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**OMEGA LEASING LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**OMEGA LEASING LIMITED**

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**COMPANY INFORMATION**

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

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**OMEGA LEASING LIMITED**

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## OMEGA LEASING LIMITED

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

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The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2013.

#### 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 (2012 - 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\$1,776,425 (2012 - US\$1,740,397).

The proposed transfer to reserves is US\$1,507,425 (2012 - US\$1,195,397). The Directors declared interim dividends for the year totalling US\$11,000 per ordinary share (2012 - US\$10,000 per ordinary share). They do not recommend payment of any further dividend. The total cost of dividends for the year is US\$1,100,000 (2012 - US\$1,000,000).

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**OMEGA LEASING LIMITED**

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

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**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.

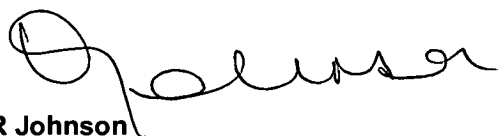
This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**AUDITOR**

KPMG Audit Plc, having instigated an orderly wind down of business, resigned as auditor on 17 October 2013 pursuant to section 516 of the Companies Act 2006. On 17 October 2013 the Directors appointed KPMG LLP, an intermediate parent, as auditor of the company.

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.

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



**R Johnson**  
Secretary

Date: 19 March 2014

## **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 2013, 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 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 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 LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

21 March 2014

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**OMEGA LEASING LIMITED**

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

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	Note	2013 \$	2012 \$
<b>Turnover</b>	2	5,730,200	5,730,200
Cost of sales		(2,683,372)	(2,683,372)
		<hr/>	<hr/>
<b>Gross profit</b>		3,046,828	3,046,828
General and administrative expenses		(121,718)	(120,762)
		<hr/>	<hr/>
<b>Operating profit</b>	3	2,925,110	2,926,066
Interest receivable and similar income	6	698,202	757,863
Interest payable and similar charges	5	(1,846,887)	(1,943,532)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		1,776,425	1,740,397
Tax on profit on ordinary activities	7	831,000	455,000
		<hr/>	<hr/>
<b>Profit for the financial year</b>	15	<u>2,607,425</u>	<u>2,195,397</u>

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 6 to 13 form part of these financial statements.

**OMEGA LEASING LIMITED**  
**REGISTERED NUMBER: 3780306**

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

	Note	\$	2013 \$	\$	2012 \$
<b>Fixed assets</b>					
Tangible assets	9		42,985,090		45,668,462
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	10	1,735,670		1,735,670	
Debtors: amounts falling due within one year	10	21,711,751		23,762,119	
Cash at bank		2,277,076		481,534	
		<u>25,724,497</u>		<u>25,979,323</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,926,280)</u>		<u>(3,978,018)</u>	
<b>Net current assets</b>			21,798,217		22,001,305
<b>Total assets less current liabilities</b>			<u>64,783,307</u>		<u>67,669,767</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(43,919,913)		(46,513,798)
<b>Provisions for liabilities and charges</b>					
Deferred tax	13		<u>(8,333,000)</u>		<u>(10,133,000)</u>
<b>Net assets</b>			<u>12,530,394</u>		<u>11,022,969</u>
<b>Capital and reserves</b>					
Called up share capital	14		100		100
Profit and loss account	15		<u>12,530,294</u>		<u>11,022,869</u>
<b>Shareholders' funds</b>	16		<u>12,530,394</u>		<u>11,022,969</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 March 2014.

  
**M Brady**  
 Director

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



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## OMEGA LEASING 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 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 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.

However, if a used engine is acquired with a lease attached that goes beyond the 25th anniversary of the engine being first delivered to an airline, then the useful economic life is re-evaluated and is used as the basis to amortise the cost to an estimated residual value. This is typically an additional 5 to 10 years beyond the engine's 25th anniversary.

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## OMEGA LEASING 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 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.

##### 1.9 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:

	2013 \$	2012 \$
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:

	2013 \$	2012 \$
Depreciation of tangible fixed assets:		
- owned by the company	2,683,372	2,683,372
Auditor's remuneration	5,000	5,000

The 2012 auditors' remuneration for statutory audit services relate solely to amounts paid to KPMG Audit Plc. The 2013 amounts relate solely to amounts paid to KPMG LLP.

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**OMEGA LEASING LIMITED**

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

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**4. STAFF COSTS**

The company has no employees other than the Directors, who did not receive any remuneration (2012 - \$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**

	2013 \$	2012 \$
On bank loans and overdrafts	1,846,887	1,943,532

**6. INTEREST RECEIVABLE**

	2013 \$	2012 \$
Interest receivable from group companies	698,202	757,863

**7. TAXATION**

	2013 \$	2012 \$
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
Group relief payable at 23.25% (2012 - 24.5%)	969,000	439,000
<b>Deferred tax: origination and reversal of timing differences</b>		
In respect of current year	(550,000)	(13,000)
In respect of reduction in tax rate	(1,250,000)	(881,000)
<b>Total deferred tax (see note 13)</b>	(1,800,000)	(894,000)
<b>Tax on profit on ordinary activities</b>	(831,000)	(455,000)

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OMEGA LEASING LIMITED

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

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7. TAXATION (continued)

**Factors affecting tax charge for the year**

The current 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 \$	2012 \$
Profit on ordinary activities before tax	1,776,425	1,740,397
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	413,019	426,397
<b>Effects of:</b>		
Depreciation for the year in excess of capital allowances	550,000	580,000
Utilisation of tax losses	-	(567,000)
Non-taxable income	(19)	(397)
Tax rate differential	6,000	-
<b>Current tax charge for the year</b>	<b>969,000</b>	<b>439,000</b>

**Factors that may affect future tax charges**

The 2013 Budget announced that the UK corporation tax rate will reduce to 21 per cent from 1 April 2014 and to 20 per cent from 1 April 2015. These reductions were substantively enacted on 2 July 2013. As the reduction to 20 per cent was substantively enacted prior to the year end, the closing deferred tax liability has been restated accordingly and the credit has been recognised in the Profit & Loss Account.

8. DIVIDENDS

	2013 \$	2012 \$
Dividends for the year: US\$11,000 per ordinary share (2012 - US\$10,000) per ordinary share.	1,100,000	1,000,000

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**OMEGA LEASING LIMITED**

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

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**9. TANGIBLE FIXED ASSETS**

	Assets held for use in operating leases \$
<b>Cost</b>	
At 1 January 2013 and 31 December 2013	75,680,728
<b>Depreciation</b>	
At 1 January 2013	30,012,266
Charge for the year	2,683,372
At 31 December 2013	32,695,638
<b>Net book value</b>	
At 31 December 2013	42,985,090
At 31 December 2012	45,668,462

**10. DEBTORS**

	2013 \$	2012 \$
<b>Due after more than one year</b>		
Group relief receivable	1,735,670	1,735,670
	2013 \$	2012 \$
<b>Due within one year</b>		
Amounts owed by group undertakings	20,451,892	21,941,730
Amounts owed by related parties	-	560,530
Prepayments and accrued income	1,259,859	1,259,859
	21,711,751	23,762,119

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**OMEGA LEASING LIMITED**

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

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**11. CREDITORS:**

**Amounts falling due within one year**

	2013 \$	2012 \$
Amounts owed to related parties	2,593,885	2,593,885
Accruals and deferred income	363,395	384,603
Amounts owed to group undertakings	-	560,530
Group relief payable	969,000	439,000
	<u>3,926,280</u>	<u>3,978,018</u>

**12. CREDITORS:**

**Amounts falling due after more than one year**

	2013 \$	2012 \$
Amounts owed to related parties	<u>43,919,913</u>	<u>46,513,798</u>

Included within the above are amounts falling due as follows:

	2013 \$	2012 \$
<b>Between one and two years</b>		
Amounts owed to related parties	<u>2,593,885</u>	<u>2,593,885</u>
<b>Between two and five years</b>		
Amounts owed to related parties	<u>41,326,028</u>	<u>43,919,913</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.

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**OMEGA LEASING LIMITED**

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

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**13. DEFERRED TAXATION**

	2013 \$	2012 \$
At beginning of year	10,133,000	11,027,000
Released during year	(1,800,000)	(894,000)
At end of year	<u>8,333,000</u>	<u>10,133,000</u>

The provision for deferred taxation is made up as follows:

	2013 \$	2012 \$
Accelerated capital allowances	<u>8,333,000</u>	<u>10,133,000</u>

**14. SHARE CAPITAL**

	2013 \$	2012 \$
<b>Authorised, allotted, called up and fully paid</b>		
100 ordinary shares of \$1 each	<u>100</u>	<u>100</u>

**15. RESERVES**

	Profit and loss account \$
At 1 January 2013	11,022,869
Profit for the year	2,607,425
Dividends: Equity capital	(1,100,000)
At 31 December 2013	<u>12,530,294</u>

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**OMEGA LEASING LIMITED**

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

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**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2013 \$	2012 \$
Opening shareholders' funds	11,022,969	9,827,572
Profit for the year	2,607,425	2,195,397
Dividends (Note 8)	(1,100,000)	(1,000,000)
	<u>12,530,394</u>	<u>11,022,969</u>
Closing shareholders' funds	<u>12,530,394</u>	<u>11,022,969</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, 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:

	2013 \$	2012 \$
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\$89,100,000 (2012 - US\$94,300,000).