Registration number: 00333922

Spare IPG 24 Limited

Annual Report and Financial Statements

for the year ended 31 December 2021

Spare IPG 24 Limited

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Spare IPG 24 Limited

Company Information

Directors	Nicola Carroll Rolls-Royce Industries Limited
Registered number	00333922
Registered office	Kings Place 90 York Way London United Kingdom N1 9FX
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Donington Court Pegasus Business Park Castle Donington East Midlands DE74 2UZ

Spare IPG 24 Limited

Directors' Report
for the year ended 31 December 2021

The Directors present their Directors' Report on Spare IPG 24 Limited (the Company), together with the audited Financial Statements for the year ended 31 December 2021.

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 has had no activity for a number of years and previously filed dormant unaudited Financial Statements.

Business review
The Company did not trade during 2021 or the preceding financial year. The Company did not receive any income or incur any expenditure and consequently has made neither profit nor loss.

The net assets of the Company as at 31 December 2021 were £2,526,000 (2020 restated unaudited: £2,526,000). The Company has a provision for industrial diseases claims of £168,000 (2020 restated unaudited: £177,000) and a corresponding reimbursement asset of £168,000 (2020 restated unaudited: £177,000) which is due from the immediate parent Company when the provision is settled.

The Company has share premium £465,000 and a capital redemption reserve of £90,000. The Company has been dormant for a number of years and due to the period of time that has passed since the balances originated and change in ownership, the original documentation is not available.

Principal risks and uncertainties
The Company acts in accordance with policies set by Rolls-Royce Holdings plc. The Rolls-Royce Holdings plc group (the Group) has an established and structured approach to risk management, which is detailed in the Group's Annual Report which is publicly available from the address in note 9. 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 (appointed 15 January 2021)

Jacqueline Gentles (resigned 15 January 2021)

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 did not trade during 2021 or the preceding financial year, and all expenses have been borne by the parent undertakings. The Company did not receive any income or incur any expenditure and consequently has made neither profit nor loss.

During the year, the Company has not paid or declared any dividends (2020 unaudited: £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.

Spare IPG 24 Limited

Directors' Report
for the year ended 31 December 2021 (continued)

Financial risk management
The Company has an established and structured approach to risk management. The following risks are considered key by the Directors:

Credit risk
The Company's credit risk is primarily attributable to its amounts receivable from the parent undertaking. The amounts in the Balance Sheet are stated after provisions for impairment. Amounts due from the immediate parent undertaking are supported by Rolls-Royce plc. Therefore the overall credit risk to the Company is considered to be low.

Going concern
The Directors of the Company have prepared the Financial Statements 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, as necessary, for a period of at least 12 months from the date of signing these financial statements, to ensure the Company has adequate resources to maintain its operational existence and to meet its financial demands for the foreseeable future. After considering the above, the Directors consider it appropriate to prepare the Financial Statements on a going concern basis

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.

Spare IPG 24 Limited

Directors' Report
for the year ended 31 December 2021 (continued)

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 on 28 September 2022 and signed on its behalf by:

DocuSigned by:
Nicola Carroll
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Nicola Carroll
Director

Spare IPG 24 Limited

Independent Auditors' Report to the members of Spare IPG 24 Limited

Report on the audit of the Financial Statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Spare IPG 24 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 2021; the 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 qualified opinion

The company has prepared and filed dormant accounts for many years. The directors has been unable to provide sufficient appropriate evidence to support the Share premium balance of £465,000 and Capital redemption reserve of £90,000 held within Equity.

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 qualified 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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Spare IPG 24 Limited

Independent Auditors' Report to the members of Spare IPG 24 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 2021 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.

Spare IPG 24 Limited

Independent Auditors' Report to the members of Spare IPG 24 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 the Companies Act 2006, 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 management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions throughout the audit with management and the company's in-house legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing Financial Statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Challenging assumptions, judgements and disclosures made by management in determining significant accounting estimates, because of the risk of management bias, in particular in relation to the industrial disease claim liability.

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. This description forms part of our auditors' report.

Spare IPG 24 Limited

Independent Auditors' Report to the members of Spare IPG 24 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

In respect solely of the limitation on our work relating to being unable to provide sufficient audit evidence to support the Share premium and Capital redemption reserve balances, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

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

- 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.

Other matter

The financial statements for the 31 December 2020, forming the corresponding figures of the financial statements for the year ended 31 December 2021, are unaudited.

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Rachel Cletheroe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
28 September 2022

Spare IPG 24 Limited

Balance Sheet
as at 31 December 2021
(Registration number: 00333922)

	Note	2021 Audited £000	2020 Restated Unaudited £000
Current assets			
Trade and other receivables	5	2,694	2,703
		2,694	**2,703**
Current liabilities			
Provisions	6	(19)	(2)
		(19)	**(2)**
Total assets less current liabilities		**2,675**	**2,701**
Non-current liabilities			
Provisions	6	(149)	(175)
		(149)	**(175)**
Net assets		**2,526**	**2,526**
Equity			
Called up share capital	7	450	450
Share premium account		465	465
Capital redemption reserve		90	90
Retained earnings		1,521	1,521
Total equity		**2,526**	**2,526**

The comparative financial information for the year ended 31 December 2020 has been restated. See note 2 for further detail.

The Company did not trade in 2021 or 2020. During these years, the Company received no net income and incurred no net expenditure, nor did it make a profit or loss.

The Financial Statements on pages 9 to 16 were approved and authorised for issue by the Directors on 28 September 2022 and signed on its behalf by:

DocuSigned by:
Nicola Carroll
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Nicola Carroll
Director

The notes on pages 11 to 16 form an integral part of these Financial Statements.

Spare IPG 24 Limited

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital Audited £000	Share premium account Audited £000	Capital redemption reserve Audited £000	Retained earnings Audited £000	Total equity Audited £000
At 1 January 2021	450	465	90	1,521	2,526
At 31 December 2021	**450**	**465**	**90**	**1,521**	**2,526**

	Called up share capital Unaudited £000	Share premium account Unaudited £000	Capital redemption reserve Unaudited £000	Retained earnings Unaudited £000	Total equity Unaudited £000
At 1 January 2020	450	465	90	1,521	2,526
At 31 December 2020	**450**	**465**	**90**	**1,521**	**2,526**

The Company has share premium £465,000 and a capital redemption reserve of £90,000. The Company has been dormant for a number of years and due to the period of time that has passed since the balances originated and change in ownership, the original documentation is not available.

The notes on pages 11 to 16 form an integral part of these Financial Statements.

Spare IPG 24 Limited

Notes to the Financial Statements
for the year ended 31 December 2021

1 General information

The Company is a private company limited by shares, incorporated and domiciled in London, UK.

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

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 has had no activity for a number of years and previously filed dormant unaudited Financial Statements.

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.

These are the Company's first Financial Statements prepared in accordance with FRS 101. The Company previously filed dormant Financial Statements and became active during the year following a significant transaction. The key transitional arrangements are:

- an explanation of how the transition has affected the Company's reported financial position and financial performance;
- a reconciliation of the equity reported as at 31 December 2019 and 31 December 2020; and
- a reconciliation of the profit and loss and other recognised gains and losses to the total comprehensive income reported for the year ended 31 December 2020.

The transition has had no effect on the Company's reported financial position or financial performance in the current or prior year and accordingly no such explanations or reconciliations are required in these Financial Statements.

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); and
    - 111 (statement of cash flows information).
    - 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)

2 Significant accounting policies (continued)

Basis of preparation (continued)

- 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 Instruments*

Prior year adjustment

During the year, a prior year adjustment has been identified to recognise a provision and corresponding reimbursement asset for employer liability claims relating to industrial diseases. On the basis that the Company is legally liable the Financial Statements have been amended to reflect this. The reimbursement asset has been recognised as it is virtually certain that this will be received and is supported by formal documentation from the immediate parent Company who will continue to cash settle the claims on the Company's behalf. The provision was historically accounted for in the immediate parent Company reflecting the current group's process for managing and settling the claims. The claims are settled on behalf of the Company by its immediate parent Company, Rolls-Royce Power Engineering plc, and no cash outflow is expected to be incurred by the Company.

The prior year has been restated for the following:

- trade and other receivables has increased by £177,000 for the reimbursement asset due from its immediate parent Company (note 5); and
- increase in current provisions of £2,000 and non-current provisions of £175,000 for the industrial diseases liability on the Balance Sheet.

There are no opening reserves, profit and loss or tax adjustments required as a result of the prior year adjustments.

Key accounting estimates and judgements

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 2021 is £168,000 (2020 restated unaudited: £177,000). Further detail can be found in note 6.

2 Significant accounting policies (continued)

Key accounting estimates and judgements (continued)

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.

New standards, amendments and IFRIC interpretations

The Company has applied FRS 101 for the first time in the year ending 31 December 2021. These Financial Statements apply relevant accounting standards and IFRIC interpretations that are effective for the year ended 31 December 2021.

Going concern

The Directors of the Company have prepared the Financial Statements 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, as necessary, for a period of at least 12 months from the date of signing these financial statements, to ensure the Company has adequate resources to maintain its operational existence and to meet its financial demands for the foreseeable future. After considering the above, the Directors consider it appropriate to prepare the Financial Statements on a going concern basis.

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 provision for impairment. When assessing the impairment of amounts owed by group undertakings, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The Company applies the IFRS 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

Provisions

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.

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.

2 Significant accounting policies (continued)

Functional and presentational currency

The functional and presentational currency of the Company is Pound Sterling.

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

3 Staff and Directors costs

The Company has no employees (2020 unaudited: Nil). The Directors did not receive any remuneration (2020 unaudited: £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 were £11,000 (2020 unaudited: £Nil) and were paid on behalf of the Company by Rolls-Royce plc and not recharged.

£Nil amounts were paid to the auditors for non-audit services (2020 unaudited: £Nil).

5 Trade and other receivables

	2021 Audited £000	2020 Restated Unaudited £000
Amounts owed by group undertakings	2,694	2,703

Amounts owed by group undertakings of £2,526,000 (2020 restated unaudited: £5,526,000) are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts owed by group undertakings also includes £168,000 (2020 restated unaudited: £177,000) 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 £19,000 (2020 restated unaudited; £2,000) is expected to be realised in the next 12 months.

The comparative financial information for the year ended 31 December 2020 has been restated for the recognition of reimbursement asset due from the immediate parent Company. See note 2 for further detail.

Spare IPG 24 Limited

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

6 Provisions

	Industrial diseases provision £000
At 31 December 2020 as previously reported (unaudited)	-
Prior year adjustment (see note 2)	177
At 1 January 2021	177
Additional provisions	17
Provision released	(7)
Provision utilised	(19)
At 31 December 2021	168
Current liabilities	19
Non-current liabilities	149

The comparative financial information for the year ended 31 December 2020 has been restated for the recognition of a provision for industrial diseases claims. See note 2 for further detail. At 31 December 2021, the Company recognised a provision of £168,000 (2020 restated unaudited: £177,000) in respect of employee claims from historical employment when the Company was a trading entity. A reimbursement asset of £168,000 (2020 restated unaudited: £177,000) has also been recognised (see note 5). The provision is expected to be utilised over the next 30 to 40 years, with £19,000 (2020 restated unaudited: £2,000) estimated to be utilised in the next 12 months. The discount rate used in the actuarial valuation is 1.52% (2020 unaudited: 1.31%) which aligns with the yield on a UK 30-year gilt.

7 Called up share capital

	2021 Audited		2020 Unaudited	
	No.	£000	No.	£000
Allotted and fully paid				
Ordinary shares of £0.20 each	2,247,750	450	2,247,750	450

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.

8 Contingent liabilities

In January 2017, after full cooperation, the Group concluded deferred prosecution agreements (DPA) with the SFO and the US Department of Justice (DoJ) and a leniency agreement with the MPF, the Brazilian federal prosecutors. The terms of both DPAs have now expired; the DPA with the DoJ was dismissed by the US District Court on 19 May 2020 and the SFO filed notice of discontinuance of proceedings with the UK Court on 18 January 2022. 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 and customers' financiers. 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 consequences.

9 Parent and ultimate parent undertaking

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

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.

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