

Registered number: 1189545

## **NEI Overseas Holdings Limited**

Annual report and financial statements  
for the year ended 31 December 2008

**Directors on  
15 October 2009:**

G Allan  
D J Goma  
K Waldron

**Secretary:**

D Goma

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COMPANIES HOUSE

**Registered Office: Moor Lane, Derby DE24 8BJ**

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## **Directors' report**

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 December 2008.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

### **Principal activities**

The principal activity of the company was that of a holding company.

### **Dividends**

No dividends were paid during the year (2007: £nil).

### **Directors**

The directors, who served throughout the year, were as follows:

G Allan  
DJ Goma  
K Waldron

### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

### **Disclosure of information to auditors**

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.

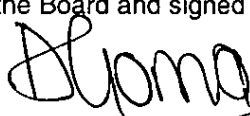
This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

### **Auditors**

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

Approved by the Board and signed on its behalf by:

DJ Goma  
Secretary  
15 October 2009

  
A long, thin, slightly curved line extending from the signature towards the right, ending near the right margin of the text area.

## Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

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

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 the going concern basis unless it is inappropriate to presume that the 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 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 company and to prevent and detect fraud and other irregularities

## Independent auditors' report to the members of NEI Overseas Holdings Limited

We have audited the financial statements of NEI Overseas Holdings Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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 UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant UK 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 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.

### 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 company's affairs as at 31 December 2008 and of its loss 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 R 15/11/09*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London

## Profit and loss account

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Administrative expenses		(2)	(3)
Foreign exchange adjustment		(3)	-
<b>Loss on ordinary activities before finance charges</b>	2	(5)	(3)
Interest payable and similar charges		-	(2)
<b>Loss on ordinary activities before taxation</b>		(5)	(5)
Tax on loss on ordinary activities	4	-	-
<b>Loss for the financial year</b>		(5)	(5)

All results have been derived from continuing activities.

## Statement of total recognised gains and losses

For the year ended 31 December 2008

	2008 £'000	2007 £'000
Loss for the financial year	(5)	(5)
Unrealised surplus / (deficit) on revaluation of assets	4	3
<b>Total recognised gains and losses since last annual report</b>	(1)	(2)

**Balance sheet**  
31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Investments	5	<u>7,414</u>	<u>7,410</u>
<b>Current assets</b>			
Debtors - due within one year	6	<u>3,342</u>	<u>3,345</u>
		<u>3,342</u>	<u>3,345</u>
<b>Creditors: Amounts falling due within one year</b>	7	<u>(115)</u>	<u>(113)</u>
<b>Net current assets</b>		<u>3,227</u>	<u>3,232</u>
<b>Net assets</b>		<u>10,641</u>	<u>10,642</u>
<b>Capital and reserves</b>			
Called-up share capital	8	36,013	36,013
Investment revaluation reserve	9	7,412	7,408
Profit and loss account	9	<u>(32,784)</u>	<u>(32,779)</u>
<b>Shareholders' funds</b>	10	<u>10,641</u>	<u>10,642</u>

The financial statements on pages 4 to 10 were approved by the board of directors and signed on its behalf by:



G Allan  
Director  
15 October 2009

## Notes to the financial statements

31 December 2008

### 1 Significant accounting policies

The principal accounting policies are summarised below.

#### Basis of preparation

The financial statements have been prepared on the historical cost basis except for investments in subsidiary undertakings (see below) and except where FRS requires an alternative treatment.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements.

The company is a wholly owned subsidiary of Rolls-Royce plc and is included in the consolidated financial statements of Rolls-Royce plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.

#### Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the year end. Exchange differences arising on foreign exchange transactions and the retranslation of assets and liabilities into sterling at the rate ruling at the year end are taken into account in determining profit before taxation.

#### Interest

Interest receivable/payable is credited/charged to the profit and loss account using the effective interest method.

#### Taxation

The tax charge on the profit or loss for the year comprises current and deferred tax.

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.

#### Investments

Investments in subsidiary undertakings have been revalued each 31<sup>st</sup> December with the surplus arising on revaluation being taken to an Investment revaluation reserve. Deficits not covered by prior revaluations are written-off through the profit and loss for the year.

### 2 Auditors' remuneration

The fees for the audit of the company financial statements were £5,000 (2007: £4,000) and were paid by Rolls-Royce plc.

### 3 Staff costs and directors remuneration

No remuneration has been received by the directors in respect of their services to the Company (2007: £Nil).



# Notes to the financial statements

31 December 2008

## 4 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
<b>Current tax</b>		
UK corporation tax	(1)	(1)
Group relief not paid for	1	1
<b>Total current tax</b>	-	-
<b>Total tax on profit on ordinary activities</b>	-	-

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit before tax is as follows.

	2008 £'000	2007 £'000
<b>Loss on ordinary activities before tax</b>	(5)	(5)
Nominal credit at UK Corporation tax rate of 28.5% (2007: 30%)	(1)	(1)
Effects of:		
Group relief not paid for	1	1
<b>Current tax (credit) / charge for period</b>	-	-

# Notes to the financial statements

31 December 2008

## 5 Fixed asset investments

	2008 £'000	2007 £'000
Subsidiary undertakings	201	197
Joint ventures	-	-
Investment in fellow subsidiary undertaking	7,213	7,213
	<u>7,414</u>	<u>7,410</u>

### Subsidiary undertakings

£'000

#### Valuation

At 1 January 2008	197
Revaluation of investments	4
At 31 December 2008	<u>201</u>

The amount at which the above shares in subsidiary undertakings would have been included in the Financial Statements under the historical cost accounting rules is £Nil (2007: £Nil).

Details of the subsidiary undertakings are set out below. In the opinion of the Directors of the Company, the aggregate value of the assets of the Company consisting of shares in and amounts owing from the Company's subsidiary undertakings is not less than the aggregate of the amounts at which those assets are included in the balance sheet.

### Investment in fellow subsidiary undertaking

£

At 1 January and 31 December 2008	<u>7,213</u>
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The investment in the fellow subsidiary undertaking has not been revalued during the year as this does not represent subsidiary undertakings or joint ventures of the Company. In the opinion of the directors these investments are worth at least the amounts at which they are stated in the balance sheet. The amount at which these investments would have been included in the Financial Statements under historical cost accounting rules is £Nil (2007: £Nil).

#### Principal investments:

The company has investments in the following subsidiary undertakings and joint ventures.

	Country of incorporation or principal business address	Principal activity	Holding*	%
<b>Subsidiary undertakings</b>				
Kalvert Engineering (Pty) Ltd	South Africa	Dormant	*	100
Rolls-Royce Industrial Power (Hong Kong) Ltd	Hong Kong	Dormant	*	100
Rolls-Royce Industrial Power (Malaysia) Sdn Bhd	Malaysia	Dormant	*	100
<b>Joint ventures</b>				
Northern Engineering Industries Africa Ltd	South Africa	In liquidation	*	24

\* Held directly by NEI Overseas Holdings Limited.

# Notes to the financial statements

31 December 2008

## 6 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	3,342	3,345
	<u>3,342</u>	<u>3,345</u>

## 7 Creditors: Amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed to group undertakings	(115)	(113)
	<u>(115)</u>	<u>(113)</u>

## 8 Share capital

	2008 £'000	2007 £'000
<i>Authorised</i>		
37,000,000 ordinary shares of £1 each	37,000	37,000
<i>Allotted, called-up and fully-paid</i>		
36,013,100 ordinary shares of £1 each	36,013	36,013

## 9 Reserves

	Investment Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2008	7,408	(32,779)
Profit/(loss) for the financial year	-	(5)
Revaluation of investments	4	-
	<u>7,412</u>	<u>(32,784)</u>
At 31 December 2008		

## Notes to the financial statements

31 December 2008

### 10 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Opening shareholders' funds	10,642	10,644
Profit for the financial year	(5)	(5)
Other recognised gains and losses relating to the year (shown in STRGL)	4	3
Closing shareholders' funds	<u>10,641</u>	<u>10,642</u>

### 11 Related party transactions

The Company has taken advantage of the exemption in FRS 8 not to disclose related party transactions with other group companies.

### 12 Ultimate Parent Company

The Company is a subsidiary undertaking of Rolls-Royce Group plc, incorporated in Great Britain. The largest group in which the results of the Company are consolidated is that headed by Rolls-Royce Group plc. The smallest group in which the results of the Company are consolidated is that headed by Rolls-Royce plc, incorporated in Great Britain.

The consolidated accounts of these groups are available to the public and may be obtained from 65 Buckingham Gate, London, SW1E 6AT.