

Registration number: 00233766

Spare IPG 20 Limited

Unaudited Annual Report and Financial Statements

for the Year Ended 31 December 2022



Spare IPG 20 Limited

Contents

	Page
Company Information.....	1
Directors' Report.....	2
Income Statement.....	5
Statement of Comprehensive Income	6
Balance Sheet.....	7
Statement of Statement of Changes in Equity.....	8
Notes to the Financial Statements	9

Spare IPG 20 Limited

Company Information

Directors	Nicola Carroll Rolls-Royce Industries Limited
Registered number	00233766
Registered office	Kings Place 90 York Way London United Kingdom N1 9FX

Directors' Report for the year ended 31 December 2022

The Directors present their Directors' Report on Spare IPG 20 Limited (the Company), together with the unaudited Financial Statements for the year ended 31 December 2022.

Principal activities

The principal activities of the Company is to continue to exist for the purpose of the industrial disease claims which are expected to have a settlement period between 30 to 40 years. The Company also holds employer liability claims provisions for historical employees. The Company also holds employer liability claims provisions for historical employees.

In 2022, the Company took part in a balance sheet rationalisation exercise and as a result, the Company passed a special resolution approving a capital reduction resulting in a reduction in called up share capital and a corresponding increase in retained earnings of £49,999. The Company also passed a written resolution to waive a historical intercompany loan of £50,000.

Business review

The financial position of the Company at 31 December 2022 is shown in the Balance Sheet on page 7, with the results shown in the Income Statement on page 5.

The Company did not trade during 2022 or the preceding financial year and all expenses have been borne by the parent company. As a result of the transactions above, the net assets of the Company decreased to £1 (2021 audited: £50,000).

Principal risks and uncertainties

Rolls-Royce Holdings plc group (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 10. The Company acts in accordance with this policy to manage and mitigate the risks. The Directors have not identified any key risks for the Company.

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:

Nicola Carroll

Rolls-Royce Industries Limited

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 Company's loss after taxation for the year ended 31 December 2022 amounted to £50,000 (2021 audited: £nil) as a result of the Company passing a written resolution to waive a historical intercompany loan of £50,000. The net assets of the Company are £1 (2021 audited: £50,000).

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

Future developments

The Company will continue to exist for the purpose of the industrial disease claims which are expected to have a settlement period between 30 to 40 years.

Financial risk management

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 10. The Company acts in accordance with this policy to manage and mitigate the risks. The Directors have not identified any key risks for the Company.

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

Going concern

The Financial Statements have been prepared on a going concern basis. The Directors consider that the Company will continue to exist for the purpose of the industrial disease claims which are expected to have a settlement period between 30 to 40 years. The Company is not expected to incur cash outflow in the settlement period based on formal documentation with the immediate parent company and historical evidence in the Group's practices to settle the claims on behalf of the Company. The Directors do not expect there to be any further financial obligations incurred for at least 12 months from the date of approval of these Financial Statements.

Rolls-Royce plc, a parent undertaking, has provided written confirmation of its intention to continue to provide financial support to the Company such that the Company is able to operate as a going concern and to settle their liabilities as they fall due for a period of at least 12 months from the date of signing these Financial Statements. After considering the above, the Directors are satisfied that it remains appropriate to prepare the Company Financial Statements on a going concern basis.

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.

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.

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

Statement of Directors' Responsibilities in respect of the Financial Statements (continued)

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.

Approved by the Board on 24 May 2023 and signed on its behalf by:

DocuSigned by:

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.....
Nicola Carroll
Director

Income Statement
for the year ended 31 December 2022

	2022 Unaudited £ 000	2021 Audited £ 000
Administrative expenses	<u>(50)</u>	<u>-</u>
Operating loss	<u>(50)</u>	<u>-</u>
Loss before taxation	<u>(50)</u>	<u>-</u>
Tax on loss	5 <u>-</u>	<u>-</u>
Loss for the financial year	<u>(50)</u>	<u>-</u>

The Company has not traded during either the current or prior financial year. The administrative expenses in the year relate to the waiver of the intercompany loan receivable. For further detail, see note 6.

The notes on pages 9 to 14 form an integral part of these Financial Statements.

Statement of Comprehensive Income for the year ended 31 December 2022

	2022 Unaudited £ 000	2021 Audited £ 000
Loss for the financial year	<u>(50)</u>	<u>-</u>
Total comprehensive expense for the year	<u>(50)</u>	<u>-</u>

The notes on pages 9 to 14 form an integral part of these Financial Statements.

Balance Sheet
as at 31 December 2022
(Registration number: 00233766)

	Note	2022 Unaudited £000	2021 Audited £000
Current assets			
Trade and other receivables	6	158	225
		<u>158</u>	<u>225</u>
Current liabilities			
Provisions for liabilities	7	(7)	(24)
		<u>(7)</u>	<u>(24)</u>
Total assets less current liabilities		<u>151</u>	<u>201</u>
Non-current liabilities			
Provisions for liabilities	7	(151)	(151)
		<u>(151)</u>	<u>(151)</u>
Net assets		<u>-</u>	<u>50</u>
Equity			
Called up share capital	8	-	50
Total equity		<u>-</u>	<u>50</u>

For the year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the Act) relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf on 24 May 2023 by:

DocuSigned by:

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Nicola Carroll
 Director

The notes on pages 9 to 14 form an integral part of these Financial Statements.

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

	Called up share capital Unaudited £000	Retained earnings Unaudited £000	Total equity Unaudited £000
At 1 January 2022	50	–	50
Loss for the financial year	–	(50)	(50)
Total comprehensive expense	–	(50)	(50)
Transactions with owners in their capacity as owners			
Capital reduction (note 8)	(50)	50	–
At 31 December 2022	–	–	–
	Called up share capital Audited £000	Retained earnings Audited £000	Total equity Audited £000
At 1 January 2021	50	–	50
At 31 December 2021	50	–	50

On 12 December 2022, the Company passed a special resolution approving a capital reduction resulting in a reduction in called up share capital and a corresponding increase in retained earnings of £49,999.

The notes on pages 9 to 14 form an integral part of these Financial Statements.

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 London, UK.

The principal activity of the Company is to continue to exist for the purpose of the industrial disease claims which are expected to have a settlement period between 30 to 40 years. The Company also holds employer liability claims provisions for historical employees. On 12 December 2022, the Company passed a special resolution approving a capital reduction resulting in a reduction in called up share capital and a corresponding increase in retained earnings of £49,999. Following the capital reduction, the Company passed a written resolution to waive a historical intercompany loan of £50,000.

The address of its registered office is Kings Place, 90 York Way, London, United Kingdom, N1 9FX.

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);
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).
- IAS 7, *Statement of cash flows*
- Paragraphs 30 and 31 of IAS 8, *Accounting policies*, changes in accounting estimates and error (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, *Related party disclosures* (key management compensation)
- The requirements in IAS 24, *Related party disclosures* to disclose related party transactions entered into between two or more members of a group
- IFRS 7, *Financial instrument: Disclosures*

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.

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 going concern basis. The Directors consider that the Company will continue to exist for the purpose of the industrial disease claims which are expected to have a settlement period between 30 to 40 years. The Company is not expected to incur cash outflow in the settlement period based on formal documentation with the immediate parent company and historical evidence in the Group's practices to settle the claims on behalf of the Company. The Directors do not expect there to be any further financial obligations incurred for at least 12 months from the date of approval of these Financial Statements.

Rolls-Royce plc, a parent undertaking, has provided written confirmation of its intention to continue to provide financial support to the Company such that the Company is able to operate as a going concern and to settle their liabilities as they fall due for a period of at least 12 months from the date of signing these Financial Statements. After considering the above, the Directors are satisfied that it remains appropriate to prepare the Company Financial Statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are as follows:

Key estimates and judgements – Industrial diseases provision

The provision relies on assumptions and estimates used by the external actuaries in calculating the likely provision required for industrial diseases liabilities. The provision consists of an amount for known claims, with a best estimate of the most likely outcome based on current known information, and an estimate for future claims not yet reported. These assumptions include discount rates, assessment of inflation and the number of future claims. The overall liability is calculated for the immediate parent company group and the best estimate for the Company is calculated based on the % contribution from previous employees employed by the Company as a proportion of total incurred claims. The provision that has been recognised as current or non-current is based on the % of claims settled in the 12 months prior as an estimate for the amount expected to be utilised in the next 12 months. The outstanding provision as at 31 December 2022 is £158,000 (2021 audited: £175,000). Further detail can be found in note 7.

The Company makes judgement in recognising a reimbursement asset for the full amount of the liability recognised as these claims are paid for by the immediate parent Company on behalf of the Company. The Company deems that it is virtually certain that reimbursement will be received based on formal documentation with the immediate parent Company and historical evidence of the Group's practices.

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

2 Significant accounting policies (continued)

Functional 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 Financial Statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Financial assets

Classification

Financial assets

Financial assets relate to intercompany receivables. This financial asset is calculated at amortised cost.

Impairment

IFRS 9 *Financial Instruments* sets out the basis for the accounting of expected credit losses (ECLs) on financial assets. The Company has adopted the simplified approach to provide for ECLs, measuring the lifetime loss allowance at a probability weighted amount that considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions of customers.

Trade and other receivables

Trade and other receivables consists of amounts owed by group undertakings recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. If collection is expected in one year or less, or in the normal operating cycle of the business if longer, they are classified as current assets. If not, they are presented as non-current assets.

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.

Rounding of amounts

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

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

3 Staff and Directors costs

The Company has no employees (2021 audited: nil). The Directors did not receive any remuneration (2021 audited: £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

During the year no (2021 audited: £11,000) fees were incurred for the audit of the Company Financial Statements following the accounts being exempt from audit under section 479A. In the year to 31 December 2021, the fees were paid by Rolls-Royce plc, its parent company, on behalf of the Company and not recharged. No (2021 audited: no) amounts were paid to the auditors for non-audit services.

5 Tax on loss

There was no current taxation charged to the income statement in 2022 (2021 audited: £nil).

Tax charged in the income statement:

	2022 Unaudited £ 000	2021 Audited £ 000
Current taxation		
UK corporation tax charge on profit for the year	—	—

The tax on loss before tax for the year is lower than (2021 audited: same as) the standard rate of corporation tax in the UK of 19% (2021 audited: 19%).

The differences are reconciled below:

	2022 Unaudited £ 000	2021 Audited £ 000
Loss before taxation	(50)	—
Corporation tax at standard rate of 19% (2021: 19%)	(10)	—
Decrease from effect of expenses not deductible in determining taxable loss	10	—
Total tax charge	—	—

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

6 Trade and other receivables

	2022 Unaudited £000	2021 Audited £000
Amounts due from group undertakings	<u>158</u>	<u>225</u>

In December 2022, the Company passed a written resolution to waive a historical intercompany loan of £50,000. In 2021, amounts due from group undertakings of £50,000 were unsecured, interest free, had no fixed date of repayment and were repayable on demand.

Amounts due from group undertakings also includes £158,000 (2021 audited: £175,000) reimbursement asset for any claims paid on behalf of the Company by its immediate parent company as part of the industrial diseases provision. This amount will be realised in line with the utilisation of the provision, of which £7,000 (2021 audited: £24,000) is expected to be realised in the next 12 months.

7 Provisions for liabilities

	Industrial diseases provision £000
At 1 January 2022	175
Additional provisions	(57)
Release of provisions	47
Provision utilised	(7)
At 31 December 2022	<u>158</u>
Current liabilities	<u>7</u>
Non-current liabilities	<u>151</u>

At 31 December 2022, the Company recognised a provision of £158,000 (2021 audited: £175,000) in respect of employee claims from historical employment when the Company was a trading entity. A reimbursement asset of £158,000 (2021 audited: £175,000) has also been recognised (see note 6). The provision is expected to be utilised over the next 30 to 40 years, with £7,000 (2021 audited: £24,000) estimated to be utilised in the next 12 months. The discount rate used in the actuarial valuation is 2.93% (2021 audited: 1.24%) which aligns with the yield on a UK 30-year gilt.

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

8 Called up share capital

Allotted and fully paid

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

On 12 December 2022, the Company passed a special resolution approving a capital reduction resulting in a reduction in called up share capital and a corresponding increase in retained earnings of £49,999.

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital, subject to the availability of distributable reserves. All shares carry equal voting rights and rank for dividends.

9 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.

10 Parent and ultimate parent undertaking

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

The ultimate parent undertaking and 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.

Both sets of Financial Statements are available upon request from Kings Place, 90 York Way, London, United Kingdom, N1 9FX.