

COMPANY NUMBER 2658963

**ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED**

**Annual Report  
for the Year Ended 31 December 1999**

Directors on  
26 October 2000 : J R Ashfield  
M M Sufrin  
J Warren

Secretary : J R Ashfield

Registered Office : Moor Lane, Derby DE24 8BJ



**ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS**

The directors present their Annual Report for the year ended 31 December 1999.

**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.

**YEAR 2000**

The Company took part in the Rolls-Royce plc group project to address Year 2000 issues. All costs were borne by Rolls-Royce plc. 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.

**RESULTS**

The results for the year are given on page 5 of the financial statements. The directors do not recommend payment of a dividend.

**DIRECTORATE**

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

J R Ashfield  
M M Sufrin  
J Warren

# ROLLS-ROYCE OVERSEAS HOLDINGS 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.

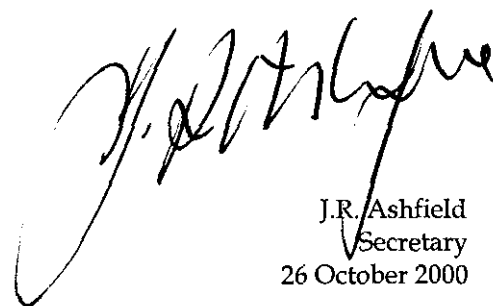
The beneficial interests of directors holding office at 31 December 1999, including immediate family, in the ordinary share capital of Rolls-Royce plc are as follows.

	<u>HOLDINGS</u>		<u>1. 1. 99</u>	<u>OPTIONS</u>		<u>31.12.99</u>
	<u>1. 1. 99</u>	<u>31. 12. 99</u>		<u>Granted</u>	<u>Exercised</u>	
J R Ashfield	421	421	3,386	-	-	3,386
M M Sufrin	665	5,665	61,284	8,032	44,500	27,073
J Warren	750	750	9,155	-	-	9,155

## AUDITORS

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

By Order of the Board



J.R. Ashfield  
Secretary  
26 October 2000

**ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF**

**ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 10

**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. 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 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

London

*27th. 2000*

**ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	<u>1999</u> £000	<u>1998</u> £000
Profit on sale of businesses		-	999
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	999
Taxation on profit on ordinary activities	3	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		-	999
Dividends paid and proposed		-	-
		<hr/>	<hr/>
Retained Profit for the financial year		-	999
		<hr/>	<hr/>
Retained profit brought forward		1,510	511
Retained profit carried forward		<u>1,510</u>	<u>1,510</u>

1999 results are derived from continuing operations and 1998 results are derived from discontinued operations. 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.

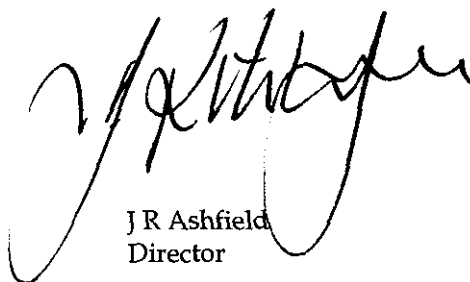
The notes on pages 8 to 10 form part of these financial statements.

**ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1999**

	Notes	<u>1999</u> £000	<u>1998</u> £000
<b>Fixed assets</b>			
Investments - subsidiary undertakings	5	128,481	114,177
- joint ventures	5	25,496	17,106
		<u>153,977</u>	<u>131,283</u>
<b>Current assets</b>			
Debtors	6	1,510	1,504
Creditors - amounts falling due within one year	7	(22,710)	(10)
		<u>(21,200)</u>	<u>1,494</u>
<b>Net current liabilities/assets</b>			
		<u>132,777</u>	<u>132,777</u>
Total assets less current liabilities			
Provisions for liabilities and charges - deferred taxation		-	-
		<u>132,777</u>	<u>132,777</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	9	17	17
Share premium account	10	131,250	131,250
Profit and Loss account		1,510	1,510
		<u>132,777</u>	<u>132,777</u>
<b>Equity shareholders' funds</b>			
		<u>132,777</u>	<u>132,777</u>

These financial statements were approved by the Board of Directors on 26 October 2000, and are signed on its behalf by :

  
 J R Ashfield  
 Director

The notes on pages 8 to 10 form part of these financial statements.

ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>1999</u> £000	<u>1998</u> £000
Profit for the financial year	-	999
New share capital subscribed	-	49,919
	<hr/>	<hr/>
Net addition to shareholders' funds	-	50,918
Opening shareholders' funds	132,777	81,859
	<hr/>	<hr/>
Closing shareholders' funds	132,777	132,777
	<hr/>	<hr/>

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 1999

#### 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) 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.

##### d) 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 at the projected rate on all timing differences, where a liability is expected to arise in the foreseeable future.

##### e) 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 1999 (1998: NIL). All necessary services are provided by Rolls-Royce plc.

#### 3. Taxation on Profit on Ordinary Activities

	<u>1999</u> £000	<u>1998</u> £000
In respect of the year:		
Group Relief @ 31.49%	-	300
Group Relief not paid for	-	(300)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

No tax arises on the profit on disposal of the shares in Rolls-Royce North America Holdings Inc. which were disposed of to Rolls-Royce Ireland in exchange for an issue of shares by Rolls-Royce Ireland.

#### 4. Directors' Emoluments

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



# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## 5. Fixed Asset Investments

	Shares in Subsidiary Undertakings	Shares in Joint Ventures	Total
<u>Cost</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
At beginning of year	114,177	17,106	131,283
Additions	126,475	8,400	134,875
Disposals	(112,171)	(10)	(112,181)
At end of year	<u>128,481</u>	<u>25,496</u>	<u>153,977</u>

During the year the Company acquired/disposed of shares in the subsidiary undertakings and joint ventures listed below:

<u>Subsidiary Undertakings</u>	<u>Number of Shares acquired/(disposed)</u>	<u>Class</u>	<u>Cost of Investment £000</u>
Rolls-Royce Australia Ltd	3,781,379		10,998
Rolls-Royce North America Inc	(3,500)	Ordinary	(112,171)
Rolls-Royce Ireland Ltd	301,721,000		115,448
Rolls-Royce Energy Systems India Pte Ltd	103,718	Ordinary	15
Rolls-Royce Energy Systems BV	200	Ordinary (Euro 100)	14
<u>Joint Ventures</u>			
International Engine Component Overhaul Pte. Ltd	1,250,000	Ordinary	781
Singapore Aero Engine Services Ltd	1,950,000	Ordinary	1,219
Techjet Aerofoils Ltd	43,427 20	Ordinary A Ordinary B	} 6,400
RPG/RR Power Engineering	(1,037,250)	Ordinary	
			<u>22,694</u>

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

## 6. Debtors

	<u>1999 £000</u>	<u>1998 £000</u>
Amounts owed by group undertakings:		
Fellow subsidiary undertakings	999	999
Parent undertaking	511	505
	<u>1,510</u>	<u>1,504</u>

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

7.	<u>Creditors: Amounts falling due within one year</u>	1999 £000	1998 £000
	Trade creditors	-	10
	Amounts owed to group undertakings:		
	Parent Company	11,712	-
	Fellow subsidiary undertakings	10,998	-
		<hr/> 22,710	<hr/> 10

## 8. Auditors' Remuneration

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

## 9. Share Capital

	1999 £000	1998 £000
Authorised	10,000	10,000
Issued	17	17

Ordinary shares of £1 each

All issued shares are fully paid with the exception of 1233 shares issued at a premium of £11,353.42 per share of which £1,621.03 per share is paid up.

## 10. Share Premium

	£000
At January 1, 1999	131,250
Arising on share issues	-
At December 31, 1999	<hr/> 131,250

## 11. 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.

## 12. Deferred Taxation

No potential deferred taxation liability existed as at 31 December 1999 or 31 December 1998.

## 13. 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.