

COMPANY NUMBER 2401091

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) LIMITED

Annual Report
for the Year Ended 31 December 1994

Directors On
6 March 1995 :

D.A.Y. Bonsey
R.T. Keep
A.E. West
D.M. Wilding
A.A. Woodings

Secretary :

A E West



Registered Office : Moor Lane, Derby DE24 8BJ

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) 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 year 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:

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 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.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was to provide technical support services to customers during the year. The directors expect the Company's level of activity to be maintained for the foreseeable future.

RESULTS

The results for the year are given on page 6 of the financial statements.

The directors recommend that no payment of a dividend be paid in respect of the year ended 31 December 1994.

DIRECTORATE

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

Resigned

D.A.Y Bonsey
A.M. Hendry
R.T. Keep
A.E. West
D.M. Wilding
A.A. Woodings

11 January 1994

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) 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>
D.A.Y Bonsey	1562	1608	-	-
A.M. Hendry	5030	5030	-	-
R.T. Keep	1176	1176	945	945
A.E. West	10,810	10,810	4660	4660
D.M. Wilding	-	-	-	-
A.A. Woodings	-	-	160,926	160,926

* or date of appointment if later

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 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.

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.

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) LIMITED

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



A.E. West
Secretary
6 March 1995

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF
TECHNICAL SUPPORTS SERVICES (MIDDLE EAST) LIMITED

We have audited the financial statements on pages 6 to 11..

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants,
Registered Auditors

Derby
6 March 1995

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) LIMITED

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

	Notes	1994 £	1993 £
Turnover	1(c)	506,986	1,187,960
Cost of Sales		(431,193)	(997,946)
Gross Profit		<hr/> 75,793	<hr/> 190,014
Product Support costs		(15,731)	(850)
General and administrative costs		9,640	(7,211)
Profit on ordinary activities before taxation	2	<hr/> 69,702	<hr/> 181,953
Taxation on profit on ordinary activities	4	(39,642)	(60,045)
Retained profit for the year		<hr/> 30,060	<hr/> 121,908

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 profit for both years has been derived on an unmodified historical cost basis.

The notes on pages 9 to 11 form part of these accounts.

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1994

	Notes	1994 £	1993 £
Current Assests			
Debtors - amounts falling due within one year	5	285,964	700,705
Cash in bank and in hand		17,311	-
		<hr/>	<hr/>
		303,275	700,705
Creditors - amounts falling due within one year	6	(92,862)	(520,352)
		<hr/>	<hr/>
Net current assets		210,413	180,353
		<hr/>	<hr/>
Net assets		210,413	180,353
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital	8	100	100
Profit and loss account		210,313	180,253
		<hr/>	<hr/>
Equity shareholders funds		210,413	180,353
		<hr/>	<hr/>

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



A.E. West
Director

The notes on pages 9 to 11 form part of these financial statements.

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) LIMITED

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

	<u>1994</u> £	<u>1993</u> £
Profit for the financial year	30,060	121,908
Opening shareholders' funds	180,353	58,445
	<hr/>	<hr/>
Closing shareholders' funds	210,413	180,353
	<hr/>	<hr/>

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

a) Basis of Accounting

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

b) Cash Flow Statement

Under Financial Report 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) Turnover

Turnover, which excludes value added tax, and comprises amounts invoiced to customers, including group companies, in respect of technical services supplied.

d) Taxation

Provision is made at the rate for the year for United Kingdom Corporation Tax and for deferred taxation on all timing differences where a liability is expected to arise in the foreseeable future.

e) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the year end. Differences on exchange are charged or credited in determining profit on ordinary activities before taxation.

2. Profit on Ordinary Activities before Taxation

	1994 £	1993 £
After charging:		
Auditors remuneration	NIL	NIL
Directors' emoluments	NIL	NIL

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) LIMITED

3. Employee Information

The Company had no employees during the year ended 31 December 1994 (1993 NIL). All necessary services are provided by Rolls-Royce plc.

4. Taxation Charge

	1994 £	1993 £
In respect of the year:		
UK Corporation Tax at 33%	23,002	60,045
Relief for Overseas Taxation	(23,002)	(32,455)
	<hr/>	<hr/>
Overseas Taxation Payable	-	27,590
	31,049	32,455
	<hr/>	<hr/>
Prior years adjustments	31,049	60,045
	8,593	-
	<hr/>	<hr/>
	39,642	60,045
	<hr/>	<hr/>

5. Debtors

	1994 £	1993 £
Amounts falling due within one year:		
Trade debtors	108,140	307,240
Amounts owed by group undertakings comprise:		
Parent undertaking - other	-	14,442
Fellow subsidiary undertakings - other	177,824	379,023
	<hr/>	<hr/>
	285,964	700,705
	<hr/>	<hr/>

6. Creditors - Amount Falling due within One Year

Amounts owed to group undertakings comprise:

Parent undertaking - group relief	-	27,590
- other	92,862	492,762
	<hr/>	<hr/>
	92,862	520,352
	<hr/>	<hr/>

7. Provisions for Liabilities and Charges

Deferred taxation

No potential deferred taxation liability existed as at 31 December 1994 or 31 December 1993.

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) LIMITED

8. Share Capital

	<u>1994</u> (£)	<u>1993</u> (£)
Authorised, issued and fully paid ordinary shares of £1 each	100	100

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 Ultimate Parent via a daily transfer. Under the agreement, the Company bears or earns interest at the National Westminster Bank Plc base rate.

	<u>1994</u> (£)	<u>1993</u> (£)
Cleared sterling (overdraft)/funds	(10,873)	11,326

10. 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 Rolls-Royce plc's Annual Report can be obtained from Rolls-Royce plc, 65 Buckingham Gate, London, SW1E 6AT.

TECHNICAL SUPPORT SERVICES (MIDDLE EAST) 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 10.30 am 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**.
1. THAT whilst election 3.2 above remains in force, the auditors remuneration shall be determined by the directors.
 2. THAT whilst election 3.3 above remains in force, any requirement in the Company's Articles of Association that a director or directors retire by rotation is hereby suspended as if such requirement did not form part of the said Articles of Association.

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



A E West
Secretary
Derby
2 May 1995