

COMPANY NUMBER 1343303

**NEI POWER PROJECTS LIMITED**

**Annual Report  
for the year ended 31 December 1997**

Directors on  
3 March 1998 :

G Allan  
J Warren

Secretary :

J Warren



Registered Office : Moor Lane, Derby DE24 8BJ

# NEI POWER PROJECTS LIMITED

## REPORT OF THE DIRECTORS

The directors present their Report and audited Financial Statements for the year ended 31 December 1997.

### DIRECTORS RESPONSIBILITY FOR FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of its results for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the 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.

### ACTIVITY

The Company did not trade on its own account during the year but acted as an agent on behalf of Rolls-Royce Power Engineering plc.

### DIRECTORATE

The directors of the Company during the year were as follows.

G Allan		
J Warren	-	appointed 9 May 1997
H Cone	-	resigned 9 May 1997

### DIRECTORS' SHARE INTERESTS

None of directors, or their immediate family, had any beneficial interest in the shares of the Company during the year. The beneficial interests of directors holding office at 31 December 1997, including immediate family, in the ordinary share capital of Rolls-Royce plc are as follows :

	HOLDINGS		OPTIONS			
	* <u>1.1.97</u>	<u>31.12.97</u>	* <u>1.1.97</u>	<u>Granted</u>	<u>Exercised</u>	<u>31.12.97</u>
G Allan	-	-	1,840	2,995	-	4,835
J Warren	-	-	7,650	2,255	-	9,905

\* or date of appointment if later

## NEI POWER PROJECTS LIMITED

### PAYMENT TO SUPPLIERS

The Company seeks the best possible terms from suppliers and, in entering into binding purchasing contracts, gives consideration to quality, delivery, price and the terms of payment. Suppliers are, in this way, made aware of these terms. The Company abides therewith whenever it is satisfied that suppliers have provided the goods or services in accordance with agreed terms and conditions.

### AUDITORS AND ANNUAL GENERAL MEETING

Elective Resolutions are in force to dispense with the obligations of laying the Annual report before the Company in general meeting, appointing auditors annually and holding Annual General Meetings.

By Order of the Board



**SECRETARY.**  
J. Warren  
3 March 1998

**NEI POWER PROJECTS LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**NEI POWER PROJECTS LIMITED**

We have audited the financial statements on pages 5 and 6.

**Respective responsibilities of directors and auditors**

As described on page 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of Opinion**

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the Company's affairs as at 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc.*

**KPMG Audit Plc**  
**Chartered Accountants,**  
**Registered Auditor**

**Newcastle upon Tyne**  
**3 March 1998**

**NEI POWER PROJECTS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1997**

The Company did not trade on its own account during the year and all expenses have been borne by the ultimate parent company. The Company did not receive any income or incur any expenditure during the year and consequently has made neither profit nor loss.

**BALANCE SHEET AT 31 DECEMBER 1997**

	<u>note</u>	<u>1997</u> (£)	<u>1996</u> (£)
<b>Current Assets</b>			
Debtors	3	<u>100</u>	<u>100</u>
<b>Net Assets</b>		<u>100</u>	<u>100</u>
<b>Capital And Reserves</b>			
Called up share capital	4	<u>100</u>	<u>100</u>
<b>Equity Shareholders Funds</b>		<u>100</u>	<u>100</u>

These financial statements were approved by the Board on 3 March 1998 and are signed on its behalf by :



G Allan  
Director

The notes on page 6 form part of these financial statements.

# NEI POWER PROJECTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Principal Accounting Policies

#### a) Basis of Accounting

These financial statements have been prepared on the historical cost basis and in accordance with applicable accounting standards.

#### b) Cash flow statements

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is wholly-owned subsidiary undertaking.

#### c) Related Party Transactions

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose related party transactions with the Rolls-Royce group and its associates on the grounds that it is a wholly owned subsidiary undertaking.

### 2. Directors' Remuneration

None of the directors received any separate remuneration from the Company in respect of their services to the Company.

### 3. Debtors - amounts falling due within one year

Amount owed by parent undertaking.

### 4. Share Capital

	<u>1997</u>	<u>1996</u>
	<u>(£)</u>	<u>(£)</u>
Ordinary Shares of £1 each		
Authorised :	<u>100</u>	<u>100</u>
Issued and Fully Paid :	<u>100</u>	<u>100</u>

### 5. Ultimate Parent Company

The Company's ultimate parent company is Rolls-Royce plc which is incorporated in Great Britain and registered in England and Wales. Copies of the annual report of Rolls-Royce plc can be obtained from Rolls-Royce plc, PO Box 31, Moor Lane, Derby DE24 8BJ.