

Registration number: 3780306

Omega Leasing Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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Omega Leasing Limited

Contents

Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities in respect of the Directors Report and the Financial Statements	3
Independent Auditor's Report to the members of Omega Leasing Limited	4 to 5
Profit and Loss Account	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 to 16

Omega Leasing Limited

Company Information

Directors	M Brady M A Garrett
Company secretary	R Johnson
Registered office	62 Buckingham Gate London SW1E 6AT
Auditors	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

Omega Leasing Limited

Directors' Report for the Year Ended 31 December 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

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 (2016 - 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\$771,723 (2016 - US\$396,756).

The proposed transfer to retained earnings is loss of US\$7,449,277 (2016 - US\$549,756 profit). The Directors declared \$7,600,000 interim dividends for the year (2016 - nil). They do not recommend payment of any further dividend.

Directors of the Company

The directors who held office during the year were as follows:

M Brady

M A Garrett

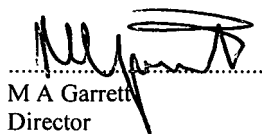
Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006, and as such, a strategic report is not required.

Approved by the Board on 22 March 2018 and signed on its behalf by:



M A Garrett
Director

Omega Leasing Limited

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 applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Omega Leasing Limited

Independent Auditor's Report to the Members of Omega Leasing Limited

Opinion

We have audited the financial statements of Omega Leasing Limited for the year ended 31 December 2017, which comprise of the Profit and Loss, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Omega Leasing Limited

Independent Auditor's Report to the Members of Omega Leasing Limited

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



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Craig Parkin (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
15 Canada Square
London
E14 5GL

Date: *27th March 2018*

Omega Leasing Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Turnover	3	3,730,929	5,730,200
Cost of sales		<u>(2,785,013)</u>	<u>(4,373,105)</u>
Gross profit		945,916	1,357,095
Administrative expenses		<u>(73,409)</u>	<u>(121,393)</u>
Operating profit		872,507	1,235,702
Net profit on sale of tangible assets		<u>271,174</u>	<u>-</u>
Profit on ordinary activities before interest		<u>1,143,681</u>	<u>1,235,702</u>
Other interest receivable and similar income	5	427,837	718,005
Interest payable and similar charges	6	<u>(799,795)</u>	<u>(1,556,951)</u>
Profit before tax		771,723	396,756
Taxation	9	<u>(621,000)</u>	<u>153,000</u>
Profit for the financial year		<u><u>150,723</u></u>	<u><u>549,756</u></u>

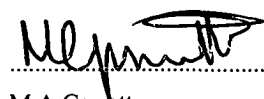
The above results were derived from continuing operations and represents total comprehensive income for the year.

The company has no recognised gains or losses for the year other than the results above.

Omega Leasing Limited
(Registration number: 3780306)
Balance Sheet as at 31 December 2017

	Note	2017 \$	2016 \$
Fixed assets			
Tangible assets	11	10,594,033	32,307,877
Current assets			
Debtors (including \$1,735,670 (2016:\$1,735,670) due after more than one year)	12	1,735,676	23,447,424
Cash at bank and in hand		<u>709,875</u>	<u>4,026,138</u>
		2,445,551	27,473,562
Creditors: Amounts falling due within one year	14	<u>(4,228,347)</u>	<u>(39,953,925)</u>
Net current liabilities		<u>(1,782,796)</u>	<u>(12,480,363)</u>
Total assets less current liabilities		8,811,237	19,827,514
Provisions for liabilities	13	<u>(1,801,000)</u>	<u>(5,368,000)</u>
Net assets		<u><u>7,010,237</u></u>	<u><u>14,459,514</u></u>
Capital and reserves			
Called up share capital	15	100	100
Retained earnings		<u>7,010,137</u>	<u>14,459,414</u>
Total equity		<u><u>7,010,237</u></u>	<u><u>14,459,514</u></u>

Approved and authorised by the Board on 22 March 2018 and signed on its behalf by:



M A Garrett
Director

Omega Leasing Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital \$	Retained earnings \$	Total \$
At 1 January 2017	100	14,459,414	14,459,514
Profit for the year	-	150,723	150,723
Total comprehensive income	-	150,723	150,723
Dividends	-	(7,600,000)	(7,600,000)
At 31 December 2017	100	7,010,137	7,010,237
	Share capital \$	Retained earnings \$	Total \$
At 1 January 2016	100	13,909,658	13,909,758
Profit for the year	-	549,756	549,756
Total comprehensive income	-	549,756	549,756
At 31 December 2016	100	14,459,414	14,459,514

The notes on pages 9 to 16 form an integral part of these financial statements.

Omega Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is incorporated and domiciled in England and Wales.

The address of its registered office is:

62 Buckingham Gate

London

SW1E 6AT

England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The presentation currency of these financial statements is U.S Dollars (\$).

Basis of preparation

These financial statements have been prepared using the historical cost convention.

Summary of disclosure exemptions

Cash flow statement exemption

The Company is exempt from the requirement of FRS102 Section 7 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.

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 FRS102 Section 33 and has, therefore, not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

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

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of US\$1,782,796 as at 31 December 2017.

The Directors have considered the application of the going concern basis of accounting and believe that, for the foreseeable future, the Company will have adequate resources to meet its liabilities as they fall due. In making this assessment the Directors have considered the cash generation arising from future lease income receivable against the creditors and loan repayments necessary within one year.

Omega Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Turnover Recognition

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

Foreign currency transactions and balances

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.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible Fixed Assets

Tangible fixed assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Assets held for operating leases 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.

Impairment

The Company reviews its long lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Omega Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2017	2016
	\$	\$
Leasing of equipment in the UK	<u>3,730,929</u>	<u>5,730,200</u>

4 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	\$	\$
Depreciation expense	<u>2,785,013</u>	<u>4,373,105</u>

5 Other interest receivable and similar income

	2017	2016
	\$	\$
Interest receivable from group companies	371,807	708,204
Other finance income	<u>56,030</u>	<u>9,801</u>
	<u>427,837</u>	<u>718,005</u>

Omega Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

6 Interest payable and similar charges

	2017	2016
	\$	\$
Interest on loans from related party	782,498	1,556,951
Other group interest	<u>17,297</u>	<u>-</u>
	<u><u>799,795</u></u>	<u><u>1,556,951</u></u>

7 Staff number and costs

The Company has no employees other than the Directors, who did not receive any remuneration (2016 - \$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.

8 Auditor's remuneration

	2017	2016
	\$	\$
Audit of the financial statements	<u><u>8,500</u></u>	<u><u>8,000</u></u>

Omega Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

9 Income tax

Tax charged/(credited) in the income statement

	2017 \$	2016 \$
Current taxation		
UK corporation tax	4,188,000	922,000
Deferred taxation		
Arising from origination and reversal of timing differences	(3,567,000)	(759,000)
Arising from changes in tax rates and laws	<u>-</u>	<u>(316,000)</u>
Total deferred taxation	<u>(3,567,000)</u>	<u>(1,075,000)</u>
Tax expense/(credit) in the income statement	<u>621,000</u>	<u>(153,000)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 \$	2016 \$
Profit before tax	<u>771,723</u>	<u>396,756</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	148,557	79,351
Tax rate differential on temporary differences	472,443	83,649
Adjustments in respect of reduction in tax rate	<u>-</u>	<u>(316,000)</u>
Total tax charge/(credit)	<u>621,000</u>	<u>(153,000)</u>

The Budget 2016 announced that the UK tax rate will reduce to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. The rate reduction to 17% has been substantively enacted on 6 September 2016. The deferred tax assets and liabilities of UK companies within the group have therefore been calculated at 17%.

10 Dividends

	2017 \$	2016 \$
Interim dividend of \$76,000 (2016 - \$Nil) per ordinary share	<u>7,600,000</u>	<u>-</u>

Omega Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

11 Tangible assets

	Assets held for use in operating leases \$
Cost or valuation	
At 1 January 2017	75,680,728
Disposals	<u>(49,951,423)</u>
At 31 December 2017	<u>25,729,305</u>
Depreciation	
At 1 January 2017	43,372,851
Charge for the year	2,785,013
Eliminated on disposal	<u>(31,022,592)</u>
At 31 December 2017	<u>15,135,272</u>
Carrying amount	
At 31 December 2017	<u>10,594,033</u>
At 31 December 2016	<u>32,307,877</u>

12 Debtors

	2017 \$	2016 \$
Amounts owed by group undertakings	6	20,451,895
Group relief receivable	1,735,670	1,735,670
Prepayments and accrued income	<u>-</u>	<u>1,259,859</u>
	1,735,676	23,447,424
Less non-current portion	<u>(1,735,670)</u>	<u>(1,735,670)</u>
Total current trade and other receivables	<u>6</u>	<u>21,711,754</u>

Details of non-current trade and other receivables

In 2017 \$1,735,670 (2016 -\$1,735,670) of Group relief receivable is classified as non current.

Omega Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

13 Provisions for liabilities

Deferred tax assets and liabilities

	Liability \$
2017	
Accelerated capital allowances	<u>1,801,000</u>
2016	
Accelerated capital allowances	<u>5,368,000</u>

14 Creditors

	2017 \$	2016 \$
Due within one year		
Amounts owed to group undertakings	-	38,732,143
Accruals and deferred income	40,347	299,782
Group relief payable	<u>4,188,000</u>	<u>922,000</u>
	<u>4,228,347</u>	<u>39,953,925</u>

Borrowings are net of pre-paid loan arrangement fees which are being amortised over the loan term. Prepaid loan fees were NIL as at 31 December 2017 (2016 \$75,857).

15 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	\$	No.	\$
Ordinary shares of \$1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

16 Contingent liabilities

The Company and certain affiliates were party to a loan facility. The Company provided guarantees in respect of the obligation of its holding company and in respect to related parties of NIL in 2017 (2016 - US\$73,500,000).

Omega Leasing Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

17 Related party transactions

Summary of transactions with other related parties

Income from related parties

	Other related parties
	\$
2017	
Sale of services	3,730,929
Receipts relating to maintenance obligations on cessation of operating leases	19,200,000
	<u>22,930,929</u>
	Other related parties
	\$
2016	
Sale of services	<u>5,730,200</u>

Expenditure with related parties

	Other related parties
	\$
2017	
Management fees	<u>70,000</u>
	Other related parties
	\$
2016	
Purchase of goods	<u>120,000</u>

18 Parent and ultimate parent undertaking

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 62 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 62 Buckingham Gate, London SW1E 6AT.