COMPANY NUMBER 4133746

ALPHA PARTNERS LEASING LIMITED

Annual Report

for the Year Ended 31 December 2008

Directors on 2nd June 2009:	M A Cowdry C F Glenn E Harkness R Lyons M N Morris A Shilston
Secretary:	D J Goma C H Jackson

Registered Office: 65 Buckingham Gate, London SW1E 6AT

REPORT OF THE DIRECTORS

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2008.

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 UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

PRINCIPAL ACTIVITIES

All of the Group's business involves the leasing of commercial aero and industrial engines.

REVIEW OF THE BUSINESS

The group's turnover increased marginally compared to the previous year. This was mainly due to growth in the group's lease engine portfolio partially offset by falling interest rates on variable leases.

The group opened the year with an engine lease portfolio of 122 aero engines and 26 industrial engines, and closed with 137 aero engines and an unchanged industrial engine portfolio. During the year the group acquired 21 engines and sold 6 engines. Monthly average net investment in the total engine portfolio (including both fixed assets and finance lease debtors) increased by approximately $82m year on year.

The principal risks and uncertainties facing the group are the risk of engines being off lease for extended periods and the risk of customer bankruptcy and resultant bad debts. These risks were successfully managed during the year with an average of 5 engines off lease during the year and no material bad debts arising.

The key source of finance within the group is a $525m syndicated revolving credit facility to which certain group companies and affiliates are party; the facility matures during December 2012. The subsidiary companies are financed by separate finance facilities. During the year the group acquired a further credit facility for $140m, which has subsequently been increased to $250m. The maturity date for this facility is December 2011.

REPORT OF THE DIRECTORS (continued)

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

FINANCIAL REVIEW

Results

The profit before taxation of the Group was US$40,701,000 (2007: US$33,058,000).

Proposed Transfer to Reserves and Payment of Dividend

The proposed transfer to reserves is US$9,076,000 (2007: US$10,525,000). The Directors declared interim dividends of US$109,500 per A and B ordinary shares (2007: US$95,000 per A and B ordinary shares). No further dividends are recommended. The total cost of dividends for 2008 is US$21,900,000 (2007: US$19,000,000).

DIRECTORATE

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

M A Cowdry
C G Freeman (resigned 28 April 2008)
C F Glenn
E Harkness (appointed 28 April 2008)
R C Lyons
M N Morris
A Shilston

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 (excluding creditors related to capital items) at 31 December 2008 represent 19 days of purchases (2007: 31 days).

REPORT OF THE DIRECTORS (continued)

AUDITORS & ANNUAL GENERAL MEETINGS

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

C H Jackson
Secretary
2nd June 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA PARTNERS LEASING LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Alpha Partners Leasing Limited for the year ended 31 December 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page number 2.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company'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.

AUDITORS' REPORT (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London, EC4Y 8BB

London
2nd June 2009

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 US$000	2007 US$000
Turnover	2	96,901	96,515
Cost of sales		(37,093)	(31,079)
Gross profit		59,808	65,436
General and administrative costs		(3,429)	(3,840)
Operating profit		56,379	61,596
Profit on sale of fixed assets		8,710	657
Profit on ordinary activities before interest		65,089	62,253
Net interest payable	4	(24,388)	(29,195)
Profit on ordinary activities before taxation	3	40,701	33,058
Taxation	7	(9,725)	(3,533)
Profit for the financial year		30,976	29,525

The notes on pages 10 to 19 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 for the financial year" a profit of US$21,900,000 (2007: US$19,000,000) has been dealt with in the profit and loss account of the Company. In both 2007 and 2008 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 2008

	Notes	GROUP 2008 US$000	GROUP 2007 US$000	COMPANY 2008 US$000	COMPANY 2007 US$000
Fixed assets					
Tangible assets	9	821,355	696,843	-	-
Current assets					
Stock	11	1,426	5,471	-	-
Debtors: amounts falling due within one year	12	16,926	30,725	16,115	14,159
Debtors: amounts falling due after more than one year	13	2,128	18,241	-	-
Cash at bank and in hand		876	420	-	-
		21,356	54,857	16,115	14,159
Creditors: amounts falling due within one year	14	(27,255)	(85,316)	(16,115)	(14,159)
Net current liabilities		(5,899)	(30,459)	-	-
Total assets less current liabilities		815,456	666,384	-	-
Creditors: amounts falling due after more than one year	15	(612,225)	(482,061)	-	-
Provisions for liabilities and charges	16	(88,267)	(78,435)	-	-
Net assets		114,964	105,888	-	-
Capital and reserves					
Called up share capital	17	-	-	-	-
Capital reserve	18	42,708	42,708	-	-
Profit and loss account	19	72,256	63,180	-	-
Equity shareholders' funds		114,964	105,888	-	-

The Financial Statements were approved by the Board of Directors on 2nd June 2009 and were signed on its behalf by:

.... **M N Morris**
Director

The notes on pages 10 to 19 form part of these Financial Statements.

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 US$000	2007 US$000
Reconciliation of operating profit to operating cash flows		
Operating profit	56,379	61,596
Depreciation charges	35,313	31,024
Decrease / (increase) in stock	4,045	(5,416)
Decrease in debtors	29,912	7,351
Increase in creditors	898	15,184
Net cash inflow from operating activities	126,547	109,739
Returns on investment and servicing of finance		
Interest received	88	101
Interest paid	(25,712)	(27,524)
Net cash outflow from returns on investment and servicing of finance	(25,624)	(27,423)
Taxation	107	-
Capital expenditure		
Purchase of tangible fixed assets	(182,836)	(125,105)
Disposal of tangible fixed assets	24,984	2,474
Net cash outflow for capital expenditure and financial investments	(157,852)	(122,631)
Equity dividends paid	(21,900)	(19,000)
Cash outflow before financing	(78,722)	(59,315)
Financing		
(Decrease) / increase in borrowings due within one year	(33,704)	29,250
Increase in borrowings due after one year	115,169	31,493
Decrease in loans from related parties	(2,287)	(2,129)
Net cash inflow from financing	79,178	58,614
Increase / (decrease) in cash in the period	456	(701)
Reconciliation of net cash flow to movement in net debt		
Increase / (decrease) in cash in the period	456	(701)
Cash flow from movement in borrowings	(79,178)	(58,614)
Movement in net debt in the period	(78,722)	(59,315)
Net debt at 1 January	(484,710)	(425,395)
Net debt at 31 December	(563,432)	(484,710)

ANALYSIS OF NET DEBT

	At beginning of year US$000	Cashflow US$000	At end of year US$000
Cash in hand, at bank	420	456	876
Loan from related parties	(59,051)	2,287	(56,764)
Debt due within one year	(35,118)	33,704	(1,414)
Debt due after more than one year	(390,961)	(115,169)	(506,130)
Total	(484,710)	(78,722)	(563,432)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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.

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.

The Group Financial Statements have been prepared on a going concern basis, notwithstanding net current liabilities of US$5,899,000 as at 31 December 2008.

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.

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 2008.

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:

NOTES (continued)

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

Stock

Stock is stated at the lower of cost and net realisable value

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

2008	Operating Lease Rentals	Finance Lease Rentals	Fees and other income	Spare Parts Sales	Total
United Kingdom	40,548	109	648	31	41,336
Rest of Europe	8,255	383	-	-	8,638
USA	5,463	937	-	-	6,400
Canada	2,832	-	-	-	2,832
South America	7,860	-	-	-	7,860
Asia	29,835	-	-	-	29,835
	94,793	1,429	648	31	96,901

2007	Operating Lease Rentals US$000	Finance Lease Rentals US$000	Fees and other income US$000	Spare Parts Sales US$000	Total US$000
United Kingdom	42,844	268	852	622	44,586
Rest of Europe	9,211	524	-	-	9,735
USA	3,951	1,691	-	-	5,642
Canada	3,168	-	-	-	3,168
South America	6,841	-	-	-	6,841
Asia	26,543	-	-	-	26,543
	92,558	2,483	852	622	96,515

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

	2008 US$000	2007 US$000
After charging:		
Depreciation of owned tangible fixed assets	35,313	31,024
Realised exchange (gains)/losses	(184)	8
Operating lease rentals payable – hire of plant and equipment	8	4
Auditors' remuneration – audit fee	89	116

4. GROUP NET INTEREST PAYABLE

	2008 US$000	2007 US$000
Interest payable on:		
Bank loans and overdrafts	19,937	24,341
Loans from related parties	4,064	4,220
Other borrowings	475	735
	24,476	29,296
Interest receivable	(88)	(101)
Group net interest payable	24,388	29,195

5. EMOLUMENTS OF DIRECTORS

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

6. EMPLOYEE INFORMATION

	2008 US$000	2007 US$000
Employment costs		
Salaries	2,128	2,337
Social security costs	169	255
Other pension costs	173	215
	2,470	2,807
Average number of employees during the year	17	20

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

	2008 US$000	2007 US$000
Current tax:		
Adjustment in respect of prior years	(107)	-
Deferred tax: origination and reversal of timing differences at 28%		
In respect of current year	11,039	9,054
Adjustment in respect of prior periods	(1,207)	(601)
Adjustment in respect of reduction in tax rate	-	(4,920)
	9,725	3,533
Reconciliation of Tax Charge:		
Profit on ordinary activities before tax	40,701	33,058
Nominal charge at UK corporate tax rate of 28.5% (2007: 30%)	11,600	9,917
Expenses not deductible for tax purposes	53	71
Income not taxable	(415)	(269)
Capital allowances for period in excess of depreciation	(11,750)	(13,798)
Utilisation of brought forward losses	709	4,744
Adjustment to prior years	(107)	
Tax differential on timing differences in period	(197)	(665)
Current tax	(107)	-

8. DIVIDENDS – Ordinary Shares

	2008 US$000	2007 US$000
US$109,500 per A share (2007: US$95,000 per A share)	10,950	9,500
US$109,500 per B share (2007: US$95,000 per B share)	10,950	9,500
	21,900	19,000

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 2008	837,883	538	838,421
Additions	182,836	-	182,836
Disposals	(30,463)	-	(30,463)
Cost at 31 December 2008	990,256	538	990,794
Depreciation at 1 January 2008	141,119	459	141,578
Provided during the year	35,295	18	35,313
Released on disposals	(7,452)	-	(7,452)
Depreciation at 31 December 2008	168,962	477	169,439
Net book values			
at 31 December 2008	821,294	61	821,355
at 31 December 2007	696,764	79	696,843

1 The cost of assets held for use in operating leases includes maintenance reserves of US$1,171,208 (2007: US$1,416,208) as explained in Note 1.

	GROUP		COMPANY	
	2008 US$000	2007 US$000	2008 US$000	2007 US$000
Capital expenditure commitments:				
Contracted but not provided for	108,616	30,606	-	-

Capital commitments will be funded from the Group's two revolving credit facilities.

10. INVESTMENTS – Subsidiary Undertakings

Company	2008 US$	2007 US$
Shares at cost	200	200

11. STOCK

	GROUP		COMPANY	
	2008 US$000	2007 US$000	2008 US$000	2007 US$000
Spare parts held for engine repairs	1,426	5,471	-	-

NOTES (continued)

12. DEBTORS – Amounts Falling Due Within One Year

	GROUP		COMPANY	
	2008 US$000	2007 US$000	2008 US$000	2007 US$000
Finance lease receivables	2,778	4,047	-	-
Engine pre-delivery payments	2,989	17,291	-	-
Trade debtors	3,021	1,121	-	-
Other debtors	15	46	-	-
Prepayments and accrued income	448	557	-	-
Amounts owed by:				
subsidiary undertakings	-	-	16,115	14,159
related parties	7,675	7,663	-	-
	16,926	30,725	16,115	14,159

13. DEBTORS – Amounts Falling Due After One Year

	GROUP		COMPANY	
	2008 US$000	2007 US$000	2008 US$000	2007 US$000
Finance lease receivables	309	16,236	-	-
Trade debtors	83	269	-	-
Amounts owed by related parties	1,736	1,736	-	-
	2,128	18,241	-	-

Investment in Finance Leases

Rents receivable in the year	5,197	6,053	-	-

NOTES (continued)

14. CREDITORS – Amounts Falling Due Within One Year

	GROUP		COMPANY	
	2008 US$000	2007 US$000	2008 US$000	2007 US$000
Trade creditors	109	2,944	-	-
Bank loans and overdrafts	1,414	35,118	-	-
Accruals and deferred income	14,024	15,897	-	-
Deposits from lessees	2,501	1,871	-	-
Maintenance reserves	5,717	26,707	-	-
Other creditors	838	270	-	-
Amounts owed to:				
subsidiary undertakings	-	-	16,115	14,159
related parties	2,652	2,509	-	-
	27,255	85,316	16,115	14,159

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

	GROUP		COMPANY	
	2008 US$000	2007 US$000	2008 US$000	2007 US$000
Deposits from lessees	8,217	8,063	-	-
Maintenance reserves	43,766	26,480	-	-
Amounts owed to related parties falling due:				
between one and two years	42,948	2,495	-	-
between two and five years	11,164	54,062	-	-
Bank loans and overdrafts falling due:				
between one and two years	5,229	4,185	-	-
between two and five years	500,901	386,776	-	-
	612,225	482,061	-	-

The related party borrowings above were obtained during 2001 in order to purchase the fixed assets of the Company; the loan is secured against those assets.

Maintenance reserves included above comprise:

	GROUP		COMPANY	
	2008 US$000	2007 US$000	2008 US$000	2007 US$000
At 1 January	53,187	39,633	-	-
Provided/received during the year	17,132	16,402	-	-
Paid out during the year	(13,551)	(473)	-	-
Released on disposal	(7,285)	(2,375)	-	-
At 31 December	49,483	53,187	-	-

NOTES (continued)

16. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION	GROUP 2008 US$000	GROUP 2007 US$000	COMPANY 2008 US$000	COMPANY 2007 US$000
At 1 January	78,435	74,902	-	-
Amount charged to the profit and loss account	9,832	3,533	-	-
At 31 December	88,267	78,435	-	-

The analysis of the deferred tax provision is as follows:

	GROUP 2008 US$000	GROUP 2007 US$000	COMPANY 2008 US$000	COMPANY 2007 US$000
Accelerated capital allowances	109,335	98,695	-	-
Accumulated losses carried forward	(21,068)	(20,260)	-	-
Provision	88,267	78,435	-	-

17. SHARE CAPITAL

	2008 US$	2007 US$
Authorised		
US$1 'A' ordinary shares	100	100
US$1 'B' ordinary shares	100	100
	200	200
Issued		
US$1 'A' ordinary shares	100	100
US$1 'B' ordinary shares	100	100
	200	200

18. CAPITAL RESERVE – non distributable

	2008 US$000	2007 US$000
Capital reserve	42,708	42,708

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.

NOTES (continued)

19. PROFIT AND LOSS ACCOUNT

	GROUP US$000	COMPANY US$000
Balance at 1 January 2008	63,180	-
Transfer to reserves for the year		
Company	-	-
Group	9,076	-
Balance at 31 December 2008	72,256	-

20. 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 Rolls-Royce Group plc. The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the Financial Statements are summarised below:

	2008 US$000	2007 US$000
Sale of goods, services and fixed assets	52,339	37,304
Purchase of goods, services and fixed assets	143,739	111,287

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	2008 US$000	2007 US$000	2008 US$000	2007 US$000
Profit for the financial year	30,976	29,525	21,900	19,000
Dividends	(21,900)	(19,000)	(21,900)	(19,000)
Net addition to shareholders' funds	9,076	10,525	-	-
Opening Shareholders' funds	105,888	95,363	-	-
Closing Shareholders' funds	114,964	105,888	-	-

22. CONTINGENT LIABILITIES

The Group and certain affiliates are party to loan facilities. The Group provides guarantees in respect of related parties of US$276 million (2007: US$300 million). The related parties guarantee the obligations of the Group under the loan facilities on a reciprocal basis.

NOTES (continued)

23. PENSION FUNDING

The Company'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. The assets of the schemes are held in separate funds administered by trustees and invested in them independently of the finances of the Group. The schemes are funded by annual contributions from:

a) the company
b) scheme members.

As it is not possible to identify the share of underlying assets and liabilities relating to Rolls-Royce & Partners Finance Limited, in accordance with FRS17 Retirement Benefits, the scheme has been accounted for as a defined contribution scheme in these accounts.

On this basis, the amounts of employer contributions for 2008 were US$173,000 (2007: US$215,000).

The FRS17 disclosure related to the schemes is given in the group financial statements of Rolls-Royce Group plc.

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 222 West Adams St, Chicago, IL60606-5314, Illinois, USA.

25. SUBSIDIARY UNDERTAKINGS as at 31 December 2008

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