

ZULU CASTINGS LIMITED  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1999

Registered No: 1783762



## ZULU CASTINGS LIMITED

### REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

#### **Principal activities**

In previous years the Company was dormant within the terms of section 250 of the Companies act 1985, as substituted by section 14 of the Companies Act 1989.

With the exception of writing off an amount owed by parent and fellow subsidiary undertakings, the Company did not trade during the year under review and is not expected to do so for the foreseeable future. There have been no important events affecting the Company since the end of the year under review.

On 17 November 1999 (the "Unconditional Date") a recommended offer from Rolls-Royce plc ("Rolls-Royce") for the whole of the issued share capital of Vickers plc was (for 250p per ordinary share) declared wholly unconditional following which Rolls-Royce plc became the ultimate holding company of Zulu Castings Limited.

#### **Dividend**

The directors do not recommend the payment of a dividend (1998: £nil).

#### **Directors and directors' interests**

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

S J Abesser	(appointed 15 September 1999)
P M Forster	(resigned 30 April 1999)
A L John	
R E McKeown	(appointed 4 May 1999, resigned 15 September 1999)

None of the directors who held office at the end of the financial year had any beneficial interest in the shares of Zulu Castings Limited at the beginning or at the end of the financial year; neither did they have any beneficial interest in the shares of any subsidiary within the Vickers plc or the 'new' Rolls-Royce plc groups of companies. Details of the interest of A L John, being the only director who had an interest, in the share capital of the ultimate holding company, being Vickers plc (until 17 November 1999) or Rolls-Royce plc (after 17 November 1999) are disclosed in the financial statements of Vickers plc.

## ZULU CASTINGS LIMITED

### REPORT OF THE DIRECTORS (continued)

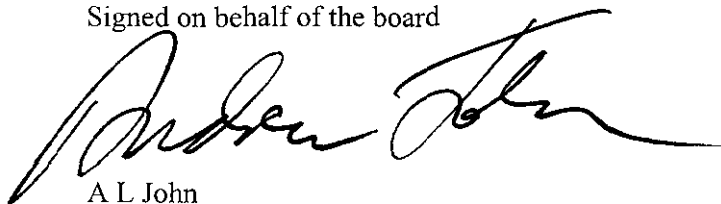
#### Year 2000

A task force reporting to the Managing Director, Finance and Planning of the Vickers group of companies, co-ordinated activities throughout the group associated with Year 2000 issues. The operation of this task force was aligned with the Rolls-Royce plc group project following acquisition. Costs were borne by Vickers plc and its operating units. No significant errors or failures have occurred to date. The board continues to believe that the Company was well prepared in respect of Year 2000 issues, although no absolute guarantee can be given that errors or failures related to the Year 2000 issue will not arise in the future. The Company may also be affected by future Year 2000 related events, errors or failures at third parties with whom it deals.

#### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting of the Company.

Signed on behalf of the board



A L John  
Director

Vickers House  
2 Bessborough Gardens  
London SW1V 2JE

17 March 2000

## ZULU CASTINGS LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 the going concern basis unless it is inappropriate to assume 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.

AUDITORS' REPORT TO THE MEMBERS OF  
ZULU CASTINGS LIMITED

We have audited the financial statements on pages 6 to 9.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

**Basis of audit 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 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**

Chartered Accountants  
Registered Auditor  
London

17 March 2000

ZULU CASTINGS LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £000	1998 £000
Write-off of amounts owed by parent and fellow subsidiary undertakings	(1,104)	-
	<hr/>	<hr/>
<b>Operating loss for the year</b>	<b>(1,104)</b>	<b>-</b>
	<hr/>	<hr/>
<b>Loss retained for the year</b>	<b>(1,104)</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

The profit and loss account relates solely to continuing operations.

The Company had no gains or losses other than those recognised in the profit and loss account above and accordingly a statement of total recognised gains and losses has not been presented.

The notes on pages 8 and 9 form part of these financial statements.

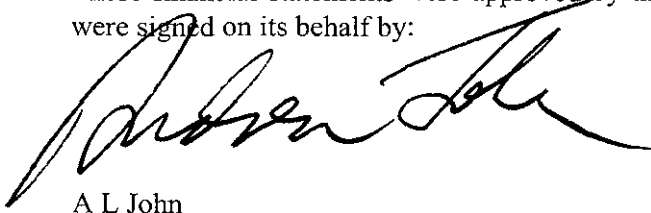
ZULU CASTINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER

	Note	1999 £000	1998 £000
<b>Current assets</b>			
Debtors: amounts falling due after more than one year			
Amounts owed by parent and fellow subsidiary undertakings		-	1,104
		<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
Called up share capital	4	-	-
Profit and loss account	5		1,104
		<u>          </u>	<u>          </u>
Equity shareholders' funds		-	1,104
		<u>          </u>	<u>          </u>

The notes on pages 8 and 9 form part of these financial statements.

These financial statements were approved by the board of directors on 17 March 2000 and  
were signed on its behalf by:



A L John  
Director

## ZULU CASTINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

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

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (revised 1996) as it is a wholly-owned subsidiary undertaking included in consolidated financial statements which are publicly available.

2. Directors' remuneration

No remuneration has been received by the directors in respect of their services to the Company (1998: £nil).

3. Auditors' remuneration

All remuneration of the auditors of the Company is paid by Vickers Engineering plc (1998: £nil).

4. Share capital

	1999	1998
Ordinary shares of £1 each:		
Authorised	100	100
	=====	=====
Called up, issued and fully paid	100	100
	=====	=====



# ZULU CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Reserves

	Profit and loss account £000	Total £000
At 1 January 1999	1,104	1,104
Retained loss for the year	(1,104)	(1,104)
<b>At 31 December 1999</b>	<b>-</b>	<b>-</b>

### 6. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose related party transactions with its immediate parent company Vickers plc, and its ultimate parent company Rolls-Royce plc and other group companies.

### 7. Ultimate holding company

Following the acquisition of Vickers plc by Rolls-Royce plc, the ultimate holding company is Rolls-Royce plc, incorporated in Great Britain and registered in England and Wales. The financial statements of Rolls-Royce plc may be obtained from PO Box 31, Moor Lane, Derby, DE24 8BJ.