
OMEGA LEASING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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OMEGA LEASING LIMITED

COMPANY INFORMATION

DIRECTORS	M Brady M A Garrett
COMPANY SECRETARIES	R Johnson D J Goma
COMPANY NUMBER	3780306
REGISTERED OFFICE	65 Buckingham Gate London England SW1E 6AT

OMEGA LEASING LIMITED

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OMEGA LEASING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2012

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom 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 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PRINCIPAL ACTIVITIES AND REVIEW OF 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 (2011 - 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

The Company's profit for the year before taxation amounted to US\$1,740,397 (2011 - US\$1,625,386)

The proposed transfer to reserves is US\$1,195,397 (2011 - US\$1,269,386). The Directors declared interim dividends for the year totalling US\$10,000 per ordinary share (2011 - US\$8,000 per ordinary share). They do not recommend payment of any further dividend. The total cost of dividends for the year is US\$1,000,000 (2011 - US\$800,000).

OMEGA LEASING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

DIRECTORS

The Directors who served during the year were

M Brady
M A Garrett

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

PROVISION OF INFORMATION TO AUDITOR

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

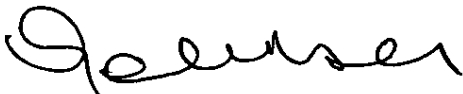
- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing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

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

AUDITOR

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

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



R Johnson
Secretary

Date 6 March 2013

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 2012, set out on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 Statement Of Directors' Responsibilities In Respect Of The Directors' Report And The Financial Statements set out on page 1, 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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.



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

6 March 2013

OMEGA LEASING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
Turnover	2	5,730,200	5,730,200
Cost of sales		(2,683,372)	(2,683,372)
Gross profit		3,046,828	3,046,828
General and administrative expenses		(120,762)	(120,000)
Operating profit	3	2,926,066	2,926,828
Interest receivable and similar income	6	757,863	731,685
Interest payable and similar charges	5	(1,943,532)	(2,033,127)
Profit on ordinary activities before taxation		1,740,397	1,625,386
Tax on profit on ordinary activities	7	455,000	444,000
Profit for the financial year	15	2,195,397	2,069,386

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

The notes on pages 6 to 13 form part of these financial statements

OMEGA LEASING LIMITED
REGISTERED NUMBER: 3780306

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	\$	2012 \$	\$	2011 \$
Fixed assets					
Tangible assets	9		45,668,462		48,351,834
Current assets					
Debtors	10	25,497,789		24,174,555	
Cash at bank		481,534		458,916	
		<u>25,979,323</u>		<u>24,633,471</u>	
Creditors: amounts falling due within one year	11	<u>(3,978,018)</u>		<u>(3,023,051)</u>	
Net current assets			22,001,305		21,610,420
Total assets less current liabilities			<u>67,669,767</u>		<u>69,962,254</u>
Creditors: amounts falling due after more than one year	12		(46,513,798)		(49,107,682)
Provisions for liabilities and charges					
Deferred tax	13		<u>(10,133,000)</u>		<u>(11,027,000)</u>
Net assets			<u>11,022,969</u>		<u>9,827,572</u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account	15		<u>11,022,869</u>		<u>9,827,472</u>
Shareholders' funds	16		<u>11,022,969</u>		<u>9,827,572</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 March 2013


M Brady
 Director

The notes on pages 6 to 13 form part of these financial statements

OMEGA LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 exemption

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 Alpha Partners Leasing Limited's consolidated cash flow statement

1.3 Transactions with other group subsidiaries

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

1.4 Financial guarantee contracts

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

1.5 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

1.6 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

1.7 Turnover

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

1.8 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

OMEGA LEASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES (continued)

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

1.11 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 TURNOVER

An analysis of turnover by destination is as follows

	2012 \$	2011 \$
United Kingdom	5,730,200	5,730,200

The Directors are of the opinion that the Company is engaged in a single class of business, originating from within the United Kingdom

3. OPERATING PROFIT

The operating profit is stated after charging

	2012 \$	2011 \$
Depreciation of tangible fixed assets		
- owned by the company	2,683,372	2,683,372
Auditor's remuneration	5,000	5,000

OMEGA LEASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

4. STAFF COSTS

The company has no employees other than the Directors, who did not receive any remuneration (2011 - \$NIL)

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

5. INTEREST PAYABLE

	2012 \$	2011 \$
On bank loans and overdrafts	1,943,532	2,033,127

6. INTEREST RECEIVABLE

	2012 \$	2011 \$
Interest receivable from group companies	757,863	731,685

7. TAXATION

	2012 \$	2011 \$
Analysis of tax charge in the year		
Current tax		
Group relief payable at 24.5% (2011 - 26.5%)	439,000	-
Deferred tax: origination and reversal of timing differences		
In respect of current year	(13,000)	438,000
In respect of reduction in tax rate	(881,000)	(882,000)
Total deferred tax (see note 13)	(894,000)	(444,000)
Tax on profit on ordinary activities	(455,000)	(444,000)

OMEGA LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 \$	2011 \$
Profit on ordinary activities before tax	1,740,397	1,625,386
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	426,397	430,727
Effects of:		
Depreciation for the year in excess of capital allowances	580,000	591,000
Utilisation of tax losses	(567,000)	(1,029,000)
Expenses not deductible for tax purposes	-	273
Non-taxable income	(397)	-
Tax rate differential	-	7,000
Current tax charge for the year	439,000	-

Factors that may affect future tax charges

The Autumn Statement 2012 announced that the UK corporation tax rate will reduce to 21 per cent by 2014. The reductions to 24 per cent effective from 1 April 2012 and 23 per cent effective from 1 April 2013 were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

As the rate change to 23 per cent was substantively enacted prior to the year end, the closing deferred tax liability has been restated accordingly and the resulting credit has been recognised in the Profit and Loss Account. Had the other 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 2012 by \$881,000.

8. DIVIDENDS

	2012 \$	2011 \$
Dividends for the year US\$10,000 per ordinary share (2011 - US\$8,000) per ordinary share	1,000,000	800,000

OMEGA LEASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

9. TANGIBLE FIXED ASSETS

	Assets held for use in operating leases \$
Cost	
At 1 January 2012 and 31 December 2012	75,680,728
Depreciation	
At 1 January 2012	27,328,894
Charge for the year	2,683,372
At 31 December 2012	30,012,266
Net book value	
At 31 December 2012	45,668,462
At 31 December 2011	48,351,834

10 DEBTORS

	2012 \$	2011 \$
Due after more than one year		
Group relief receivable	1,735,670	1,735,670
Due within one year		
Amounts owed by group undertakings	21,941,730	21,179,026
Amounts owed by related parties	560,530	-
Prepayments and accrued income	1,259,859	1,259,859
	<u>25,497,789</u>	<u>24,174,555</u>

OMEGA LEASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

11. CREDITORS:

Amounts falling due within one year

	2012	2011
	\$	\$
Amounts owed to related parties	2,593,885	3,014,456
Accruals and deferred income	384,603	-
Amounts owed to group undertakings	560,530	8,595
Group relief payable	439,000	-
	<u>3,978,018</u>	<u>3,023,051</u>

12. CREDITORS:

Amounts falling due after more than one year

	2012	2011
	\$	\$
Amounts owed to related parties	<u>46,513,798</u>	<u>49,107,682</u>

Included within the above are amounts falling due as follows

	2012	2011
	\$	\$
Between one and two years		
Amounts owed to related parties	<u>2,593,885</u>	<u>2,593,885</u>
Between two and five years		
Amounts owed to related parties	<u>43,919,913</u>	<u>7,781,655</u>
Over five years		
Amounts owed to related parties	<u>-</u>	<u>38,732,142</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2012	2011
	\$	\$
Repayable by instalments	<u>-</u>	<u>38,732,142</u>

The above borrowings were obtained in order to purchase the fixed assets of the Company, the loans are 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. Principal repayments of US\$686,400 per quarter are made over the duration of the loan, with a final payment of the remaining principal outstanding being made on 12 July 2017.

OMEGA LEASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

13. DEFERRED TAXATION

	2012 \$	2011 \$
At beginning of year	11,027,000	11,471,000
Released during year	(894,000)	(444,000)
At end of year	<u>10,133,000</u>	<u>11,027,000</u>

The provision for deferred taxation is made up as follows

	2012 \$	2011 \$
Accelerated capital allowances	10,133,000	11,594,000
Tax losses carried forward	-	(567,000)
	<u>10,133,000</u>	<u>11,027,000</u>

14. SHARE CAPITAL

	2012 \$	2011 \$
Authorised, allotted, called up and fully paid 100 ordinary shares of \$1 each	<u>100</u>	<u>100</u>

15. RESERVES

	Profit and loss account \$
At 1 January 2012	9,827,472
Profit for the year	2,195,397
Dividends Equity capital	(1,000,000)
At 31 December 2012	<u>11,022,869</u>

OMEGA LEASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012	2011
	\$	\$
Opening shareholders' funds	9,827,572	8,558,186
Profit for the year	2,195,397	2,069,386
Dividends (Note 8)	(1,000,000)	(800,000)
	<u>11,022,969</u>	<u>9,827,572</u>
Closing shareholders' funds		

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, IL60606-5314, 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 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 subsidiary undertakings 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

	2012	2011
	\$	\$
Sales of goods, services and fixed assets	<u>5,730,200</u>	<u>5,730,200</u>

19. CONTINGENT LIABILITIES

The Company and certain affiliates are party to a loan facility. The Company provides guarantees in respect of the obligation of its holding company and in respect to related parties of US\$94,300,000 (2011 - US\$99,500,000)