

COMPANY NUMBER 4133746

ALPHA PARTNERS LEASING LIMITED

Annual Report
for the Year Ended 31 December 2004

**Directors on
16th May 2005:**

M R H Arundell
J C Bensick
A C Coe
C F Glenn
J Guyette
A Shilston
M Terrett

Secretary:

N T Goldsworthy
D J Goma



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REPORT OF THE DIRECTORS

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2004.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent fraud and other irregularities.

REVIEW OF THE BUSINESS

All of the Group's business involves the leasing of commercial aero and industrial engines. The engine lease portfolio of the Group is 101 aero engines and 26 industrial engines (2003: 101 aero engines and 26 industrial engines).

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

FINANCIAL REVIEW

Results

The profit before taxation of the Company and its subsidiaries was US\$27,776,000 (2003: US\$30,382,000).

Proposed Transfer to Reserves and Payment of Dividend

The proposed transfer to reserves is US\$5,477,000 (2003: US\$81,000). The Directors declared interim dividends of US\$73,590 per A and US\$70,000 per B ordinary shares (2003: US\$105,000 per A and B ordinary shares). No further dividends are recommended. The total cost of dividends for 2004 is US\$14,359,000 (2003: US\$21,000,000).

DIRECTORATE

The Directors who held office through the year were as follows:

M R H Arundell (appointed 1 July 2004)
J C Bensick
A C Coe
C F Glenn
J Guyette (appointed 16 March 2004)
A Shilston
M Terrett

DIRECTORS' INTERESTS

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

PAYMENT TO SUPPLIERS

The Company seeks the best possible terms from suppliers and, in entering into binding purchasing contracts, gives consideration to quality, delivery, price and the terms of payment. The Company abides therewith whenever it is satisfied that suppliers have provided the goods or services in accordance with agreed terms and conditions. Trade Creditors at 31 December 2004 represent 8 days of purchases (2003: 27 days).

By Order of the Board



M T Goldsworthy
Secretary

16th May 2005

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA PARTNERS LEASING LIMITED

We have audited the Financial Statements on pages 5 to 18.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 Auditors

The directors are responsible for preparing the Report of the Directors and, as described on page 2, the Financial Statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

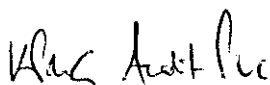
Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Audit Opinion

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

London
16 May 2005

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 US\$000	2003 US\$000
Turnover	2	55,833	51,788
Cost of sales		<u>(20,374)</u>	<u>(18,582)</u>
Gross profit		35,459	33,206
General and administrative costs		<u>(3,433)</u>	<u>(3,097)</u>
Operating profit		32,026	30,109
Profit on sale of fixed assets		<u>7,040</u>	<u>10,246</u>
Profit on ordinary activities before interest		39,066	40,355
Net interest payable	4	<u>(11,290)</u>	<u>(9,973)</u>
Profit on ordinary activities before taxation	3	27,776	30,382
Taxation	7	<u>(7,940)</u>	<u>(9,301)</u>
Profit on ordinary activities after taxation		19,836	21,081
Dividends	8	<u>(14,359)</u>	<u>(21,000)</u>
Transferred to reserves	19	<u>5,477</u>	<u>81</u>

The notes on pages 9 to 18 form part of these Financial Statements.

All the results have been derived from continuing activities.

As permitted by the Companies Act 1985, a separate profit and loss account for the Company has not been included in these Financial Statements. Of the Group "profit on ordinary activities after taxation" a profit of US\$14,359,000 (2003: US\$21,000,000) has been dealt with in the profit and loss account of the Company. In both 2003 and 2004 the Company profit on ordinary activities after taxation comprised dividends received from subsidiary undertakings.


There are no recognised gains or losses other than those disclosed in the profit and loss account above.

BALANCE SHEETS

AT 31 DECEMBER 2004

	Notes	GROUP		COMPANY	
		2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Fixed assets					
Tangible assets	9	474,988	437,950	-	-
Current assets					
Stock	11	1,258	1,219	-	-
Debtors: amounts falling due within one year	12	15,567	19,007	8,179	5,729
Debtors: amounts falling due after more than one year	13	25,011	30,956	-	-
Cash at bank and in hand		29,374	559	-	-
		<u>71,210</u>	<u>51,741</u>	<u>8,179</u>	<u>5,729</u>
Creditors: amounts falling due within one year	14	<u>(27,564)</u>	<u>(35,984)</u>	<u>(8,179)</u>	<u>(5,729)</u>
Net current assets		<u>43,646</u>	<u>15,757</u>	<u>-</u>	<u>-</u>
Total assets less current liabilities		518,634	453,707	-	-
Creditors: amounts falling due after more than one year	15	(379,240)	(330,227)	-	-
Provisions for liabilities and charges	16	<u>(57,652)</u>	<u>(47,215)</u>	<u>-</u>	<u>-</u>
Net assets		<u>81,742</u>	<u>76,265</u>	<u>-</u>	<u>-</u>
Capital and reserves					
Called up share capital	17	-	-	-	-
Capital reserve	18	42,708	42,708	-	-
Profit and loss account	19	39,034	33,557	-	-
Equity shareholders' funds		<u>81,742</u>	<u>76,265</u>	<u>-</u>	<u>-</u>

The Financial Statements were approved by the Board of Directors on 16th May 2005 and were signed on its behalf by:


 **A Shilston**
Director

The notes on pages 9 to 18 form part of these Financial Statements.

GROUP CASH FLOW STATEMENT **FOR THE YEAR ENDED 31 DECEMBER 2004**

		2004 US\$000	2003 US\$000
Cash flow from operating activities	A	51,385	57,247
Returns on investments and servicing of finance	B	(10,649)	(9,347)
Taxation		900	-
Capital expenditure and financial investments	C	(49,776)	(70,105)
Equity dividends paid		(14,359)	(21,000)
Cash outflow before financing		(22,499)	(43,205)
Financing	D	51,314	37,879
Increase/(decrease) in cash in the period		28,815	(5,326)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		28,815	(5,326)
Cash flow from movement in borrowings		(51,314)	(37,879)
Movement in net debt in the period		(22,499)	(43,205)
Net debt at 1 January		(314,279)	(271,074)
Net debt at 31 December		(336,778)	(314,279)

ANALYSIS OF NET DEBT

	At beginning of year US\$000	Cashflow US\$000	At end of year US\$000
Cash in hand, at bank	559	28,815	29,374
Overdrafts	(324)	324	-
Loan from related parties	(66,488)	1,476	(65,012)
Debt due within one year	(8,540)	2,634	(5,906)
Debt due after more than one year	(239,486)	(55,748)	(295,234)
Total	(314,279)	(22,499)	(336,778)

NOTES TO THE CASH FLOW STATEMENT

	2004 US\$000	2003 US\$000
Reconciliation of operating profit to operating cash flows		
Operating profit	32,026	30,109
Depreciation charges	19,778	17,537
Increase in stock	(39)	(1,164)
Decrease in debtors	7,969	14,012
Decrease in creditors	(8,349)	(3,247)
A. Net cash inflow from operating activities	51,385	57,247
Returns on investment and servicing of finance		
Interest received	121	227
Interest paid	(10,770)	(9,574)
B. Net cash outflow from returns on investment and servicing of finance	(10,649)	(9,347)
Capital expenditure		
Purchase of tangible fixed assets	(77,631)	(154,298)
Disposal of tangible fixed assets	27,855	84,193
C. Net cash outflow for capital expenditure and investment	(49,776)	(70,105)
Financing		
Decrease in borrowings due within one year	(2,958)	(104,067)
Increase in borrowings due after one year	55,748	143,793
Decrease in loans from related parties	(1,476)	(1,847)
D. Net cash inflow from financing	51,314	37,879

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2004

	GROUP		COMPANY	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Profit for the financial year	19,836	21,081	14,359	21,000
Dividends	(14,359)	(21,000)	(14,359)	(21,000)
Net addition to shareholders' funds	5,477	81	-	-
Opening Shareholders' funds	76,265	76,184	-	-
Closing Shareholders' funds	81,742	76,265	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

Basis of Accounting

The Group Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of Consolidation

In 2001, the first year the Financial Statements of the Company were prepared, the Company took advantage of the provisions within FRS 6 to account for its investment in its subsidiaries as a group reconstruction.

The Group Financial Statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 December 2004.

Foreign Currencies

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.

Income from Operating Leases

Net income from operating leases, after charging depreciation and interest, is credited to the profit and loss account on a straight line basis.

Cost of Assets Held for Use in Operating Leases

The Group accrues for obligations to reimburse either existing or prospective lessees for the costs of future maintenance. Where the accruals have arisen from the acquisition of previously used assets, the asset cost is increased by the amount estimated to return the asset to a fully overhauled condition.

Income from Finance Leases

Income is credited to the profit and loss account in proportion to the funds invested.

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:

Civil Aero Engines – 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.

Industrial Engines - The period up to the 20th anniversary of the engine being first bought into use or purchased for lease by the Company.

Fixtures & Fittings – 5 years

NOTES (continued)**Leases Where the Company is Lessee**

Assets financed by lease agreements which give rights approximating to ownership (finance leases) have been capitalised at amounts equal to the value of the assets to the lessor and depreciation provided on the basis of the Group depreciation policy. There are no future obligations under finance leases (2003: Nil).

Costs in respect of operating leases are charged to the profit and loss accounts on an accruals basis.

Interest

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

Taxation

Provision for taxation is made at the current rate and for deferred taxation, at the projected rate, on all timing differences, which have originated, but not reversed at the Balance Sheet date.

2. ANALYSIS OF TURNOVER

	Operating Lease Rentals US\$000	Finance Lease Rentals US\$000	Fees and other income US\$000	Spare Parts Sales US\$000	Total US\$000
2004					
United Kingdom	29,854	682	432	402	31,370
Rest of Europe	6,852	112	-	-	6,964
USA	1,962	1,457	-	219	3,638
Canada	3,554	8	-	-	3,562
South America	3,601	103	-	-	3,704
Asia	6,270	-	-	325	6,595
	<u>52,093</u>	<u>2,362</u>	<u>432</u>	<u>946</u>	<u>55,833</u>
	Operating Lease Rentals US\$000	Finance Lease Rentals US\$000	Fees and other income US\$000	Spare Parts Sales US\$000	Total US\$000
2003					
United Kingdom	27,824	742	336	1,783	30,685
Rest of Europe	3,823	706	2,397	-	6,926
USA	1,249	1,258	-	-	2,507
Canada	2,922	80	-	-	3,002
South America	3,092	325	-	-	3,417
Asia	5,198	53	-	-	5,251
	<u>44,108</u>	<u>3,164</u>	<u>2,733</u>	<u>1,783</u>	<u>51,788</u>

All the Group's business originates from the United Kingdom. The Directors are of the opinion that the Group is engaged in a single class of business and the analysis above is provided for information purposes only.

NOTES (continued)**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2004 US\$000	2003 US\$000
After charging/(crediting):		
Depreciation of owned tangible fixed assets	19,733	17,492
Depreciation of leased tangible fixed assets	45	45
Realised exchange gains	(627)	(13)
Operating lease rentals payable – hire of plant and equipment	30	33
Auditors' remuneration	100	82

4. GROUP NET INTEREST PAYABLE

	2004 US\$000	2003 US\$000
Interest payable on:		
Bank loans and overdrafts	6,611	5,250
Loans from related parties	4,793	4,922
Other borrowings	7	28
	<u>11,411</u>	<u>10,200</u>
Interest receivable on:		
Loans to related parties	-	(128)
Other	(121)	(99)
	<u>(121)</u>	<u>(227)</u>
Group net interest payable	<u>11,290</u>	<u>9,973</u>

5. EMOLUMENTS OF DIRECTORS

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

6. EMPLOYEE INFORMATION

	2004 US\$000	2003 US\$000
Employment costs		
Salaries	2,742	2,869
Social security costs	129	311
Other pension costs	152	99
	<u>3,023</u>	<u>3,279</u>
Average number of employees during the year	<u>22</u>	<u>21</u>

For the purposes of this note, employees are taken as being those people with contracts of employment with a related party but whose time is partly dedicated to the business of the Company and Group and whose costs of employment are therefore proportionately charged to the Group.

NOTES (continued)

7. TAXATION

	2004 US\$000	2003 US\$000
Current tax:		
UK corporation tax at 30%	485	2,640
Adjustments in respect of prior periods	<u>(2,982)</u>	<u>(309)</u>
	(2,497)	2,331
Deferred tax: origination and reversal of timing differences		
In respect of current year	7,810	7,020
Adjustment in respect of prior periods	<u>2,627</u>	<u>(50)</u>
	10,437	6,970
	<u>7,940</u>	<u>9,301</u>
Reconciliation of Tax Charge:		
Profit on ordinary activities before tax	<u>27,776</u>	<u>30,382</u>
Nominal charge at UK corporate tax rate of 30%	8,333	9,115
Expenses not deductible for tax purposes	88	563
Income not taxable	(126)	(18)
Capital allowances for period in excess of depreciation	(9,020)	(10,380)
Other timing differences for period	1,210	3,360
Adjustments to prior years	<u>(2,982)</u>	<u>(309)</u>
Current tax	<u>(2,497)</u>	<u>2,331</u>

8. DIVIDENDS – Ordinary Shares

	2004 US\$000	2004/32 US\$000
US\$73,590 per A share (2003: US\$105,000 per A share)	7,359	10,500
US\$70,000 per B share (2003: US\$105,000 per B share)	7,000	10,500
	<u>14,359</u>	<u>21,000</u>

NOTES (continued)

9. TANGIBLE FIXED ASSETS

GROUP	Assets Held for Use in Operating Leases US\$000	Fixtures & Fittings US\$000	Total US\$000
Cost at 1 January 2004	491,140	485	491,625
Additions	77,631	-	77,631
Disposals	(24,570)	-	(24,570)
Cost at 31 December 2004 ¹	544,201	485	544,686
Depreciation at 1 January 2004	53,281	394	53,675
Provided during the year	19,759	19	19,778
Released on disposals	(3,755)	-	(3,755)
Depreciation at 31 December 2004	69,285	413	69,698
Net book values			
at 31 December 2004 ²	474,916	72	474,988
at 31 December 2003	437,859	91	437,950

¹ The cost of assets held for use in operating leases includes maintenance reserves of US\$2,381,964 (2003: US\$2,516,962) as explained in Note 1.

² The net book value of assets held under finance leases at 31 December 2004 was \$457,000 (2003: \$502,000).

	GROUP		COMPANY	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Capital expenditure commitments:				
Contracted but not provided for	46,014	25,971	-	-

10. INVESTMENTS – Subsidiary Undertakings

Company	2004 US\$	2003 US\$
Shares at cost	200	200

11. STOCK

	GROUP		COMPANY	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Spare parts held for engine repairs	1,258	1,219	-	-

NOTES (continued)

12. DEBTORS – Amounts Falling Due Within One Year

	GROUP		COMPANY	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Finance lease receivables	5,988	6,992	-	-
Engine pre-delivery payments	3,236	1,729	-	-
Trade debtors	733	2,457	-	-
Other debtors	68	52	-	-
Prepayments and accrued income	476	2,338	-	-
Amounts owed by:				
subsidiary undertakings	-	-	8,179	5,729
related parties	5,066	5,439	-	-
	<u>15,567</u>	<u>19,007</u>	<u>8,179</u>	<u>5,729</u>

13. DEBTORS – Amounts Falling Due After One Year

	GROUP		COMPANY	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Finance lease receivables	22,517	28,505	-	-
Trade debtors	758	715	-	-
Amounts owed by related parties	1,736	1,736	-	-
	<u>25,011</u>	<u>30,956</u>	<u>-</u>	<u>-</u>

Investment in Finance Leases

Additions during the year at cost	-	5,507	-	-
Rents receivable in the year	<u>9,355</u>	<u>21,744</u>	<u>-</u>	<u>-</u>

NOTES (continued)

14. CREDITORS – Amounts Falling Due Within One Year

	GROUP		COMPANY	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Trade creditors	31	135	-	-
Bank loans and overdrafts	5,906	8,865	-	-
Tax payable	680	2,274	-	-
Accruals and deferred income	7,025	7,705	-	-
Deposits from lessees	1,241	1,678	-	-
Maintenance reserves	10,016	8,245	-	-
Other creditors	424	1,026	-	-
Amounts owed to:				
subsidiary undertakings	-	-	8,179	5,729
related parties	2,241	6,056	-	-
	<u>27,564</u>	<u>35,984</u>	<u>8,179</u>	<u>5,729</u>

15. CREDITORS – Amounts Falling Due After More Than One Year

	GROUP		COMPANY	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Deposits from lessees	4,005	3,378	-	-
Maintenance reserves	17,069	22,590	-	-
Amounts owed to related parties	62,932	64,773	-	-
Bank loans and overdrafts falling due:				
between one and two years	-	148,037	-	-
between two and five years	295,234	91,449	-	-
	<u>379,240</u>	<u>330,227</u>	<u>-</u>	<u>-</u>

Maintenance reserves included above comprise:

	GROUP		COMPANY	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
At 1 January	30,835	37,240	-	-
Provided/received during the year	8,193	9,304	-	-
Paid out during the year	(5,786)	(2,972)	-	-
Released on disposal	(6,157)	(12,737)	-	-
At 31 December	<u>27,085</u>	<u>30,835</u>	<u>-</u>	<u>-</u>

NOTES (continued)

16. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION	GROUP		COMPANY	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
At 1 January	47,215	40,245	-	-
Amount charged to the profit and loss account	10,437	6,970	-	-
At 31 December	<u>57,652</u>	<u>47,215</u>	<u>-</u>	<u>-</u>
The analysis of the deferred tax provision is as follows:				
Accelerated capital allowances	69,277	60,495	-	-
Other timing differences	(11,625)	(13,280)	-	-
Potential liability	<u>57,652</u>	<u>47,215</u>	<u>-</u>	<u>-</u>

17. SHARE CAPITAL

	2004 US\$	2003 US\$
Authorised		
US\$1 'A' ordinary shares	100	100
US\$1 'B' ordinary shares	<u>100</u>	<u>100</u>
	<u>200</u>	<u>200</u>
Issued		
US\$1 'A' ordinary shares	100	100
US\$1 'B' ordinary shares	<u>100</u>	<u>100</u>
	<u>200</u>	<u>200</u>

18. CAPITAL RESERVE – non distributable

	2004 US\$000	2003 US\$000
Capital reserve	<u>42,708</u>	<u>42,708</u>

The Capital Reserve represents the difference between the nominal value of the Company's share capital and that of its direct subsidiaries in relation to the companies' merger, as described in Note 1.

NOTES (continued)**19. PROFIT AND LOSS ACCOUNT**

	GROUP US\$000	COMPANY US\$000
Balance at 1 January 2004	33,557	-
Transfer to reserves for the year		
Company	-	-
Group	5,477	-
Balance at 31 December 2004	39,034	-

20. OPERATING LEASE ANNUAL COMMITMENTS

	2004 US\$000	2003 US\$000
Leases which expire between two and four years	30	33

None of the commitments relate to land and buildings

21. RELATED PARTY TRANSACTIONS

In the course of normal operations, the Group has contracted on an arms length basis with subsidiary and joint venture undertakings of the Rolls-Royce Group and GATX group. The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the Financial Statements are summarised below:

	2004 US\$000	2003 US\$000
Sale of goods, services and fixed assets to	34,537	57,342
Purchase of goods, services and fixed assets from	24,541	48,560

22. CONTINGENT LIABILITIES

The Group and certain affiliates are party to loan facilities. The Group provides guarantees in respect of related parties of US\$321 million (2003: US\$329 million). The related parties guarantee the obligations of the Group under the loan facilities on a reciprocal basis.

NOTES (continued)**23. PENSION FUNDING**

The Group's employees, as disclosed in note 6, are members of one of two multi-employer defined benefits pension schemes; the Rolls-Royce Pension Fund or the Rolls-Royce Group Pension Scheme. As it is not possible to identify the share of underlying assets and liabilities relating to Alpha Partners Leasing Limited, in accordance with FRS17 Retirement Benefits, the scheme has been accounted for as a defined contribution scheme in these accounts.

The FRS 17 disclosure relating to the Rolls-Royce Pension Fund and the Rolls-Royce Group Pension Scheme is shown in note 30 in the 2004 Rolls-Royce Group plc accounts.

On this basis, the amounts of employer contributions for 2004 were US\$152,000 (2003: US\$99,000).

24. ULTIMATE HOLDING COMPANIES

Rolls-Royce Group 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 Group plc's consolidated Financial Statements can be obtained from 65 Buckingham Gate, London SW1E 6AT and those of GATX Corporation from 500 West Monroe, Chicago, IL60661-3676, Illinois, USA.

25. SUBSIDIARY UNDERTAKINGS as at 31 December 2004

NAME	COUNTRY OF CORPORATION	BUSINESS	INTEREST IN ORDINARY SHARES %
Alpha Leasing Limited	England	Holding company	100
Alpha Leasing (No.3) Limited	England	Holding company	100
Alpha Leasing (No.4) Limited	England	Holding company	100
Omega Leasing Limited	England	Leasing of engines	100
Omega Leasing (No.3) Limited	England	Leasing of engines	100
Omega Leasing (No.4) Limited	England	Leasing of engines	100
Rolls-Royce & Partners Finance Limited	England	Holding company	100
Rolls-Royce Engine Leasing (Labuan) Limited	Malaysia	Leasing of engines	100
RRPF Engine Leasing Limited	England	Leasing of engines	100
RRPF Engine Leasing (No.2) Limited	England	Leasing of engines	100