

COMPANY NUMBER 2658963

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

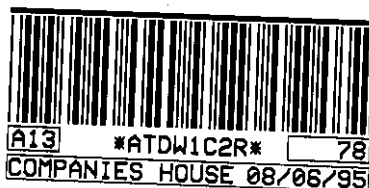
**Annual Report
for the Year Ended 31 December 1994**

Directors on
6 March 1995 :

J.R. Ashfield
M.M. Sufrin
A.E. West

Secretary :

J.R. Ashfield



Registered Office : Moor Lane, Derby DE24 8BJ

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present their audited Annual Report for the year ended 31 December 1994.

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:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
4. 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 results for the year are given on page 5 of the financial statements. An interim dividend of £1,850,000.00 was paid during the year. The directors do not recommend payment of a final dividend.

DIRECTORATE

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

J.R. Ashfield
A.E. West

M.M. Sufrin was appointed a director of the Company with effect from 1 March 1995.

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

DIRECTORS' SHARE INTERESTS

The beneficial interests of directors holding office at 31 December 1994, including immediate family, in the ordinary share capital of Rolls-Royce plc are as follows. No share options were granted or exercised during the year.

	<u>HOLDINGS</u>		<u>OPTIONS</u>	
	* <u>1.1.94</u>	<u>31.12.94</u>	* <u>1.1.94</u>	<u>31.12.94</u>
J.R. Ashfield	331	331	3,154	3,154
A.E. West	10,810	10,810	4,660	4,660

* or date of appointment if later

POLITICAL & CHARITABLE CONTRIBUTIONS

The Company made no political or charitable contributions during the year.

LIABILITY INSURANCE

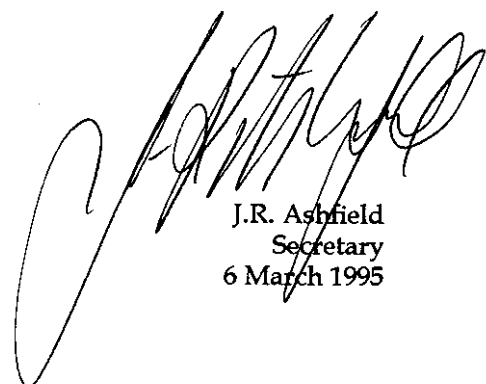
During the year liability insurance was maintained for the Company's officers.

AUDITORS

On 6 February 1995 our auditors changed the name under which they practice to KPMG and, accordingly, have signed their report in their new name. A resolution to re-appoint KPMG as auditors to the company and to authorise the directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

In addition, pursuant to Section 379A of the Companies Act 1985, an Elective Resolution is to be put to the forthcoming Annual General Meeting for the purpose of dispensing with the obligation of appointing the auditors annually. Other Elective Resolutions will propose dispensing with the obligation of both laying the Annual Report before the Company in General Meeting and holding Annual General Meetings.

By Order of the Board



J.R. Ashfield
Secretary
6 March 1995

REPORT OF THE AUDITORS TO THE MEMBERS OF
ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 9.

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 1994 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants,
Registered Auditors

London
6th March, 1995

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994**

	Notes	<u>1994</u> £000	<u>1993</u> £000
Income from shares in group undertaking		1,850	-
Profit on ordinary activities before taxation		1,850	-
Taxation on profit on ordinary activities	3	-	-
Profit on ordinary activities after taxation		1,850	-
Dividends paid and proposed	4	(1,850)	-
Transfer to reserves		-	-

All results have been derived from continuing activities.

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

The results for the year have been derived on an unmodified historical cost basis.

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

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1994

	Notes	<u>1994</u> £000	<u>1993</u> £000
Fixed assets			
Investments - subsidiary undertakings	6	17,417	15,411
		<hr/>	<hr/>
Creditors - amounts falling due within one year		(6)	-
		<hr/>	<hr/>
Net current liabilities		(6)	-
		<hr/>	<hr/>
Net assets		17,411	15,411
		<hr/>	<hr/>
Capital and reserves	8		
Called up share capital		2	1
Share premium account		17,409	15,410
		<hr/>	<hr/>
Equity shareholders' funds		17,411	15,411
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 6 March 1995, and are signed on its behalf by :



A.E. West
Director

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

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Profit for the financial year	1,850	-
Dividends	(1,850)	-
	<hr/>	<hr/>
New share capital subscribed	2,000	-
	<hr/>	<hr/>
Net addition to shareholders' funds	2,000	-
Opening shareholders' funds	15,411	15,411
	<hr/>	<hr/>
Closing shareholders' funds	17,411	15,411
	<hr/>	<hr/>

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1994

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 wholly-owned subsidiary undertaking.

c) Taxation

Provision is made at the rate for the year for United Kingdom corporation tax, for overseas taxation on profits of overseas branches and for deferred taxation on all timing differences where a liability is expected to arise in the foreseeable future.

d) Group accounts exemption

The Company is exempted from preparing group accounts under Section 228, Companies Act 1985, as it is a wholly-owned subsidiary of Rolls-Royce plc.

2. Employee Information

The Company had no employees during the year ended 31 December 1994. All necessary services are provided by Rolls-Royce plc.

3. Taxation on Profit on Ordinary Activities

	<u>1994</u> £000	<u>1993</u> £000
In respect of the year:		
Group relief payable at 33%	-	-
	_____	_____
Tax charge for the year	-	-
	_____	_____

1994 tax losses will be surrendered to the Company by the ultimate parent company for a nil consideration.

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

4. Dividends

	<u>1994</u> £000	<u>1993</u> £000
Ordinary shares:		
Interim (paid)	1,850	-
	<hr/>	<hr/>
	1,850	-
	<hr/>	<hr/>

5. Directors' Emoluments

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

6. Fixed Asset Investments

During the year, the company acquired the entire share capital of Rolls-Royce Technical Support (SARL), a company registered in France, and Nightingale Insurance Limited, a company registered in Guernsey.

A full list of the Company's subsidiary undertakings is contained in the attached Group Hierarchy.

7. Auditors' Remuneration

Auditors' remuneration is borne by the company's parent undertaking Rolls-Royce plc.

8. Share Capital

	1994 £	1993 £
Authorised	10,000,000	10,000,000
Issued and fully paid	2,235	1,002
Ordinary shares of £1 each		

9. Group Treasurership Agreement

The Company participates in the Rolls-Royce Group banking agreement under which cleared sterling funds are borrowed from or deposited with the Parent Company via a daily transfer. Under the agreement the Company bears or earns interest at the National Westminster Bank plc base rate.

10. 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, Derby, DE24 8BJ.

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 1995 ANNUAL GENERAL MEETING of the Company will be held at Moor Lane Derby on Thursday 1 June 1995 at 12.10 p.m. for the following purposes:

1. To receive the Report of the Directors and audited Financial Statements for the year ended 31 December 1994.
2. To re-elect KPMG as Auditors of the Company and to authorise the Directors to determine their remuneration.
3. To pass the following **Elective Resolutions** in accordance with Section 379A of the Companies Act 1985 (the Act).

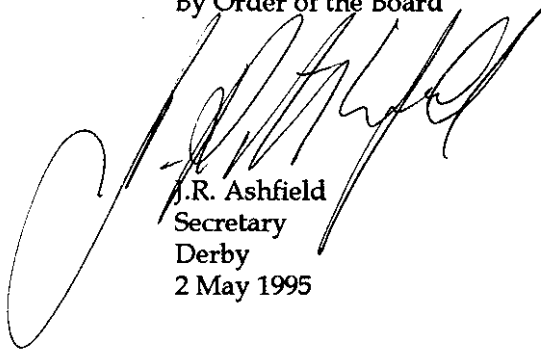
The Company hereby elects :

1. to dispense with the laying of the Annual Report before the Company in General Meeting, pursuant to Section 252 of the Act.
 2. to dispense with the obligation to appoint auditors annually pursuant to Section 386 of the Act.
 3. to dispense with the holding of Annual General Meetings pursuant to Section 366A of the Act.
4. To pass the following Resolutions as **Special Resolutions**.

THAT whilst election 3.2 above remains in force, the auditors remuneration shall be determined by the directors.

PROXY : A member entitled to attend and vote at the above meeting, is entitled to appoint proxy to attend and, on a poll, to vote in his stead. A Proxy need not be a member of the Company.

By Order of the Board



J.R. Ashfield
Secretary
Derby
2 May 1995

GROUP HIERARCHY

Page 1

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

Company Name	Share held by Holding Company	Country of Incorporation
♦ ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED		
1 NIGHTINGALE INSURANCE LIMITED	100.00	Guernsey
1 ROLLS-ROYCE HOLDINGS INC	100.00	United States
2 ROLLS-ROYCE CAPITAL INC	100.00	United States
2 ROLLS-ROYCE CREDIT CORPORATION	100.00	United States
3 ROLLS-ROYCE INC	100.00	United States
3 R-H COMPONENT TECHNOLOGIES, L.C.	50.00	United States
3 RRD CORP	100.00	United States
4 SOUTH FLORIDA COGENERATION ASSOCIATES	50.00	United States
3 ROLLS-ROYCE PRODUCT SUPPORT CANADA INC	100.00	Canada
2 RR PARTICIPATION SERVICES INC	100.00	United States
1 ROLLS-ROYCE TECHNICAL SUPPORT SARL	100.00	France