<u>-</u>

The 2010 Emergency Budget and the 2011 Budget announced that the UK corporation tax rate will reduce from 28 per cent to 23 per cent over a period of four years from 2011. The reductions to 26 per cent effective from April 1, 2011 and 25 per cent effective from April 1, 2012 were substantively enacted on March 29, 2011 and July 5, 2011 respectively.

As the rate change to 25 per cent was substantively enacted prior to the year end, the closing deferred tax assets and liabilities have been calculated at this rate and the resulting charges or credits have been recognised in the profit and loss account. Had the further tax rate changes been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax liability as at 31 December 2011 by \$882,000.

6. DIVIDENDS – Ordinary Shares

	2011 US\$	2010 US\$
Interim dividend per share US\$8,000 (2010: US\$10,000)	<u>800,000</u>	<u>1,000,000</u>

7. EMOLUMENTS OF DIRECTORS

The Company paid no emoluments to the Directors in respect of their services during the year.

8. EMPLOYEE INFORMATION

The Company is charged a proportion of the costs of employment of those employees with contracts of employment with a related party but whose time is partly dedicated to the business of the Company.

NOTES (continued)**9. TANGIBLE FIXED ASSETS**

	ASSETS HELD FOR USE IN OPERATING LEASES US\$
Cost at 1 January 2011 and 31 December 2011	<u>75,680,728</u>
Depreciation at 1 January 2011	24,645,522
Provided during the year	<u>2,683,372</u>
Depreciation at 31 December 2011	<u>27,328,894</u>
Net book values	
As at 31 December 2011	<u>48,351,834</u>
As at 31 December 2010	<u>51,035,206</u>

10. DEBTORS – Amounts Falling Due Within One Year

	2011 US\$	2010 US\$
Amounts owed by holding company	21,179,026	20,452,186
Prepayments and accrued income	<u>1,259,859</u>	<u>1,259,859</u>
	<u>22,438,885</u>	<u>21,712,045</u>

11. DEBTORS – Amounts Falling Due After More Than One Year

	2011 US\$	2010 US\$
Group relief receivable	<u>1,735,670</u>	<u>1,735,670</u>

12. CREDITORS – Amounts Falling Due Within One Year

	2011 US\$	2010 US\$
Amount owed to		
holding company	8,595	8,595
related parties	<u>3,014,456</u>	<u>3,038,122</u>
	<u>3,023,051</u>	<u>3,046,717</u>

NOTES (continued)**13. CREDITORS – Amounts Falling Due After More Than One Year**

	2011 US\$	2010 US\$
Amounts owed to related parties repayable		
Between one and two years	2,593,885	2,596,562
Between two and five years	7,781,655	7,789,686
More than five years	38,732,142	41,330,079
	<u>49,107,682</u>	<u>51,716,327</u>

The above borrowings were obtained in order to purchase the fixed assets of the Company, the loan is secured against those assets

The above creditor relates to a loan which matures over a seven year period, starting 12 July 2010 and ending 12 July 2017. Interest is payable over the duration of the loan on a quarterly basis at a coupon interest rate of 3.52% per annum. Principle repayments of \$686,400 per quarter are made over the duration of the loan, with a final payment of the remaining principle outstanding being made on 12 July 2017.

14. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION	2011 US\$	2010 US\$
At 1 January 2011	11,471,000	11,318,000
Amount (credited)/charged to the profit and loss account	(444,000)	153,000
At 31 December 2011	<u>11,027,000</u>	<u>11,471,000</u>
The analysis of the deferred tax provision is as follows		
Accelerated capital allowances	11,594,000	13,112,000
Accumulated losses carried forward	(567,000)	(1,641,000)
Provision	<u>11,027,000</u>	<u>11,471,000</u>

15. SHARE CAPITAL

	2011 US\$	2010 US\$
Authorised		
100 US\$1 ordinary shares	100	100
Issued and fully paid		
100 US\$1 ordinary shares	100	100

NOTES (continued)**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	<u>US\$</u>
Opening shareholder's funds	8,558,186
Profit for the financial year	2,069,386
Dividends paid on equity shares	(800,000)
Closing shareholder's funds	<u>9,827,572</u>

17. ULTIMATE HOLDING COMPANIES

Rolls-Royce Holdings plc, a company registered in England and Wales, and GATX Corporation, a company registered in the United States, are the joint ultimate holding companies. Copies of Rolls-Royce Holdings plc's consolidated Financial Statements can be obtained from 65 Buckingham Gate, London SW1E 6AT and those of GATX Corporation from 222 West Adams Street, Chicago, IL 60606-5314, Illinois, USA

Alpha Leasing Limited, a company registered in England and Wales, is the immediate holding company. Alpha Leasing Limited is wholly owned by Alpha Partners Leasing Limited, which heads the smallest and largest group in which the results of the Company are consolidated. Copies of its consolidated Financial Statements can be obtained from 65 Buckingham Gate, London SW1E 6AT

18. RELATED PARTY TRANSACTIONS

In the course of normal operations, the Company has contracted on an arm's length basis with a subsidiary undertaking of Rolls-Royce Holdings plc. The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the Financial Statements are summarised below:

	<u>2011 US\$</u>	<u>2010 US\$</u>
Sale of goods, services and fixed assets	<u>5,730,200</u>	<u>7,585,324</u>

19. CONTINGENT LIABILITIES

The Company and certain affiliates are party to a loan facility. The Company provides guarantees in respect of the obligations of its holding company and in respect of related parties of US\$99,500,000 (2010: US\$104,700,000).