
ALPHA PARTNERS LEASING LIMITED

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

THURSDAY



A2CV7W5S

A07

18/07/2013

#331

COMPANIES HOUSE

ALPHA PARTNERS LEASING LIMITED

COMPANY INFORMATION

DIRECTORS	M A Garrett C F Glenn E Harkness R C Lyons M N Morris M S Thompson (appointed 1 January 2012)
COMPANY SECRETARIES	B A Peacock D J Goma
COMPANY NUMBER	4133746
REGISTERED OFFICE	65 Buckingham Gate London England SW1E 6AT

ALPHA PARTNERS LEASING LIMITED

CONTENTS

	Page
Directors' Report	1 - 3
Independent Auditor's Report to the Members of Alpha Partners Leasing Limited	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Consolidated Cash Flow Statement	8
Notes to the Financial Statements	9 - 25

ALPHA PARTNERS LEASING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group 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 Group and 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 the Group 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 Group 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

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

BUSINESS REVIEW

The Group increased its turnover by 16.5% compared to the previous year. This was mainly due to growth in the Group's lease engine portfolio.

The Group opened the year with an engine lease portfolio of 176 engines, and closed with 180 engines. During the year, the Group acquired 22 engines and sold 18 engines. Monthly average net investment in the engine portfolio (including both fixed assets and finance lease debtors) increased by approximately US\$249 million 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.

ALPHA PARTNERS LEASING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The key sources of finance for the Group are three syndicated revolving credit facilities to which the Company and certain affiliates are party. The facility amounts are for US\$350 million each and they mature in May 2014, May 2015 and May 2016 respectively.

During the year, the Group received a bank loan which matures over a six year period, starting 25 June 2012 and ending 12 April 2018. Interest is payable over the duration of the loan on a quarterly basis at a rate of 3 month USD LIBOR + 1.75% per annum. Principal repayments of US\$1,130,000 per quarter are made over the duration of the loan, with a final payment of the remaining principal outstanding being made on 12 April 2018.

The Group also has loans from related parties. Further information on these related party loans is provided within the notes to the financial statements.

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.

RESULTS

The Group's profit for the year before taxation amounted to US\$57,725,000 (2011 - US\$51,746,000). Included within profit before taxation was an amount of US\$29,584,000 (2011 - US\$17,924,000) relating to profit on the sale of fixed assets.

The proposed transfer to reserves is US\$28,080,000 (2011 - US\$30,520,000). The Directors declared interim dividends for the year totalling US\$64,875 per 'A' and 'B' ordinary share (2011 - US\$85,500 per 'A' and 'B' ordinary share). They do not recommend payment of any further dividend. The total cost of dividends for the year is US\$25,950,000 (2011 - US\$17,100,000).

DIRECTORS

The Directors who served during the year were

M A Garrett
C F Glenn
E Harkness
R C Lyons
M N Morris
M S Thompson (appointed 1 January 2012)

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 and the Group'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 and the Group's auditor in connection with preparing its report and to establish that the Company and the Group'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.

ALPHA PARTNERS LEASING LIMITED

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

AUDITOR

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

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


B A Peacock
Secretary

Date 26 March 2013

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

We have audited the financial statements of Alpha Partners Leasing Limited for the year ended 31 December 2012, set out on pages 5 to 25. 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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2012 and of the Group's 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



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

26 March 2013

ALPHA PARTNERS LEASING LIMITED

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

	Note	2012 \$000	2011 \$000
Turnover	2	134,234	115,263
Cost of sales		(73,945)	(57,041)
Gross profit		60,289	58,222
Administrative expenses		(5,433)	(4,989)
Operating profit	3	54,856	53,233
Net profit on sale of tangible fixed assets		29,584	17,924
Profit on ordinary activities before interest		84,440	71,157
Interest receivable and similar income		2	61
Interest payable and similar charges	7	(26,717)	(19,472)
Profit on ordinary activities before taxation		57,725	51,746
Tax on profit on ordinary activities	8	(3,695)	(4,126)
Profit for the financial year	18	54,030	47,620

All amounts relate to continuing operations

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

The notes on pages 9 to 25 form part of these financial statements

ALPHA PARTNERS LEASING LIMITED
REGISTERED NUMBER: 4133746

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	\$000	2012 \$000	\$000	2011 \$000
Fixed assets					
Tangible assets	10		1,385,861		1,244,434
Current assets					
Debtors amounts falling due after more than one year	12	1,736		1,736	
Debtors amounts falling due within one year	12	24,512		18,507	
Cash at bank		5,354		15,007	
		<u>31,602</u>		<u>35,250</u>	
Creditors: amounts falling due within one year	13	<u>(58,957)</u>		<u>(42,639)</u>	
Net current liabilities			<u>(27,355)</u>		<u>(7,389)</u>
Total assets less current liabilities			<u>1,358,506</u>		<u>1,237,045</u>
Creditors: amounts falling due after more than one year	14		<u>(1,031,299)</u>		<u>(958,613)</u>
Provisions for liabilities					
Deferred tax	16		<u>(114,718)</u>		<u>(111,023)</u>
Net assets			<u>212,489</u>		<u>167,409</u>
Capital and reserves					
Called up share capital	17		-		-
Share premium account	18		17,000		-
Capital reserve	18		42,708		42,708
Profit and loss account	18		<u>152,781</u>		<u>124,701</u>
Shareholders' funds	19		<u>212,489</u>		<u>167,409</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2013



M A Garrett
Director

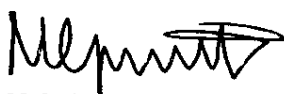
The notes on pages 9 to 25 form part of these financial statements

ALPHA PARTNERS LEASING LIMITED
REGISTERED NUMBER: 4133746

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	\$000	2012 \$000	\$000	2011 \$000
Fixed assets					
Investments	11		17,000		-
Current assets					
Debtors	12	21,942		21,181	
Cash at bank		9		-	
		<u>21,951</u>		<u>21,181</u>	
Creditors: amounts falling due within one year	13	<u>(21,942)</u>		<u>(21,181)</u>	
Net current assets			9		-
Net assets			<u>17,009</u>		<u>-</u>
Capital and Reserves					
Called up share capital	17		-		-
Share premium account	18		17,000		-
Profit and loss account	18		9		-
Shareholders' funds	19		<u>17,009</u>		<u>-</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2013



M A Garrett
Director

The notes on pages 9 to 25 form part of these financial statements

ALPHA PARTNERS LEASING LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$000	2011 \$000
Net cash flow from operating activities	22	150,057	114,595
Returns on investments and servicing of finance	23	(21,432)	(16,613)
Capital expenditure and financial investment	23	(183,257)	(242,391)
Equity dividends paid		(25,950)	(17,100)
Cash outflow before financing		(80,582)	(161,509)
Financing	23	70,929	151,883
Decrease in cash in the year		(9,653)	(9,626)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 \$000	2011 \$000
Decrease in cash in the year	(9,653)	(9,626)
Cash inflow from increase in debt and lease financing	(53,929)	(151,883)
Change in net debt resulting from cash flows	(63,582)	(161,509)
Other non-cash changes	(2,287)	(2,695)
Movement in net debt in the year	(65,869)	(164,204)
Net debt at 1 January	(872,444)	(708,240)
Net debt at 31 December	(938,313)	(872,444)

The notes on pages 9 to 25 form part of these financial statements

ALPHA PARTNERS LEASING LIMITED

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The Group financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Basis of consolidation

The financial statements consolidate the accounts of Alpha Partners Leasing Limited and all of its subsidiary undertakings made up to 31 December 2012

The results of subsidiaries acquired during the year are included from the effective date of acquisition

1.3 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 the Company will be required to make a payment under the guarantee

1.4 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of US\$27,355,000 as at 31 December 2012

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

1.5 Functional and presentational currency

The financial statements are presented in US Dollars as the Company conducts its principal activities in US Dollars and therefore recognises US Dollars as its functional currency

1.6 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date at which they occurred. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the rate ruling at the year-end. Exchange differences, including those arising from currency conversions in the usual course of trading, are taken into account in determining profit on ordinary activities before taxation

1.7 Turnover

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

ALPHA PARTNERS LEASING LIMITED

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

1. ACCOUNTING POLICIES (continued)

1.8 Income from finance leases

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

1.9 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

Engines

The lesser of

- i) the period up to the 25th anniversary of the engine first being delivered to an airline, or purchased for lease by the Company, and
- ii) the anticipated useful life of the airframe for which the engine is designed

Fixtures & Fittings

Five years

1.10 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

1.11 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

1.12 Investments

Investments in subsidiary companies are stated at cost

1.13 Stock

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

1.14 Interest

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

ALPHA PARTNERS LEASING LIMITED

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

1. ACCOUNTING POLICIES (continued)

1.15 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

1.16 Financial instruments

The Group enters into interest rate swap agreements, primarily to hedge the impact of movements in 6-month USD LIBOR. As the Group has not adopted FRS 26, it need not give the disclosure requirements in FRS 25. The fair value of interest rate swaps is not recognised within the financial statements. The net interest payable or receivable in relation to interest rate swaps is recognised within the interest cost for the year.

2. TURNOVER

An analysis of turnover by destination is as follows

	2012 \$000	2011 \$000
United Kingdom	33,913	27,131
Rest of Europe	32,959	14,161
USA	6,666	6,471
Canada	1,983	2,609
South America	3,354	7,319
Asia	55,359	57,572
	<u>134,234</u>	<u>115,263</u>

An analysis of turnover by type is as follows

	2012 \$000	2011 \$000
Operating lease rentals	131,697	114,874
Fees income	2,484	-
Finance lease rentals	-	355
Spare parts sales	53	34
	<u>134,234</u>	<u>115,263</u>

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

ALPHA PARTNERS LEASING LIMITED

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

3. OPERATING PROFIT

The operating profit is stated after charging

	2012 \$000	2011 \$000
Depreciation of tangible fixed assets		
- owned by the group	58,635	47,029
Operating lease rentals		
- hire of other assets	6,211	5,947
- hire of plant and equipment	10	10
Realised exchange differences	16	29
	<u> </u>	<u> </u>

4. AUDITORS' REMUNERATION

	2012 \$000	2011 \$000
Parent company	10	10
Subsidiary companies	104	102
	<u> </u>	<u> </u>

5. DIRECTORS' REMUNERATION

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

6. STAFF COSTS

Staff costs were as follows

	2012 \$000	2011 \$000
Wages and salaries	2,436	2,087
Social security costs	215	203
Other pension costs	135	131
	<u> </u>	<u> </u>
	<u>2,786</u>	<u>2,421</u>

The average monthly number of employees during the year was as follows

	2012	2011
	13	11
	<u> </u>	<u> </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

ALPHA PARTNERS LEASING LIMITED

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

7. INTEREST PAYABLE

	2012 \$000	2011 \$000
On bank loans and overdrafts	24,689	17,412
On loans from related parties	1,982	2,033
Other interest payable	46	27
	<u>26,717</u>	<u>19,472</u>

8. TAXATION

	2012 \$000	2011 \$000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	-	-
Deferred tax: Origination and reversal of timing differences		
In respect of year	13,859	13,978
In respect of prior periods	(187)	(970)
In respect of reduction in tax rate	(9,977)	(8,882)
Total deferred tax (see note 16)	<u>3,695</u>	<u>4,126</u>
Tax on profit on ordinary activities	<u>3,695</u>	<u>4,126</u>

Factors affecting tax charge for the year

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

	2012 \$000	2011 \$000
Profit on ordinary activities before tax	<u>57,725</u>	<u>51,746</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	14,143	13,713
Effects of:		
Expenses not deductible for tax purposes	-	8
Capital allowances for year in excess of depreciation	(24,049)	(27,314)
Balancing charge on disposals	-	6,866
Net movement in unutilised tax losses	10,191	6,470
Income not taxable	(563)	-
Tax rate differential	278	257
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

ALPHA PARTNERS LEASING LIMITED

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

8 TAXATION (continued)

Factors that may affect future tax charges

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

As the rate change to 23 per cent was substantively enacted prior to the year end, the closing deferred tax liability has been restated accordingly and the resulting credit has been recognised in the P&L. Had the other tax rate changes been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax liability as at 31 December 2012 by \$9,977,000.

9. DIVIDENDS

	2012 \$000	2011 \$000
'A' ordinary		
Dividends for the year US\$64,875 per 'A' ordinary share (2011 - US\$85,500 per 'A' ordinary share)	12,975	8,550
'B' ordinary		
Dividends for the year US\$64,875 per 'B' ordinary share (2011 - US\$85,500 per 'B' ordinary share)	12,975	8,550
	<u>25,950</u>	<u>17,100</u>

ALPHA PARTNERS LEASING LIMITED

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

10. TANGIBLE FIXED ASSETS

Group	Assets held for use in operating leases \$000	Engine pre- delivery payments \$000	Spare parts \$000	Fixtures and fittings \$000	Total \$000
Cost					
At 1 January 2012	1,455,728	32,067	6,784	538	1,495,117
Additions	229,925	8,923	-	-	238,848
Disposals	(66,708)	-	-	-	(66,708)
Transfer between classes	36,171	(29,387)	(6,784)	-	-
At 31 December 2012	1,655,116	11,603	-	538	1,667,257
Depreciation					
At 1 January 2012	250,161	-	-	522	250,683
Charge for the year	58,625	-	-	10	58,635
On disposals	(27,922)	-	-	-	(27,922)
At 31 December 2012	280,864	-	-	532	281,396
Net book value					
At 31 December 2012	1,374,252	11,603	-	6	1,385,861
At 31 December 2011	1,205,567	32,067	6,784	16	1,244,434

11. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies \$000
Cost or valuation	
At 1 January 2012	-
Additions	17,000
At 31 December 2012	17,000
Net book value	
At 31 December 2012	17,000
At 31 December 2011	-

ALPHA PARTNERS LEASING LIMITED

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

11. FIXED ASSET INVESTMENTS (continued)

In May 2012, the Company invested \$2,500,000 in a subsidiary company, Alpha Leasing (No 4) Limited, acquiring a further 100 ordinary shares of \$1 each, at a premium of \$24,999 per share

During the year, the Company also invested \$14,500,100 in a newly incorporated subsidiary company, Alpha Leasing (No 9) Limited. 100 ordinary shares were acquired on Alpha Leasing (No 9) Limited's incorporation in May 2012 at par value. A further 100 ordinary shares were acquired during June 2012 at a premium of \$144,999 per share

12. DEBTORS

	Group		Company	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Due after more than one year				
Other debtors	1,736	1,736	-	-

	Group		Company	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Due within one year				
Trade debtors	8,925	11,644	-	-
Amounts owed by group undertakings	-	-	21,942	21,181
Finance lease debtors	2,220	-	-	-
Amounts owed by related parties	4,453	5,217	-	-
Other debtors	1	121	-	-
Prepayments and accrued income	8,913	1,525	-	-
	24,512	18,507	21,942	21,181

Investment in Finance Leases

	Group		Company	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Rents received in the year	-	355	-	-

ALPHA PARTNERS LEASING LIMITED

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

**13. CREDITORS:
Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Bank loans and overdrafts	4,320	12,114	-	-
Loans from group undertakings	-	-	21,942	21,181
Loans from related parties	4,839	3,001	-	-
Deposits from lessees	1,432	2,246	-	-
Trade creditors	597	219	-	-
Amounts owed to related parties	-	1,644	-	-
Maintenance reserves	20,215	10,152	-	-
Other creditors	5,733	567	-	-
Accruals and deferred income	21,821	12,696	-	-
	<u>58,957</u>	<u>42,639</u>	<u>21,942</u>	<u>21,181</u>

**14. CREDITORS:
Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Bank loans	863,793	823,228	-	-
Loans from related parties	70,714	49,108	-	-
Deposits from lessees	8,617	7,751	-	-
Maintenance reserves	88,175	78,526	-	-
	<u>1,031,299</u>	<u>958,613</u>	<u>-</u>	<u>-</u>

Included within the above are amounts falling due as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Between one and two years				
Bank loans	333,189	-	-	-
Other loans	5,154	2,594	-	-
Between two and five years				
Bank loans	450,401	823,228	-	-
Other loans	51,626	7,782	-	-
Over five years				
Bank loans	80,203	-	-	-
Other loans	13,935	38,732	-	-

ALPHA PARTNERS LEASING LIMITED

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

14. CREDITORS:

Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	Group		Company	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Repayable by instalments	94,139	38,732	-	-

The above borrowings were obtained in order to purchase the fixed assets of the Group. The loans are secured against the Company's share in its subsidiary undertaking and against those fixed assets purchased.

Loans from related parties relate to three loans. The first 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 \$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.

The second loan matures over a seven year period, starting 12 December 2012 and ending 12 July 2019, with interest being payable on a quarterly basis at a coupon interest rate of 2.26% per annum. Principal repayments of \$220,000 per quarter are made over the duration of the loan, with a final payment of the remaining principal outstanding being made on 12 July 2019.

The final loan matures over a ten year period, starting 12 December 2012 and ending 12 October 2022, with interest being payable on a quarterly basis at a coupon interest rate of 2.88% per annum. Variable quarterly principal repayments are made over the duration of the loan, with a final payment of the remaining principal outstanding being made on 12 October 2022.

Maintenance reserves included above comprise

	Group		Company	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
At beginning of year	88,678	79,371	-	-
Provided/received during the year	45,159	28,213	-	-
Paid out during the year	(12,188)	(9,109)	-	-
Released on disposals	(13,259)	(9,797)	-	-
At end of year	108,390	88,678	-	-

ALPHA PARTNERS LEASING LIMITED

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

15. FINANCIAL INSTRUMENTS

The Group has derivative financial instruments that it has not recognised at fair value. An amortising profile of floating interest rate borrowings, starting at US\$399 million, has been swapped to fixed rates using interest rate swaps maturing in 2022. The swaps receive interest at a variable rate equal to 6-month USD LIBOR and require payment of interest at a fixed rate of 1.613125%.

The Group has not adopted FRS 26 which would require the derivative financial instruments to be recognised at fair value. Had FRS 26 been adopted, the Group could have designated the hedging relationship as a cash flow hedge. At inception of the interest rate swap, the Group concluded that the hedge would be effective on a prospective basis and no ineffectiveness was identified. On this basis, the Group would have recognised a fair value loss on the interest rate swap of US\$10.4 million for the year through hedging reserves.

16. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Provision at beginning of year	111,023	106,897	-	-
Charge for the year	3,695	4,126	-	-
Provision at end of year	<u>114,718</u>	<u>111,023</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Accelerated capital allowances	142,271	144,052	-	-
Accumulated losses carried forward	(27,553)	(33,029)	-	-
	<u>114,718</u>	<u>111,023</u>	<u>-</u>	<u>-</u>

17. SHARE CAPITAL

	2012 \$	2011 \$
Authorised, allotted, called up and fully paid		
200 (2011 - 100) 'A' ordinary shares of \$1 each	200	100
200 (2011 - 100) 'B' ordinary shares of \$1 each	200	100
	<u>400</u>	<u>200</u>

ALPHA PARTNERS LEASING LIMITED

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

17. SHARE CAPITAL (continued)

During May 2012, the Company issued 50 'A' ordinary shares of \$1 each and 50 'B' ordinary shares of \$1 each, at a premium of \$24,999 per share

In June 2012, the Company issued a further 50 'A' ordinary shares of \$1 each and 50 'B' ordinary shares of \$1 each, at a premium of \$144,999 per share

18. RESERVES

Group	Share premium account \$000	Capital reserve \$000	Profit and loss account \$000
At 1 January 2012	-	42,708	124,701
Profit for the year	-	-	54,030
Dividends Equity capital	-	-	(25,950)
Premium on shares issued during the year	17,000	-	-
	<u>17,000</u>	<u>42,708</u>	<u>152,781</u>
At 31 December 2012	<u>17,000</u>	<u>42,708</u>	<u>152,781</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

Company	Share premium account \$000	Profit and loss account \$000
Profit for the year	-	25,959
Dividends Equity capital	-	(25,950)
Premium on shares issued during the year	17,000	-
	<u>17,000</u>	<u>9</u>
At 31 December 2012	<u>17,000</u>	<u>9</u>

ALPHA PARTNERS LEASING LIMITED

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

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 \$000	2011 \$000
Group		
Opening shareholders' funds	167,409	136,889
Profit for the year	54,030	47,620
Dividends (Note 9)	(25,950)	(17,100)
Share premium on shares issued	17,000	-
	<u>212,489</u>	<u>167,409</u>
Closing shareholders' funds		
	<u>212,489</u>	<u>167,409</u>
	2012 \$000	2011 \$000
Company		
Opening shareholders' funds	-	-
Profit for the year	25,959	17,100
Dividends (Note 9)	(25,950)	(17,100)
Share premium on shares issued	17,000	-
	<u>17,009</u>	<u>-</u>
Closing shareholders' funds		
	<u>17,009</u>	<u>-</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account

The profit for the year dealt with in the accounts of the Company was US\$25,959,000 (2011 - US\$17,100,000) The Company profit on ordinary activities after taxation includes dividends received from subsidiaries of US\$25,950,000 (2011 - US\$17,100,000)

20. CAPITAL COMMITMENTS

At 31 December 2012 the Group and Company had capital commitments as follows

	Group		Company	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Contracted for but not provided in these financial statements	19,930	34,843	-	-

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

ALPHA PARTNERS LEASING LIMITED

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

21. OPERATING LEASE COMMITMENTS

The Group has entered into fixed term operating leases with a related party. The operating lease expense is payable on a monthly basis and is calculated based on a pre-determined formula with reference to LIBOR.

The Group had annual commitments under non-cancellable operating leases as follows:

	2012 \$000	2011 \$000
Operating leases which expire:		
After more than 5 years	6,241	6,183

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 \$000	2011 \$000
Operating profit	54,856	53,233
Depreciation of tangible fixed assets	58,635	47,029
Increase in debtors	(6,567)	(5,272)
Increase in creditors	43,133	19,605
Net cash inflow from operating activities	150,057	114,595

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 \$000	2011 \$000
Returns on investments and servicing of finance		
Interest received	2	62
Interest paid	(21,434)	(16,675)
Net cash outflow from returns on investments and servicing of finance	(21,432)	(16,613)
	2012 \$000	2011 \$000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(238,848)	(295,243)
Sale of tangible fixed assets	55,591	52,852
Net cash outflow from capital expenditure	(183,257)	(242,391)

ALPHA PARTNERS LEASING LIMITED

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

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2012 \$000	2011 \$000
Financing		
Issue of ordinary shares	17,000	-
New secured loans	155,971	821,854
Repayment of loans	(102,042)	(667,185)
Repayment of other loans	-	(2,786)
Net cash inflow from financing	<u>70,929</u>	<u>151,883</u>

24. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 \$000	Cash flow \$000	Other non-cash changes \$000	31 December 2012 \$000
Cash at bank and in hand	15,007	(9,653)	-	5,354
Debt:				
Debts due within one year	(15,115)	8,854	(2,898)	(9,159)
Debts falling due after more than one year	(872,336)	(62,783)	611	(934,508)
Net debt	<u>(872,444)</u>	<u>(63,582)</u>	<u>(2,287)</u>	<u>(938,313)</u>

The non-cash changes during the year relate to the amortisation of capitalised loan fees and the reclassification of amounts falling due within and after more than one year

ALPHA PARTNERS LEASING LIMITED

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

25. PENSION FUNDING

The Company's employees 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 Alpha Partners Leasing 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 total employer contributions for 2012 were US\$135,000 (2011 - US\$131,000).

The required disclosures related to the schemes are given in the group financial statements of Rolls-Royce Holdings PLC.

26. 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.

27. RELATED PARTY TRANSACTIONS

In the course of normal operations, the Group has contracted on an arm's length basis with subsidiary undertakings of Rolls-Royce Holdings plc. The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the financial statements are summarised below.

	2012 \$000	2011 \$000
Sale of goods, services and fixed assets	56,576	56,081
Purchase of goods, services and fixed assets	210,929	192,292

28. CONTINGENT LIABILITIES

The Group and certain affiliates are party to loan facilities. The Company provides guarantees in respect of related parties of US\$252 million (2011 - US\$207 million). The related parties guarantee the obligations of the Group under the loan facility on a reciprocal basis.

ALPHA PARTNERS LEASING LIMITED

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

29. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Alpha Leasing Limited	England	100%	Leasing of engines
Alpha Leasing (No 3) Limited	England	100%	Leasing of engines
Alpha Leasing (No 4) Limited	England	100%	Leasing of engines
Alpha Leasing (No 9) Limited	England	100%	Leasing of engines
Omega Leasing Limited	England	100%	Leasing of engines
Omega Leasing (No 3) Limited	England	100%	Leasing of engines
Omega Leasing (No 4) Limited	England	100%	Leasing of engines
Omega Leasing (No 9) Limited	England	100%	Leasing of engines
Rolls-Royce & Partners Finance Limited	England	100%	Leasing of engines
Rolls-Royce Engine Leasing (Labuan) Limited	Malaysia	100%	Leasing of engines
Rolls-Royce Engine Leasing (Labuan) (No 2) Limited	Malaysia	100%	Leasing of engines
RRPF Engine Leasing Limited	England	100%	Leasing of engines
RRPF Engine Leasing (No 2) Limited	England	100%	Leasing of engines
RRPF Engine Leasing (Singapore) PTE Limited	Singapore	100%	Leasing of engines