

Registration number: 01189545

# NEI Overseas Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



## **NEI Overseas Holdings Limited**

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## **NEI Overseas Holdings Limited**

### **Company Information**

<b>Directors</b>	W Mansfield Rolls-Royce Industries Limited
<b>Registered office</b>	Moor Lane Derby DE24 8BJ

## **NEI Overseas Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2015**

The directors present their report and the financial statements for the year ended 31 December 2015.

#### **Directors of the company**

The directors who held office during the year were as follows:

W Mansfield

Rolls-Royce Industries Limited (appointed 31 August 2015)

Rolls-Royce Directorate Limited (resigned 31 August 2015)

#### **Principal activity**

The principal activity of the company is a holding company.

#### **Results**

The profit for the year, after taxation, amounted to £15,418 thousand (2014 - £Nil). On 9 December 2015, the company redeemed the 1 class B preference share held in Rolls-Royce Holdings Canada Inc and received cash of £16,230 thousand (£15,418 thousand net of withholding tax) - making a £15,418 thousand net profit on the transaction.

#### **Proposed dividends**

The directors do not recommend the payment of a dividend.

#### **Directors liabilities**

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 the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

Persuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

Approved by the Board on 16/2/16 and signed on its behalf by:



W Mansfield  
Director

## **NEI Overseas Holdings Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual 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 (United Kingdom Generally Accepted Accounting Practice) and applicable law, including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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 company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's 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 2015, set out on pages 6 to 14. 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), including FRS 101 'Reduced Disclosure Framework'.

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 (APB's) Ethical Standards for Auditors to the financial statements.

### **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 the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its 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**

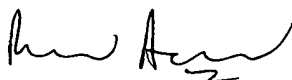
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the members of  
NEI Overseas Holdings Limited (continued)**

**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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; and
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Richard Ackland (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date: 18 August 2016

# NEI Overseas Holdings Limited

## Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Other operating income	2	16,230	-
Operating profit		16,230	-
Profit before tax		16,230	-
Tax on profit/(loss) on ordinary activities	5	(812)	-
Profit for the year		15,418	-

The above results were derived from continuing operations.

The notes on pages 10 to 14 form an integral part of these financial statements.



**NEI Overseas Holdings Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2015**

	Note	2015 £ 000	2014 £ 000
Profit/(loss) for the year		15,418	
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation gains/(losses)		<u>(7,224)</u>	<u>(6)</u>
Total comprehensive income for the year		<u>8,194</u>	<u>(6)</u>

The notes on pages 10 to 14 form an integral part of these financial statements.

**NEI Overseas Holdings Limited**

**(Registration number: 01189545)**  
**Balance Sheet as at 31 December 2015**

	Note	2015 £ 000	2014 £ 000
<b>Fixed assets</b>			
Investments	6	41	7,265
<b>Current assets</b>			
Debtors	7	<u>18,790</u>	<u>3,372</u>
Net assets		<u>18,831</u>	<u>10,637</u>
<b>Capital and reserves</b>			
Called up share capital	8	36,013	36,013
Revaluation reserve		39	7,263
Profit and loss account		<u>(17,221)</u>	<u>(32,639)</u>
Shareholders' funds		<u>18,831</u>	<u>10,637</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime (Companies Act section 414(3)).

Approved by the Board on 16/3/16 and signed on its behalf by:



W Mansfield  
Director

**NEI Overseas Holdings Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2015**

	<b>Share capital £ 000</b>	<b>Revaluation reserve £ 000</b>	<b>Profit &amp; loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2015	36,013	7,263	(32,639)	10,637
Profit for the year	-	-	15,418	15,418
Reversal of revaluation on disposal of investment	-	(7,213)	-	(7,213)
Revaluation of investments	-	(11)	-	(11)
Total comprehensive income	-	(7,224)	15,418	8,194
At 31 December 2015	36,013	39	(17,221)	18,831

	<b>Share capital £ 000</b>	<b>Revaluation reserve £ 000</b>	<b>Profit &amp; loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2014	36,013	7,269	(32,639)	10,643
Loss for the year	-	-	-	-
Revaluation of investments	-	(6)	-	(6)
Total comprehensive income	-	(6)	-	(6)
At 31 December 2014	36,013	7,263	(32,639)	10,637

The notes on pages 10 to 14 form an integral part of these financial statements.

## NEI Overseas Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 1 Accounting policies

##### **Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

These are the company's first financial statements prepared in accordance with FRS 101.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006.

In the transition to FRS 101, the company has applied IFRS1, whilst ensuring that its assets and liabilities are measured in compliance with FRS 101.

In these financial statements the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes
- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Comparative period reconciliations for share capital
- The requirements of IAS 24 *Related Party Transactions* and has, therefore, not disclosed transactions between the company and its wholly owned subsidiaries; and
- Disclosures in respect of the compensation of key management personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet.

FRS 101 has had no impact on the figures presented in these financial statements.

##### **Exemption from preparing group accounts**

The financial statements contain information about NEI Overseas Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of a group parent, Rolls-Royce plc, a company incorporated in United Kingdom.

##### **Investments**

Investments in subsidiary undertakings have been revalued each 31 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.

Other investments held as fixed assets are shown at cost and are assessed for impairment annually.

## NEI Overseas Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

#### 2 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2015 £ 000	2014 £ 000
Profit on disposal of investment	16,230	

On 9 December 2015 the company redeemed the 1 class B preference share held in Rolls-Royce Holdings Canada Inc and received cash of £16,230 thousand (£15,418 thousand net of withholding tax).

#### 3 Staff costs

The company has no employees. The directors did not receive any remuneration (2014 - £Nil) for qualifying services to the company.

#### 4 Auditors' remuneration

The fees for the audit of the company financial statements were £6,000 (2014 - £6,000) and were paid by Rolls-Royce plc.

#### 5 Income tax

Tax charged/(credited) in the income statement

	2015 £ 000	2014 £ 000
Foreign tax	812	-

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2014 - the same as the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

## NEI Overseas Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

	2015 £ 000	2014 £ 000
Profit/(loss) before tax	16,230	
Corporation tax at standard rate	3,287	-
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	(3,287)	-
Increase (decrease) arising from overseas tax suffered (expensed)	812	-
Total tax charge	812	-

The 2015 Budget announced that the UK corporation tax rate will reduce to 19 per cent from 1 April 2017 and to 18 per cent from 1 April 2020. These reductions were substantively enacted on 26 October 2015 and will reduce future corporation tax liabilities accordingly.

#### 6 Investments

Subsidiaries	£ 000
<b>Cost or valuation</b>	
At 1 January 2015	52
Revaluation	(11)
At 31 December 2015	41
<b>Carrying amount</b>	
At 31 December 2015	41
At 31 December 2014	52

Details of the subsidiaries as at 31 December 2015 are as follows:

Name of subsidiary	Address	Proportion of ownership interest and voting rights held	
		2015	2014
Kalvet Engineering (Proprietary) Limited	Corner Marconi road and 3rd Street, Montague Gardens, Western Cape, 7441 South Africa	100%	100%

## NEI Overseas Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### Unlisted investments

£ 000

#### Cost or valuation

At 1 January 2015	7,213
Disposals	<u>(7,213)</u>
At 31 December 2015	<u>-</u>
<b>Carrying amount</b>	
At 31 December 2015	<u>-</u>
At 31 December 2014	<u>7,213</u>

Details of the unlisted investments as at 31 December 2015 are as follows:

Name of Investment	Address	Proportion of ownership interest and voting rights held	
		2015	2014
Northern Engineering Industries Africa Limited (in liquidation)	2nd Floor, Ristone Office Park, 15 Sherborne Road, Parktown, 2193, South Africa	24%	24%

On 9 December 2015 the company redeemed the 1 class B preference share held in Rolls-Royce Holdings Canada Inc and received cash of £16,230 thousand (£15,470 thousand net of withholding tax).

#### 7 Debtors: due less than one year

	2015 £ 000	2014 £ 000
Amounts owed by group undertakings	<u>18,790</u>	<u>3,372</u>

## NEI Overseas Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 8 Share capital

##### Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>36,013</u>	<u>36,013</u>	<u>36,013</u>	<u>36,013</u>

#### 9 Contingent liabilities

On 6 December 2012, Rolls-Royce Holdings plc (the ultimate parent company of the company) announced that it had passed information to the Serious Fraud Office (SFO), an independent United Kingdom government department, following a request from the SFO for information about allegations of malpractice in overseas markets.

On 23 December 2013, Rolls-Royce Holdings plc (RRHPLC) announced that it had been informed by the SFO that it had commenced a formal investigation. Since the initial announcement, RRHPLC has continued its investigations and is engaging with the SFO and other authorities in the UK, the USA and elsewhere in relation to the matters of concern.

The consequence of these disclosures will be decided by the regulatory authorities. It is too early to predict the outcomes, but these could include the prosecution of individuals and of the RRHPLC Group, the potential for fines, penalties or other consequences cannot currently be assessed. As the investigation is ongoing, it is not yet possible to identify the timescale in which these issues might be resolved.

#### 10 Parent and ultimate parent undertaking

The ultimate parent undertaking and controlling party is Rolls-Royce Holdings plc, which is the parent undertaking of the largest group to consolidate these financial statements. Rolls-Royce plc is the parent undertaking of the smallest group to consolidate these financial statements.

The company's immediate parent is Rolls-Royce Power Engineering plc.

The ultimate parent is Rolls-Royce Holdings plc. These financial statements are available upon request from 62 Buckingham Gate, London, SW1E 6AT