

Registration number: 00158230

# **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

Annual Report and Financial Statements  
for the Year Ended 31 December 2022

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## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

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## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Company Information**

<b>Directors</b>	Steven Bignall Daniel Waters
<b>Registration number</b>	00158230
<b>Registered office</b>	Moor Lane Derby DE24 8BJ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N6RH

## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Directors' Report for the year ended 31 December 2022**

The Directors present their Directors' Report for Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited (the Company) together with the audited Financial Statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the Company is as a non-trading entity with remaining assets and liabilities relating to the legacy Rolls-Royce Holdings plc group's (the Group) Energy business, which was disposed of in December 2014 and is in the process of winding down. The Company has branches registered in Indonesia, Qatar, and Tunisia at 31 December 2022.

#### **Business review**

The financial position of the Company at 31 December 2022 is shown in the Balance Sheet on page 11, with the results shown in the Income Statement on page 9.

The Company had profit before taxation of £38,000 (2021: £773,000) for the year ended 31 December 2022. There have been foreign exchange gains of £3,000 (2021: losses of £27,000) arising from the retranslation of the Balance Sheet at year end.

The net assets of the Company as at 31 December 2022 were £1,291,000 (2021: £1,246,000). The Company continues to settle expenses incurred in winding down the branches.

#### **Principal risks and uncertainties**

The Group has an established and structured approach to risk management which is detailed in the Rolls-Royce Holdings plc Annual Report, which is publicly available from the address in note 13. The Company acts in accordance with this policy to manage and mitigate the risks identified below.

The Directors have determined that the principal risks and uncertainties facing the Company are as follows:

##### *Non-compliance with legislation or other regulatory requirements*

Non-compliance by the Company with legislation or other regulatory requirements in the regulated environment in which it operates could compromise the Group's ability to conduct business in certain jurisdictions and could expose the Company to potential reputational damage and/or financial penalties.

The Group has an extensive compliance programme, which is applied within the Company. This programme and the Global Code of Conduct are promulgated throughout the Company and are updated and reinforced from time to time, to ensure their continued relevance, and to ensure that they are complied with both in spirit and to the letter. The Global Code of Conduct and the Company's compliance programme are supported by appropriate training.

#### **Directors**

The Directors who held office during the year and up to the date of signing the Annual Report and Financial Statements were as follows:

Steven Bignall (appointed 8 June 2022)

Carla Estrada (resigned 1 April 2022)

Nicola Hepke (appointed 1 April 2022, resigned 8 June 2022)

Daniel Waters

## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Directors' Report for the year ended 31 December 2022 (continued)**

#### **Qualifying third-party indemnity provisions**

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of the approval of the Annual Report and Financial Statements.

#### **Results and dividends**

The profit after taxation for the year ended 31 December 2022 amounted to £38,000 (2021: £773,000).

The Directors do not recommend the payment of a dividend (2021: £nil).

#### **Future developments**

It is the intention of the Directors to close the remaining branches and to liquidate the Company once it has fulfilled its remaining obligations, including open tax compliance matters, but this is not expected in the next 12-month period.

#### **Financial risk management**

The Company has an established, structured approach to risk management. The Directors do not consider there to be any key financial risks for the Company.

#### **Going concern**

The Financial Statements have been prepared on a basis other than going concern as it is the intention of the Directors to liquidate the Company. The Company disposed of its Energy business in December 2014 and continues to close down the remaining assets and liabilities relating to open tax compliance matters. Once the Company has fulfilled its administrative obligations the Company will be liquidated which the Directors expect will be in excess of 12 months.

After considering the above, the Directors are satisfied that it remains appropriate to prepare the Company's Financial Statements on a basis other than going concern.

Given the nature of the assets and liabilities held at 31 December 2022, no adjustments were necessary in these Financial Statements to reduce assets to their realisable values, to provide for liabilities arising from the decision to wind down operations or to reclassify non-current assets and liabilities to current assets and liabilities.

#### **Branches**

The Company had branches registered in Indonesia, Qatar, and Tunisia at 31 December 2022. The branch in Kazakhstan was deregistered in March 2022. All the activity in the branches relates to winding down the Company's legacy Energy business.

#### **Small company exemption to prepare a Strategic Report**

The Company has taken the small companies' exemption to prepare a Strategic Report under Section 414B of the Companies Act 2006.

#### **Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Directors' Report for the year ended 31 December 2022 (continued)**

#### **Statement of Directors' Responsibilities in respect of the Financial Statements**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

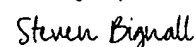
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

#### **Directors' confirmations**

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board and signed on its behalf on 29 June 2023 by:

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Steven Bignall  
Director

## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Independent Auditors' Report to the members of Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Income Statement, Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Emphasis of matter - financial statements prepared on a basis other than going concern**

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Independent Auditors' Report to the members of Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited (continued)**

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the Directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Independent Auditors' Report to the members of Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited (continued)**

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and tax compliance legislation specific to jurisdictions where the branches operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and completeness of transactions. Audit procedures performed by the engagement team included:

- Reviewing minutes of meetings of those charged with governance;
- Circulation of confirmations for a sample of key suppliers to validate the completeness of liabilities;
- Testing a sample of journals posted during the financial year that meets risk based criteria, for example journals with unexpected account combinations; and
- Challenging assumptions and judgements made by management in determining accounting estimates due to the risk of management bias, in particular provisions related to tax matters.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Independent Auditors' Report to the members of Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited (continued)**

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

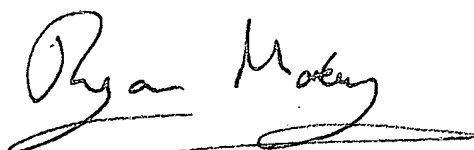
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Ryan Morley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

30 June 2023

# Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited

## Income Statement for the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Administrative income		22	800
<b>Operating profit</b>		<b>22</b>	<b>800</b>
Finance income	5	16	–
Finance costs	6	–	(27)
<b>Profit before taxation</b>		<b>38</b>	<b>773</b>
Tax on profit	7	–	–
<b>Profit for the financial year</b>		<b>38</b>	<b>773</b>

The above results were derived from discontinued operations.

The notes on pages 13 to 19 form an integral part of these Financial Statements.

**Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

**Statement of Comprehensive Income  
for the year ended 31 December 2022**

	2022 £ 000	2021 £ 000
Profit for the financial year	<u>38</u>	<u>773</u>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation gains/(losses)	<u>7</u>	<u>(7)</u>
Total other comprehensive income/(expense) for the financial year	<u>7</u>	<u>(7)</u>
<b>Total comprehensive income for the year</b>	<u><b>45</b></u>	<u><b>766</b></u>

The notes on pages 13 to 19 form an integral part of these Financial Statements.

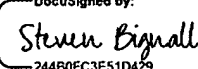
**Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

**Balance Sheet**  
**as at 31 December 2022**  
**(Registration number: 00158230)**

	Note	2022 £ 000	Restated 2021 £ 000
<b>Current assets</b>			
Trade and other receivables	8	91	82
Cash and cash equivalents		<u>1,336</u>	<u>1,342</u>
		1,427	1,424
<b>Current liabilities</b>			
Trade and other payables	9	(16)	(71)
Provisions for liabilities	10	<u>(120)</u>	<u>(107)</u>
<b>Total assets less current liabilities</b>		<b>1,291</b>	<b>1,246</b>
<b>Net assets</b>		<u><b>1,291</b></u>	<u><b>1,246</b></u>
<b>Equity</b>			
Called up share capital	11	50	50
Capital contribution reserve		196	196
Other reserves		48	41
Retained earnings		<u>997</u>	<u>959</u>
<b>Total equity</b>		<u><b>1,291</b></u>	<u><b>1,246</b></u>

The comparative information for the year 31 December 2021 has been restated (see note 2).

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2023 by:

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Steven Bignall  
 Director

The notes on pages 13 to 19 form an integral part of these Financial Statements.

## Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited

### Statement of Changes in Equity for the year ended 31 December 2022

	Called up share capital £ 000	Capital contribution reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2022	50	196	(170)	1,170	1,246
Prior year restatement (note 2)	-	-	211	(211)	-
At 1 January 2022 restated	50	196	41	959	1,246
Profit for the financial year	-	-	-	38	38
Foreign currency translation of foreign operations	-	-	7	-	7
Total comprehensive income	-	-	7	38	45
At 31 December 2022	50	196	48	997	1,291

	Called up share capital £ 000	Capital contribution reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021	50	196	(163)	397	480
Prior year restatement (note 2)	-	-	211	(211)	-
At 1 January 2021 restated	50	196	48	186	480
Profit for the financial year	-	-	-	773	773
Foreign currency translation of foreign operations	-	-	(7)	-	(7)
Total comprehensive income	-	-	(7)	773	766
At 31 December 2021 restated	50	196	41	959	1,246

The capital contribution reserve of £196,000 arose as a result of Rolls-Royce International Limited settling a liability on behalf of the Company in 2018.

Other reserves relate to foreign exchange differences arising on the translation of foreign operations where the functional currency of the branch is not in Pound Sterling.

The comparative information for the years ended 31 December 2022 and 31 December 2021 have been restated (see note 2).

The notes on pages 13 to 19 form an integral part of these Financial Statements.

## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Notes to the Financial Statements for the year ended 31 December 2022**

#### **1 General information**

The Company is a private company, limited by shares and incorporated, registered and domiciled in the East Midlands in the United Kingdom.

The principal activity of the Company is as a holding entity for certain remaining assets and liabilities relating to the Group's legacy Energy business, which was disposed of in December 2014 and is in the process of winding down.

The address of its registered office is Moor Lane, Derby, Derbyshire, DE24 8BJ.

#### **2 Significant accounting policies**

The significant accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these Financial Statements.

##### **Basis of preparation**

The Financial Statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Financial Statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

In these Financial Statements the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- The following paragraphs of IAS 1, *Presentation of financial statements*:
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38B-D (additional comparative information);
  - 40A-D (change in accounting policy, retrospective restatement or reclassification);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, *Statement of cash flows*;
- The requirements in IAS 24, *Related party disclosures*, to disclose related party transactions entered into between two or more members of a group;
- comparative period reconciliations for share capital; and
- Paragraph 17 of IAS 24, *Related party disclosures* (key management compensation).
- IFRS 7, *Financial instruments: Disclosures*, and
- Paragraphs 30 and 31 of IAS 8, *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

##### **New standards, amendments and IFRIC interpretations**

There are no amendments to accounting standards, no new standards or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the Company's Financial Statements.

## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Notes to the Financial Statements for the year ended 31 December 2022 (continued)**

#### **2 Significant accounting policies (continued)**

##### **Going concern**

The Financial Statements have been prepared on a basis other than going concern as it is the intention of the Directors to liquidate the Company. The Company disposed of its Energy business in December 2014 and continues to close down the remaining assets and liabilities relating to open tax compliance matters. Once the Company has fulfilled its administrative obligations the Company will be liquidated which the Directors expect will be in excess of 12 months.

After considering the above, the Directors are satisfied that it remains appropriate to prepare the Company's Financial Statements on a basis other than going concern.

Given the nature of the assets and liabilities held at 31 December 2022, no adjustments were necessary in these Financial Statements to reduce assets to their realisable values, to provide for liabilities arising from the decision to wind down operations or to reclassify non-current assets and liabilities to current assets and liabilities.

##### **Critical accounting estimates and judgements**

The preparation of Financial Statements requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies. The Financial Statements are not considered to contain any area involving a higher degree of judgement or complexity and therefore no further considerations are required.

##### **Prior year restatements**

Following a review by management, it was identified that following the closure of the Abu Dhabi branch in 2019, the foreign exchange translation adjustment relating to the Abu Dhabi branch within other reserves were not recycled to retained earnings. The Balance Sheet and Statement of Changes in Equity have been restated to reflect this. The impact to the financial statements is a £211,000 increase in other reserves and a corresponding £211,000 decrease in retained earnings for both 2022 and 2021. There has been no impact to the tax charge.

##### **Discontinued operations**

Profit/(loss) before taxation of the Company for the year has been presented as being from discontinued operations. For the years ended 31 December 2022 and 31 December 2021, all operations have been presented as 'discontinued' and arose from activities relating to the legacy Energy business that was sold to Siemens on 1 December 2014.

##### **Foreign currency transactions and balances**

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency of the Indonesian branch is the United States Dollar.

As the Company has a number of overseas branches, in accordance with IAS 21 *The Effects of Changes in Foreign Currency Rates*, primary indicators for sales and costs have historically been mixed so the secondary indicators have been considered. The Financial Statements are presented in 'Pounds Sterling' (£).

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the Company at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences arising on translation are recorded in net financing in the Income Statement.



## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Notes to the Financial Statements for the year ended 31 December 2022 (continued)**

#### **2 Significant accounting policies (continued)**

##### **Finance income/costs**

Finance income/costs are credited/debited to the income statement using the effective interest method.

##### **Tax on profit/loss**

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

##### **Financial assets and liabilities**

###### **Classification**

###### **Financial assets**

Financial assets primarily include other receivables and cash and cash equivalents (comprising cash at bank). These financial assets are calculated as follows:

- Other receivables are classified as held to collect and measured at amortised cost; and
- Cash and cash equivalents are subject to low market risk. Cash balances are measured at fair value through profit and loss (FVPL).

###### **Financial liabilities**

Financial liabilities primarily consist of other payables and are classified and measured at amortised cost.

##### **Trade and other receivables**

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less any expected credit losses.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Provisions for liabilities**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

##### **Called up share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited

### Notes to the Financial Statements for the year ended 31 December 2022 (continued)

#### 2 Significant accounting policies (continued)

##### Rounding of amounts

All amounts in the Financial Statements have been rounded to the nearest thousand Pound Sterling, unless otherwise stated.

#### 3 Staff costs and Directors' remuneration

The Company has no employees (2021: Nil). The Directors did not receive any remuneration (2021: £Nil) for qualifying services to the Company.

All Directors fees or emoluments were paid by Rolls-Royce plc, as the amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated. No charge has been made in the current or prior year for the services of the Directors.

#### 4 Auditors' remuneration

The fees for the audit of the Company Financial Statements for the year ended 31 December 2022 were £28,000 (2021: £24,000) and were paid by Rolls-Royce plc and not recharged.

No (2021: no) amounts were paid to the Company's auditors for non-audit services.

#### 5 Finance income

	2022 £ 000	2021 £ 000
Bank interest receivable	13	-
Foreign exchange gain	3	-
	<u>16</u>	<u>-</u>

#### 6 Finance costs

	2022 £ 000	2021 £ 000
Foreign exchange loss	-	27

# Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited

## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

### 7 Tax on profit

Tax charged in the Income Statement:

	2022	2021
	£ 000	£ 000
<b>Current tax</b>		
UK corporation tax adjustments in respect of prior periods	<u>-</u>	<u>-</u>
<b>Tax charge in the income statement</b>	<u>-</u>	<u>-</u>

The tax on profit before tax for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
<b>Profit before tax</b>	<u>38</u>	<u>773</u>
Corporation tax at standard rate of 19% (2021: 19%)	7	147
Income non taxable	<u>(7)</u>	<u>(147)</u>
<b>Total tax charge</b>	<u>-</u>	<u>-</u>

### 8 Trade and other receivables

	2022	2021
	£ 000	£ 000
Other receivables	<u>91</u>	<u>82</u>

# Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited

## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

### 9 Trade and other payables

#### Current:

	2022 £ 000	2021 £ 000
Accruals	<u>16</u>	<u>71</u>

### 10 Provisions for liabilities

	Tax provisions £ 000
At 1 January 2022	107
Foreign exchange differences	<u>13</u>
At 31 December 2022	<u>120</u>

Provisions for liabilities and charges relate to foreign tax and associated penalties dating back to activities associated with the legacy Energy business. Subsequent to the year end, the Company reached agreement with the relevant authorities to settle for the amount provided for.

### 11 Called up share capital

#### Allotted and fully paid

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

#### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:  
Each share has attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

## **Rolls-Royce Industrial Power Engineering (Overseas Projects) Limited**

### **Notes to the Financial Statements for the year ended 31 December 2022 (continued)**

#### **12 Contingent liabilities**

Certain authorities are investigating members of the Group for matters relating to misconduct in relation to historical matters. The Group is responding appropriately. Action may be taken by further authorities against the Group or individuals. In addition, the Group could still be affected by actions from customers, customers' financiers and the Group's current and former investors, including certain potential claims in respect of the Group's historical ethics and compliance disclosures which have been notified to the Group. The Directors are not currently aware of any matters that are likely to lead to a material financial loss over and above the penalties imposed to date but cannot anticipate all the possible actions that may be taken or their potential consequence.

The Directors of the Company have also considered whether, following payment of the disputed penalty to the Qatari tax authorities discussed in note 10, there would be any further related cash outflow for the years 2015-2021 which will not be reviewed by the authorities until after the current dispute relating to 2014 is settled. On the basis that the branch did not trade after 1 January 2015, the Directors do not believe there to be any further probable exposure.

In addition, the Directors consider it probable that further assessments by the Indonesian tax authorities could be undertaken for years within the assessment period. The Directors have concluded that additional payments could be possible, but are not probable, so in line with IAS 37 *Provisions, contingent liabilities and contingent assets* no provision has been made.

#### **13 Parent and ultimate parent undertaking**

The Company's immediate parent is Rolls-Royce Power Engineering Limited.

The ultimate parent and ultimate controlling party is Rolls-Royce Holdings plc, which is the parent undertaking of the largest group to consolidate these Financial Statements. Rolls-Royce plc is the parent undertaking of the smallest group to consolidate these Financial Statements.

The consolidated Financial Statements of these groups are available upon request from Kings Place, 90 York Way, London, United Kingdom, N1 9FX.