

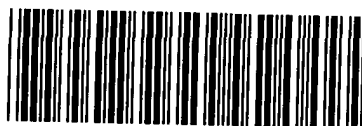
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**ALPHA PARTNERS LEASING LIMITED**

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**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

THURSDAY



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**ALPHA PARTNERS LEASING LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

M Brady (appointed 20 March 2014)  
M A Garrett  
C F Glenn  
D A Golden  
R C Lyons  
M N Morris (resigned 4 November 2014)

**COMPANY SECRETARIES**

B A Peacock  
Rolls-Royce Secretariat Limited

**REGISTERED NUMBER**

4133746

**REGISTERED OFFICE**

62 Buckingham Gate  
London  
England  
SW1E 6AT

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**ALPHA PARTNERS LEASING LIMITED**

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## ALPHA PARTNERS LEASING LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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The Directors present their Strategic Report for the Group for the year ended 31 December 2014.

#### BUSINESS REVIEW

All of the Group's business involves the leasing of commercial aero engines. The Group opened the year with an engine operating lease portfolio of 183 engines, and closed with 203 engines. During the year the Group acquired 24 engines and sold 4 engines. The Group also had an engine finance lease portfolio of 10 engines (2013 - 6 engines). Monthly average net investment in the engine portfolio (including both fixed assets and finance lease debtors) increased by approximately US\$251.7 million year on year.

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.

#### KEY PERFORMANCE INDICATORS

The Group has made progress throughout the year in relation to key elements of its strategy. The Board monitors the progress of the Group by reference to the following Key Performance Indicators ('KPIs'):

Key performance indicator	2014	2013
Number of engines in operating lease portfolio	203	183
Number of engines in finance lease portfolio	10	6
Net Book Value of assets held for use in operating leases at year end (US\$000)	1,733,703	1,474,374
Turnover (US\$000)	169,198	145,251
Profit on disposal of fixed assets (US\$000)	20,433	29,676
Profit before tax (US\$000)	81,346	69,545

The KPIs for the number of engines in operating lease portfolio and number of engines in finance lease portfolio are not defined in United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and are therefore non-UK GAAP measures.

#### PRINCIPAL RISKS AND UNCERTAINTIES

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.

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



M A Garrett  
Director

Date: 19 March 2015

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## **ALPHA PARTNERS LEASING LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

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The Directors present their report and the financial statements for the year ended 31 December 2014.

#### **RESULTS**

The Group's profit for the year before taxation amounted to US\$81,346,000 (2013 - US\$69,545,000). Included within profit before taxation was an amount of US\$20,433,000 (2013 - US\$29,676,000) relating to profit on the sale of fixed assets.

The proposed transfer to reserves is US\$43,092,000 (2013 - US\$52,198,000). The Directors declared interim dividends for the year totalling US\$42,200 per 'A' and 'B' ordinary share (2013 - US\$44,750 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\$21,100,000 (2013 - US\$17,900,000).

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.

#### **DIRECTORS**

The Directors who served during the year were:

M Brady (appointed 20 March 2014)  
M A Garrett  
C F Glenn  
D A Golden  
R C Lyons  
M N Morris (resigned 4 November 2014)

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

#### **DISCLOSURE 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 relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

#### **AUDITOR**

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

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**ALPHA PARTNERS LEASING LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

The Directors are responsible for preparing the Strategic Report, 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 Group and Parent Company 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 Group and Parent Company and of the profit or loss of the Group for that period. In preparing these Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent 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 Parent Company and Group and to prevent and detect fraud and other irregularities.

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



**M A Garrett**  
Director

Date: 19 March 2015

## **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 2014, set out on pages 5 to 28. 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 set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2014 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 Strategic Report and 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 LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

20 March 2015

**ALPHA PARTNERS LEASING LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 \$000	2013 \$000
<b>Turnover</b>	2	169,198	145,251
Cost of sales		(88,208)	(71,951)
<b>Gross profit</b>		80,990	73,300
Administrative expenses		(5,983)	(5,297)
Other operating income	3	10,282	-
<b>Operating profit</b>	4	85,289	68,003
Net profit on sale of tangible fixed assets		20,433	29,676
<b>Profit on ordinary activities before interest</b>		105,722	97,679
Interest receivable and similar income		1	1
Interest payable and similar charges	8	(24,377)	(28,135)
<b>Profit on ordinary activities before taxation</b>		81,346	69,545
Tax on profit on ordinary activities	9	(17,154)	553
<b>Profit for the financial year</b>	20	64,192	70,098

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 9 to 28 form part of these financial statements.

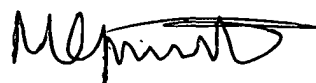


**ALPHA PARTNERS LEASING LIMITED**  
**REGISTERED NUMBER: 4133746**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

	Note	\$000	2014 \$000	\$000	2013 \$000
<b>Fixed assets</b>					
Tangible assets	11		1,738,789		1,481,106
<b>Current assets</b>					
Stocks	13	20,258		-	
Debtors: amounts falling due after more than one year	14	96,349		33,570	
Debtors: amounts falling due within one year	14	40,600		25,561	
Cash at bank		17,598		27,071	
		<u>174,805</u>		<u>86,202</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(72,690)</u>		<u>(80,881)</u>	
<b>Net current assets</b>			102,115		5,321
<b>Total assets less current liabilities</b>			1,840,904		1,486,427
<b>Creditors: amounts falling due after more than one year</b>	16		(1,371,305)		(1,107,575)
<b>Provisions for liabilities</b>					
Deferred tax	18		(131,319)		(114,165)
<b>Net assets</b>			<u>338,280</u>		<u>264,687</u>
<b>Capital and reserves</b>					
Called up share capital	19		1		-
Share premium account	20		47,500		17,000
Capital reserve	20		42,708		42,708
Profit and loss account	20		248,071		204,979
<b>Shareholders' funds</b>	21		<u>338,280</u>		<u>264,687</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 March 2015.



**M A Garrett**  
Director

The notes on pages 9 to 28 form part of these financial statements.

**ALPHA PARTNERS LEASING LIMITED**  
**REGISTERED NUMBER: 4133746**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

	Note	\$000	2014 \$000	\$000	2013 \$000
<b>Fixed assets</b>					
Investments	12		47,500		17,000
<b>Current assets</b>					
Debtors	14	20,453		20,452	
Cash at bank		9		9	
		<u>20,462</u>		<u>20,461</u>	
<b>Creditors:</b> amounts falling due within one year	15	<u>(20,452)</u>		<u>(20,452)</u>	
<b>Net current assets</b>			<u>10</u>		<u>9</u>
<b>Net assets</b>			<u>47,510</u>		<u>17,009</u>
<b>Capital and Reserves</b>					
Called up share capital	19		1		-
Share premium account	20		47,500		17,000
Profit and loss account	20		<u>9</u>		<u>9</u>
<b>Shareholders' funds</b>	21		<u>47,510</u>		<u>17,009</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 March 2015.



**M A Garrett**  
Director

The notes on pages 9 to 28 form part of these financial statements.

**ALPHA PARTNERS LEASING LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 \$000	2013 \$000
Net cash flow from operating activities	24	165,864	174,161
Returns on investments and servicing of finance	25	(19,967)	(28,791)
Capital expenditure and financial investment	25	(422,672)	(189,102)
Equity dividends paid		(21,100)	(17,900)
<b>Cash outflow before financing</b>		<b>(297,875)</b>	<b>(61,632)</b>
Financing	25	288,402	83,347
<b>(Decrease)/Increase in cash in the year</b>		<b>(9,473)</b>	<b>21,715</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 \$000	2013 \$000
(Decrease)/Increase in cash in the year	(9,473)	21,715
Cash inflow from increase in debt and lease financing	(257,902)	(83,347)
<b>Change in net debt resulting from cash flows</b>	<b>(267,375)</b>	<b>(61,632)</b>
Other non-cash changes	(2,794)	(3,846)
<b>Movement in net debt in the year</b>	<b>(270,169)</b>	<b>(65,478)</b>
Net debt at 1 January	(1,003,789)	(938,311)
<b>Net debt at 31 December</b>	<b>(1,273,958)</b>	<b>(1,003,789)</b>

The notes on pages 9 to 28 form part of these financial statements.

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## ALPHA PARTNERS LEASING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 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 UK Generally Accepted Accounting Standards.

##### 1.2 Basis of consolidation

The financial statements consolidate the financial statements of Alpha Partners Leasing Limited and all of its subsidiary undertakings made up to 31 December 2014.

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.

##### 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 Company will be required to make a payment under the guarantee.

##### 1.4 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.

##### 1.5 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.

##### 1.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of an asset to the lessee. All other leases are classified as operating leases.

Engines under the ownership of the Group but leased to customers under operating leases are capitalised. Engines on finance leases are not capitalised.

##### 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.

##### 1.8 Income from finance leases

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

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## ALPHA PARTNERS LEASING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 1. ACCOUNTING POLICIES (continued)

##### 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:

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.

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

##### Fixtures & Fittings

Fixtures & Fittings are depreciated on a straight line basis over 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 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.

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ALPHA PARTNERS LEASING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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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:

	2014 \$000	2013 \$000
United Kingdom	45,725	37,593
Rest of Europe	40,046	39,606
USA	6,430	7,962
Canada	1,098	1,111
Central and South America	5,784	3,859
Asia, Oceania and Africa	70,115	55,120
	<u>169,198</u>	<u>145,251</u>

An analysis of turnover by type is as follows:

	2014 \$000	2013 \$000
Operating lease rentals	164,124	143,411
Fees income	655	1,722
Finance lease rentals	4,029	112
Spare parts sales	390	6
Total	<u>169,198</u>	<u>145,251</u>

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

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**ALPHA PARTNERS LEASING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**3. OTHER OPERATING INCOME**

	2014 \$000	2013 \$000
Other operating income	10,282	-

Other operating income relates to the release of amounts previously held in the maintenance reserve for which the Group no longer has a liability.

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2014 \$000	2013 \$000
Depreciation of tangible fixed assets:		
- owned by the group	77,386	62,030
Operating lease rentals:		
- hire of other assets	6,265	6,221
- hire of plant and equipment	14	8
Realised exchange differences	83	14

During the year, no Director received any emoluments (2013 - \$NIL).

**5. AUDITORS' REMUNERATION**

	2014 \$000	2013 \$000
Fees payable to the Company's auditor and its associates in respect of the audit of the annual accounts of the:		
Parent company	20	10
Subsidiary companies statutory audit	147	129
Non-statutory audit services	20	30

The auditor's remuneration for statutory and non-statutory audit services relate solely to amounts paid to KPMG LLP.

**6. DIRECTORS' REMUNERATION**

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

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**ALPHA PARTNERS LEASING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**7. STAFF COSTS**

Staff costs were as follows:

	2014 \$000	2013 \$000
Wages and salaries	2,921	2,625
Social security costs	255	234
Other pension costs	169	155
	<u>3,345</u>	<u>3,014</u>

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

2014	2013
<u>15</u>	<u>14</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.

**8. INTEREST PAYABLE**

	2014 \$000	2013 \$000
On bank loans and overdrafts	8,070	23,951
On other loans	16,294	4,167
Other interest payable	13	17
	<u>24,377</u>	<u>28,135</u>

**9. TAXATION**

	2014 \$000	2013 \$000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	-	-
<b>Deferred tax:</b> Origination and reversal of timing differences		
In respect of year	16,275	16,049
In respect of prior periods	879	521
In respect of reduction in tax rate	-	(17,123)
<b>Total deferred tax</b> (see note 18)	<u>17,154</u>	<u>(553)</u>
<b>Tax on profit on ordinary activities</b>	<u>17,154</u>	<u>(553)</u>



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**ALPHA PARTNERS LEASING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**9. TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 \$000	2013 \$000
Profit on ordinary activities before tax	81,346	69,545
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	17,489	16,169
<b>Effects of:</b>		
Expenses not deductible for tax purposes	12	52
Capital allowances for year in excess of depreciation	(16,210)	(16,001)
Net movement in unutilised tax losses	(67)	(48)
Tax rate differential	(1,224)	(172)
<b>Current tax charge for the year (see note above)</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

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

**10. DIVIDENDS**

	2014 \$000	2013 \$000
<b>'A' ordinary</b>		
Dividends for the year: US\$42,200 per 'A' ordinary share (2013 - US\$44,750 per 'A' ordinary share).	10,550	8,950
<b>'B' ordinary</b>		
Dividends for the year: US\$42,200 per 'B' ordinary share (2013 - US\$44,750 per 'B' ordinary share).	10,550	8,950
	<u>21,100</u>	<u>17,900</u>

**ALPHA PARTNERS LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**11. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Assets held for use in operating leases \$000</b>	<b>Engine pre- delivery payments \$000</b>	<b>Fixtures and fittings \$000</b>	<b>Total \$000</b>
<b>Cost</b>				
At 1 January 2014	1,798,071	6,732	3	1,804,806
Additions	353,027	10,621	-	363,648
Disposals	(44,133)	(950)	-	(45,083)
Transfer between classes	11,317	(11,317)	-	-
At 31 December 2014	2,118,282	5,086	3	2,123,371
<b>Depreciation</b>				
At 1 January 2014	323,697	-	3	323,700
Charge for the year	77,386	-	-	77,386
On disposals	(16,504)	-	-	(16,504)
At 31 December 2014	384,579	-	3	384,582
<b>Net book value</b>				
At 31 December 2014	1,733,703	5,086	-	1,738,789
At 31 December 2013	1,474,374	6,732	-	1,481,106

During the year, assets with a value of US\$71,860,233 (2013 - US\$30,723,000) were acquired for the purpose of letting under finance leases. These assets were not capitalised and are therefore not included within the above table.

During the year, assets with cost US\$22,670,989 (2013 - US\$9,419,000) were disposed of as part of finance lease contracts. The accumulated depreciation on these engines was US\$5,973,361 (2013 - US\$4,283,000).

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**ALPHA PARTNERS LEASING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**12. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies \$000
<b>Company</b>	
<b>Cost or valuation</b>	
At 1 January 2014	17,000
Additions	30,500
	<hr/>
At 31 December 2014	47,500
	<hr/>
<b>Net book value</b>	
At 31 December 2014	47,500
	<hr/> <hr/>
At 31 December 2013	17,000
	<hr/> <hr/>

**13. STOCKS**

	<b>Group</b>		<b>Company</b>	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Spare parts	20,258	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ALPHA PARTNERS LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

14. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Due after more than one year</b>				
Trade debtors	-	1,105	-	-
Finance lease debtors	91,955	27,657	-	-
Group relief receivable	1,736	1,736	-	-
Other debtors	2,658	3,072	-	-
	<u>96,349</u>	<u>33,570</u>	<u>-</u>	<u>-</u>

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Due within one year</b>				
Trade debtors	8,467	11,200	-	-
Amounts owed by group undertakings	-	-	20,452	20,452
Finance lease debtors	13,009	7,317	-	-
Amounts owed by related parties	5,976	1,579	1	-
Other debtors	5,382	636	-	-
Prepayments and accrued income	7,766	4,829	-	-
	<u>40,600</u>	<u>25,561</u>	<u>20,453</u>	<u>20,452</u>

Investment in Finance Leases

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Gross rentals receivable in the year (including capital)	<u>23,793</u>	<u>3,419</u>	<u>-</u>	<u>-</u>

ALPHA PARTNERS LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

15. CREDITORS:

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Bank loans and overdrafts	9,120	4,320	-	-
Other loans (including loans from related parties)	5,158	5,153	-	-
Deposits from lessees	1,102	1,084	-	-
Trade creditors	758	561	-	-
Loans from group undertakings	-	-	20,452	20,452
Amounts owed to related parties	-	217	-	-
Maintenance reserves	29,491	43,272	-	-
Other creditors	3,028	2,040	-	-
Accruals and deferred income	24,033	24,234	-	-
	<u>72,690</u>	<u>80,881</u>	<u>20,452</u>	<u>20,452</u>

ALPHA PARTNERS LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

16. CREDITORS:

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Bank loans	547,305	286,976	-	-
Other loans (including loans from related parties)	729,973	734,410	-	-
Deposits from lessees	11,876	11,357	-	-
Maintenance reserves	82,151	74,832	-	-
	<u>1,371,305</u>	<u>1,107,575</u>	<u>-</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Between one and two years</b>				
Bank loans	10,793	4,320	-	-
Other loans (including loans from related parties)	5,162	5,158	-	-
	<u>15,955</u>	<u>9,478</u>	<u>-</u>	<u>-</u>
<b>Between two and five years</b>				
Bank loans	429,991	282,656	-	-
Other loans (including loans from related parties)	46,274	49,045	-	-
	<u>476,265</u>	<u>331,701</u>	<u>-</u>	<u>-</u>
<b>Over five years</b>				
Bank loans	106,521	-	-	-
Other loans (including loans from related parties)	678,536	680,207	-	-
	<u>785,057</u>	<u>680,207</u>	<u>-</u>	<u>-</u>

## ALPHA PARTNERS LEASING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

**16. CREDITORS:**  
**Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Repayable by instalments	22,166	11,357	-	-
Repayable other than by instalments	762,891	668,850	-	-
	<u>785,057</u>	<u>680,207</u>	<u>-</u>	<u>-</u>

Amounts repayable by installments is comprised of a related party loans of US\$9 million and bank loan of US\$13 million. Amounts repayable other than by installments is comprised of loan notes of US\$675 million, net of private placement loan fees of US\$5.2 million and interest rate swap fees of US\$0.2 million plus bank loan of US\$93 million. The details of the loans are described below;

The loan notes issued are in conjunction with an affiliated company totalling US\$700 million. The Group's share of these loan notes at 31 December 2014 was US\$675 million, comprised as follows:

- US\$99 million of 3.31% fixed rate loan notes maturing October 2020.
- US\$93 million of 3.99% fixed rate loan notes maturing October 2023.
- US\$143 million of 6-month USD LIBOR + 1.06875% variable rate loan notes maturing October 2020.
- US\$197 million of 6-month USD LIBOR + 1.135% variable rate loan notes maturing October 2023.
- US\$143 million of 6-month USD LIBOR + 1.0325% variable rate loan notes maturing October 2025.

The bank loan matures over a six year period, starting 19 December 2014 and ending 18 October 2021. Interest is payable over the duration of the loan on a quarterly basis at a rate of 3 month USD LIBOR + 2% per annum. Principal repayments of US\$1,650,000 per quarter are made over the duration of the loan, with a final payment of of US\$93 million the remaining principal outstanding being made on 18 October 2021.

Loans from related parties relate to two loans. The first 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 of the remaining principal outstanding being made on 12 July 2019.

The second 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.

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.

**ALPHA PARTNERS LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**Maintenance reserves included above comprise**

	<b>Group</b>		<b>Company</b>	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
At beginning of year	118,104	108,390	-	-
Provided/received during the year	28,441	49,934	-	-
Released during the year	(10,282)	-	-	-
Paid out during the year	(4,020)	(12,944)	-	-
Released on disposals	(20,600)	(27,276)	-	-
At end of year	111,643	118,104	-	-

**17. 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 rate 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%.

US\$100 million of fixed rate borrowing has been swapped to variable rate using interest rate swaps maturing in 2020. The swaps receive interest at a fixed rate of 3.31% and require payment of interest at a variable rate equal to 6-month USD LIBOR plus 1.0735%.

US\$95 million of fixed rate borrowing has been swapped to variable rate using interest rate swaps maturing in 2023. The swaps receive interest at a fixed rate of 3.99% and require payment of interest at a variable rate equal to 6-month USD LIBOR plus 1.1625%.

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 US\$399 million swap would have been designated as a cash flow hedge and the the US\$100 million and the US\$95 million swaps would have been designated as fair value hedges. At inception of the interest rate swaps, the Group concluded that the hedges would be effective on a prospective basis and no material ineffectiveness was identified.

Had FRS 26 been adopted, the opening interest rate swap asset would have been US\$0.7 million, of which the cash flow hedge would have been an asset of US\$3.1 million and the fair value swap would have been a liability of US\$2.4 million. The Group would have had a closing interest rate swap asset of US\$7.4 million of which cash flow hedge would have been a liability of US\$0.7 million and the fair value swaps would have been an asset of US\$8.2 million. On this basis, the Group would have recognised a fair value loss on the cash flow hedge of US\$3.8 million for the year through hedging reserves and a fair value gain on the fair value hedge of US\$10.6 million through profit and loss.



**ALPHA PARTNERS LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**18. DEFERRED TAXATION**

	<u>Group</u>		<u>Company</u>	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Provision at beginning of year	114,165	114,718	-	-
Charge for/(released during) the year (P&L)	17,154	(553)	-	-
At end of year	<u>131,319</u>	<u>114,165</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Accelerated capital allowances	146,605	129,476	-	-
Accumulated losses carried forward	(15,286)	(15,311)	-	-
	<u>131,319</u>	<u>114,165</u>	<u>-</u>	<u>-</u>

**19. SHARE CAPITAL**

	2014 \$	2013 \$
<b>Authorised, allotted, called up and fully paid</b>		
250 (2013 - 200) 'A' ordinary shares of \$1 each	250	200
250 (2013 - 200) 'B' ordinary shares of \$1 each	250	200
	<u>500</u>	<u>400</u>

During the year, the Company issued 50 'A' ordinary shares of \$1 each and 50 'B' ordinary shares of \$1 each, at a premium of \$304,999 per share.

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**ALPHA PARTNERS LEASING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**20. RESERVES**

<b>Group</b>	Share premium account \$000	Capital reserve \$000	Profit and loss account \$000
At 1 January 2014	17,000	42,708	204,979
Profit for the financial year	-	-	64,192
Dividends: Equity capital	-	-	(21,100)
Premium on shares issued during the year	30,500	-	-
	<u>47,500</u>	<u>42,708</u>	<u>248,071</u>
At 31 December 2014			

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.

<b>Company</b>	Share premium account \$000	Profit and loss account \$000
At 1 January 2014	17,000	9
Profit for the financial year	-	21,100
Dividends: Equity capital	-	(21,100)
Premium on shares issued during the year	30,500	-
	<u>47,500</u>	<u>9</u>
At 31 December 2014		

**ALPHA PARTNERS LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	2014 \$000	2013 \$000
<b>Group</b>		
Opening shareholders' funds	264,687	212,489
Profit for the financial year	64,192	70,098
Dividends (Note 10)	(21,100)	(17,900)
Shares issued in the year	1	-
Premium on shares issued during the year	30,500	-
	<u>338,280</u>	<u>264,687</u>
Closing shareholders' funds		
	<u>338,280</u>	<u>264,687</u>
	2014 \$000	2013 \$000
<b>Company</b>		
Opening shareholders' funds	17,009	17,009
Profit for the financial year	21,100	17,900
Dividends (Note 10)	(21,100)	(17,900)
Shares issued in the year	1	-
Premium on shares issued during the year	30,500	-
	<u>47,510</u>	<u>17,009</u>
Closing shareholders' funds		
	<u>47,510</u>	<u>17,009</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\$21,100,000 (2013 - US\$17,900,000). The Company profit on ordinary activities after taxation includes dividends received from subsidiaries of US\$21,100,000 (2013 - US\$17,900,000)

**22. CAPITAL COMMITMENTS**

At 31 December 2014 the Group and Company had capital commitments as follows:

	<b>Group</b>		<b>Company</b>	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Contracted for but not provided in these financial statements	9,994	40,021	-	-

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

**ALPHA PARTNERS LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**23. 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 pre-determined formula with reference to LIBOR.

At 31 December 2014 the Group had annual commitments under non-cancellable operating leases as follows:

	2014 \$000	2013 \$000
<b>Operating leases which expire:</b>		
Between 2 and 5 years	6,421	6,262

**24. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 \$000	2013 \$000
Operating profit	85,289	68,003
Depreciation of tangible fixed assets	77,386	62,030
Increase in stocks	(20,258)	-
Decrease in debtors	8,524	1,620
Increase in creditors	14,923	42,508
<b>Net cash inflow from operating activities</b>	<b>165,864</b>	<b>174,161</b>

**25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 \$000	2013 \$000
<b>Returns on investments and servicing of finance</b>		
Interest received	1	1
Interest paid	(19,968)	(28,792)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(19,967)</b>	<b>(28,791)</b>
	2014 \$000	2013 \$000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(363,648)	(178,755)
Investment in new finance lease assets	(71,860)	(30,723)
Sale of tangible fixed assets	12,836	20,376
<b>Net cash outflow from capital expenditure</b>	<b>(422,672)</b>	<b>(189,102)</b>

**ALPHA PARTNERS LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	2014 \$000	2013 \$000
<b>Financing</b>		
Issue of ordinary shares	30,500	-
New secured loans	461,105	675,000
(Net of issue costs)	(3,337)	(6,497)
Repayment of loans	(199,866)	(585,156)
<b>Net cash inflow from financing</b>	<u>288,402</u>	<u>83,347</u>

**26. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2014 \$000	Cash flow \$000	Other non-cash changes \$000	31 December 2014 \$000
Cash at bank and in hand	27,071	(9,473)	-	17,598
<b>Debt:</b>				
Debts due within one year	(9,473)	(267)	(4,538)	(14,278)
Debts falling due after more than one year	(1,021,387)	(257,635)	1,744	(1,277,278)
<b>Net debt</b>	<u>(1,003,789)</u>	<u>(267,375)</u>	<u>(2,794)</u>	<u>(1,273,958)</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.

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## ALPHA PARTNERS LEASING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 27. 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 2014 were US\$169,000 (2013 - US\$155,000).

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

#### 28. 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 62 Buckingham Gate, London SW1E 6AT and those of GATX Corporation from 222 West Adams Street, Chicago, IL60606-5314, Illinois, USA.

#### 29. 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:

	2014 \$000	2013 \$000
Sale of goods, services and fixed assets	34,799	31,670
Purchase of goods, services and fixed assets	304,410	53,524

#### 30. CONTINGENT LIABILITIES

The Group and certain affiliates are party to loan facilities. The Company provides guarantees in respect of related parties of US\$294 million (2013 - US\$235 million). The related parties guarantee the obligations of the Group under the loan facility on a reciprocal basis.

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## ALPHA PARTNERS LEASING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 31. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
	England	100 %	Leasing of engines
Alpha Leasing 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
Alpha Leasing (No.10) Limited	England	100 %	Leasing of engines
Omega Leasing 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
Omega Leasing (No.10) 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