

**COMPANY NUMBER 2116731**

**SPARE IPG 18 LIMITED**

**Annual Report  
for the Year Ended 31 December 2001**

Directors on 23 April 2002 :      G Allan  
   D Goma  
   J Warren

Secretary:                                      D Goma



Registered Office: Moor Lane, Derby DE24 8BJ

# **SPARE IPG 18 LIMITED**

## **REPORT OF THE DIRECTORS**

The directors present their Annual Report for the year ended 31 December 2001.

### **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 profit or loss 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 maintaining 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 requirements of 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.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company during the year was that of a holding company.

### **RESULTS**

The profit for the year before taxation amounted to £161,000 (2000: £189,000). The results for the year are given on page 5 of the financial statements. The directors do not recommend payment of a dividend for the year (2000: Nil).

### **DIRECTORATE**

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

G Allan  
D Goma  
J Warren

# SPARE IPG 18 LIMITED

## DIRECTORS' SHARE INTERESTS

None of the 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 2001, including immediate family, in the ordinary share capital of Rolls-Royce plc are as follows:

Rolls-Royce plc Ordinary 20p Shares			Options over Rolls-Royce plc Ordinary Shares			
	Shares @ 1.1.01	Shares @ 31.12.01	Options @1.1.01	<u>Granted</u>	<u>Exercised</u>	<u>31.12.01</u>
G Allan	1,545	2,853*	5,082	4,965	2,087	7,960
D Goma	-	-	1,496	3,064	-	4,560
J Warren	803	2,341*	24,599	24,737	6,900	42,436

\*The above interests under ordinary 20p shares include shares held in trust for the following directors:

	Annual Performance Related Award Scheme <sup>1</sup>		Profit Sharing Share Scheme <sup>2</sup>	
	1.1.2001	31.12.2001	1.1.2001	31.12.2001
G Allan	1043	1,801	502	1,052
J Warren	803	2,341	-	-

<sup>1</sup> Under the Annual Performance Related Award Scheme, shares vest after two years.

<sup>2</sup> Under the Profit Sharing Share Scheme, shares vest after three years.

## AUDITORS

A resolution to re-appoint the auditors, KPMG Audit Plc, will be proposed at the forthcoming Annual General Meeting to be held on 17<sup>th</sup> July 2002

By Order of the Board



D Goma  
Secretary  
23 April 2002

# SPARE IPG 18 LIMITED

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SPARE IPG 18 LIMITED

We have audited the financial statements on pages 5 to 11.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, 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 1985. 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 overdraft 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 and the Groups affairs as at 31 December 2001 and of its profit 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**

**London**  
**2002**

*16 May 2002*

## SPARE IPG 18 LIMITED

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	<u>2001</u> £000	<u>2000</u> £000
Other interest receivable and similar income	2	<u>161</u>	<u>189</u>
Profit On Ordinary Activities Before taxation	4	161	189
Taxation on profit on ordinary activities	5	(48)	(57)
Retained Profit For The Financial Year	13	<u>113</u>	<u>132</u>

All results have been derived from continuing activities.

There are no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account above.

The notes on pages 8 to 11 form part of these financial statements.

# SPARE IPG 18 LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	<u>2001</u> £000	<u>2000</u> £000
<b>Fixed Assets</b>			
Tangible assets	6	-	-
<b>Current Assets</b>			
Debtors	8	11	16
Cash at bank and in hand	9	3,181	3,072
		<u>3,192</u>	<u>3,088</u>
<b>Creditors: amounts falling after more than one year</b>	10	<u>(57)</u>	<u>(66)</u>
<b>Net Current Assets</b>		<u>3,135</u>	<u>3,022</u>
<b>Net Assets</b>		<u>3,135</u>	<u>3,022</u>
<b>Capital And Reserves</b>			
Called up share capital	12	6,822	6,822
Other reserves	13	118	118
Profit and Loss account	13	<u>(3,805)</u>	<u>(3,918)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>3,135</u>	<u>3,022</u>

These accounts were approved by the board of directors on 23 April 2002 and were signed on its behalf by:



G Allan  
Director

The notes on pages 8 to 11 form part of these financial statements.

# SPARE IPG 18 LIMITED

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001 £000	2000 £000
<b>Fixed Assets</b>			
Tangible assets	6	-	-
Investments	7	2,760	2,760
		<hr/>	<hr/>
		2,760	2,760
<b>Current Assets</b>			
Debtors	8	11	16
Cash at Bank and in hand	9	3,181	3,072
		<hr/>	<hr/>
		3,192	3,088
<b>Creditors - amounts falling due within one year</b>	10	(57)	(66)
		<hr/>	<hr/>
<b>Net Current Assets</b>		3,135	3,022
		<hr/>	<hr/>
<b>Total Assets Less Current Liabilities</b>		5,895	5,782
<b>Creditors : amounts falling due after more than a year</b>	11	(3,296)	(3,296)
		<hr/>	<hr/>
<b>Net Assets</b>		2,599	2,486
		<hr/>	<hr/>
<b>Capital And Reserves</b>			
Called up share capital	12	6,822	6,822
Profit and Loss	13	(4,223)	(4,336)
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		2,599	2,486
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 23 April 2002, and are signed on its behalf by:



G Allan  
Director

The notes on pages 8 to 11 form part of these financial statements.

# SPARE IPG 18 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

### 1. Principal Accounting Policies

#### a) Basis of accounting

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

#### b) Cash Flow Statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a 90% owned subsidiary.

#### c) Consolidation

The consolidated financial statements incorporate the accounts of Spare IPG 18 Limited and all of its subsidiary undertakings for the year ended 31 December 2001.

The Company is exempt from preparing a separate profit & loss account in accordance with S230 of Companies Act 1985. Of the group profit attributable to shareholders, a profit of £113,000 has been dealt with in the profit and loss account of the company.

#### d) Tangible Fixed Assets

Fixed assets are included at cost. Depreciation is calculated so as to write off the tangible fixed assets by equal instalments over their estimated useful lives as follows:

Plant and Machinery	5% - 25% per annum
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#### e) Investments

Investments are valued at cost, or at written down value where in the opinion of the directors there is a permanent diminution in value.

#### f) 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 90% owned subsidiary undertaking.

#### g) Taxation

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.

### 2. Other Interest Receivable And Similar Income

	2001	2000
	£000	£000
Bank Interest	161	189



## SPARE IPG 18 LIMITED

### 3. Directors' Emoluments

No emoluments were paid to the directors by the company in respect of their services.

	<u>2001</u> £000	<u>2000</u> £000
<b>4. <u>Profit On Ordinary Activities Before Taxation</u></b>		
Profit on ordinary activities before taxation is stated after charging auditors' remuneration :	-	-
	—	—
<b>5. <u>Taxation On Profit On Ordinary Activities</u></b>		
<i>Taxation based on the profit for the year of the company and its subsidiary undertakings:</i>		
Group relief payable at 30.0% (2000; 30.0%)	(48)	(57)
Adjustments in respect of prior year	-	-
Tax charge for the year	<u>(48)</u>	<u>(57)</u>
<b>6. <u>Tangible Fixed Assets</u></b>		<b>Plant and Machinery</b>
<i>Group &amp; Company</i>		£000
<i>Cost</i>		
At 1 January 2001 and 31 December 2001		7
<i>Depreciation:</i>		
At 1 January 2001 and 31 December 2001		(7)
<i>Net book value:</i>		
At 1 January 2001 and 31 December 2001		—
		-
		—
<b>7. <u>Investments</u></b>		
<i>Company</i>		
<b>Shares in Group Undertakings</b>	Shares	Total
	£000	£000
<i>Cost:</i>		
At 31 December 2000 and 31 December 2001	<u>2,760</u>	<u>2,760</u>
<i>Amounts written off:</i>		
At 31 December 2000 and 31 December 2001	-	-
<i>Net book value:</i>		
At 31 December 2000 and 31 December 2001	<u>2,760</u>	<u>2,760</u>

The following are dormant subsidiary undertakings of Spare IPG 18 Limited:

Spare IPG 15 Limited (formerly Becorit Limited)  
Spare IPG 16 Limited (formerly Becorit & Herweg Limited)  
Spare IPG 17 Limited (formerly Becorit Hudson Limited)  
Robert Hudson Raletrux (Midlands) Limited  
Wultex Machine Company Limited  
AFC Wultex Limited  
Olympus Welding Supplies Limited  
Wultex Overseas Investments Limited

All subsidiaries are wholly owned and registered in England and Wales and are included in the consolidation.

# SPARE IPG 18 LIMITED

8.	<u>Debtors- Amounts falling due within one year</u>	<u>2001</u> £000	<u>2000</u> £000		
	<i>Group &amp; Company</i>				
	Due from parent company	11	16		
		<hr/>	<hr/>		
9.	<u>Cash At Bank And In Hand</u>				
	<i>Group and Company</i>				
	Amount due from ultimate parent company	<u>3,181</u>	<u>3,072</u>		
10.	<u>Creditors-Amounts falling due within one year</u>				
	<i>Group and Company</i>				
	Corporation tax - Group relief	48	57		
	Other creditors	<u>9</u>	<u>9</u>		
		<u>57</u>	<u>66</u>		
11.	<u>Creditors-Amounts falling due after one year:</u>				
	<i>Company</i>				
	Amounts owed to group undertakings	<u>3,296</u>	<u>3,296</u>		
12.	<u>Share Capital</u>	<u>2001</u> £000	<u>2000</u> £000		
	<i>Ordinary shares of £1 each:</i>				
	Authorised	<u>7,000</u>	<u>7,000</u>		
	Issued and fully paid	<u>6,822</u>	<u>6,822</u>		
13.	<u>Reserves</u>	<u>Group</u> <u>Other</u> <u>Reserves</u> £000	<u>Group</u> <u>Profit</u> <u>And loss</u> <u>Account</u> £000	<u>Company</u> <u>Profit</u> <u>and Loss</u> <u>Account</u> £000	
	At 1 January 2001	118	(3,918)	(4,336)	
	Profit for the financial year	-	113	113	
	At 31 December 2001	<u>118</u>	<u>(3,805)</u>	<u>(4,223)</u>	
14.	<u>Reconciliation Of Movement In Shareholders' Funds</u>	<u>Group</u>	<u>Company</u>		
		<u>2001</u> £000	<u>2000</u> £000	<u>2001</u> £000	<u>2000</u> £000
	At 1 January	3,022	2,890	2,486	2,354
	Profit for the financial year	113	132	113	132
	At 31 December	<u>3,135</u>	<u>3,022</u>	<u>2,599</u>	<u>2,486</u>

## **SPARE IPG 18 LIMITED**

**15. Provisions for Liabilities and Chargers**

No potential deferred taxation liability existed at 31 December 2001 or 31 December 2000.

**16. Ultimate Parent Company**

The Company's ultimate parent company is Rolls-Royce plc, registered in England and Wales. Copies of Rolls-Royce plc's accounts are available from Rolls-Royce plc, PO Box 31, Moor Lane, Derby, DE24 8BJ.