

COMPANY NUMBER 2830522

ROLLS-ROYCE AERO ENGINE SERVICES LIMITED

**Annual Report
for the Year Ended 31 December 1995**

Directors On
1 March 1996 :

J E V Rose - Chairman
I S Kinnear
I A Lloyd
J M Munn
K Orchard
J Taylor
J P Williams

Secretary :

A E West



Registered Office : Moor Lane, Derby DE24 8BJ

ROLLS-ROYCE AERO ENGINE SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their Annual Report for the year ended 31 December 1995.

DIRECTORS RESPONSIBILITY FOR FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company for that year. 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.

ACTIVITY

The Company did not trade on its own account during the year but acted as agent on behalf of Rolls-Royce plc in the repair and overhaul of aerospace power systems.

DIRECTORATE

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

	<u>Appointed</u>	<u>Resigned</u>
H R Beattie		4.4.95
I S Kinnear		
I A Lloyd	4.4.95	
J M Munn		
K Orchard		
J.E.V. Rose	1.1.95	
J Taylor		
J P Williams		

ROLLS-ROYCE AERO ENGINE SERVICES LIMITED

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 1995, including immediate family, in the ordinary share capital of Rolls-Royce plc are as follows:

	<u>HOLDINGS</u>		<u>OPTIONS</u>			
	* <u>1. 1. 95</u>	<u>31. 12. 95</u>	* <u>1. 1. 95</u> (restated)	<u>Granted</u>	<u>Exercised</u>	<u>31.12.95</u>
I S Kinnear	400	400	1,198	920	-	2,118
I A Lloyd	1,176	1,176	119,393	55,750	48,703	126,440
J M Munn	-	-	-	-	-	-
K Orchard	5,503	14,890	51,665	6,900	43,446	15,119
J E V Rose	1,250	1,481	238,642	116,750	-	355,392
J Taylor	6,703	7,944	48,350	4,600	-	52,950
J P Williams	-	-	-	-	-	-

* or date of appointment if later

Existing share options have been adjusted in accordance with an Inland Revenue approved formula to take account of the 1995 Rolls-Royce plc Placing and Open offer.

EMPLOYEES

The Company is a part of the Rolls-Royce plc Group. The Group's policy is to provide, wherever possible, employment opportunities and training for disabled people, to care for employees who become disabled and to make the best possible use of their skills and potential. It also operates an equal opportunities policy details of which are available to all employees.

There are various forms of communication across the Group, each adapted to the particular needs of individual businesses. The Group consults with employees and their elected representatives on a comprehensive range of topics which relate to its overall business objectives. Management and employee representatives hold regular meetings at every location to discuss problems and opportunities.

PENSION FUND

The Group's pension schemes are mainly of the defined benefit type. The schemes are administered by trustees and the assets of the schemes are invested by them independently of the finances of the Group. The schemes are funded by annual contributions from :

- a) the Company's ultimate parent, fellow subsidiary undertakings ; and
- b) scheme members.

Further details of the Group's pension schemes are given in the annual report of the ultimate parent, Rolls-Royce plc.

POLITICAL & CHARITABLE CONTRIBUTIONS

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

LIABILITY INSURANCE

Liability insurance was maintained for the Company's officers during the year.

ROLLS-ROYCE AERO ENGINE SERVICES LIMITED

ANNUAL GENERAL MEETING

Elective Resolutions are in force to dispense with the obligation of laying the Annual Report before the Company in general meeting and holding Annual General meetings.

By Order of the Board

A handwritten signature in black ink, appearing to read 'A E West', with a stylized flourish at the end.

A E West
Secretary
1 March 1996

ROLLS-ROYCE AERO ENGINE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1995

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 AS AT 31 DECEMBER 1995

	<u>note</u>	<u>1995</u> (£)	<u>1994</u> (£)
Current Assets			
Debtors - amounts falling due within one year	4.	1	1
Total Assets		<u>1</u>	<u>1</u>
Capital and Reserves			
Called up share capital	5.	1	1
Equity Shareholders Funds		<u>1</u>	<u>1</u>

The Company was dormant, within the meaning of section 250 of the Companies Act 1985, throughout the year ended 31 December 1995.

These Financial Statements were approved by the Board of Directors on 1 March 1996 and are signed on its behalf by:

Director 

The notes on pages 6 and 7 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

Basis of Accounting

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

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 a wholly owned subsidiary undertaking.

2. Staff Numbers and Costs

The average number of employees, including directors, employed by the Company during the year was as follows:

	<u>1995</u>	<u>1994</u>
United Kingdom :	2,216	2,286
Overseas :	-	-
The actual number employed at 31 December :	2,216	2,143

In keeping with the Company's agency status all employment costs are borne by the ultimate parent company.

3. Directors Remuneration

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

4. Debtors

Amount owed by parent undertaking.

5. Share Capital

	<u>1995</u> (£)	<u>1994</u> (£)
Ordinary Shares of £1 each		
Authorised :	<u>100</u>	<u>100</u>
Issued and Fully Paid :	<u>1</u>	<u>1</u>

6. 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 65 Buckingham Gate, London, SW1E 6AT.