

Registered number 01975872

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**ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	D J Goma M King J M Shannahan (appointed 1 January 2012) K Waldron
<b>COMPANY SECRETARY</b>	D J Goma
<b>REGISTERED NUMBER</b>	01975872
<b>REGISTERED OFFICE</b>	Moor Lane Derby DE24 8BJ

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**ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

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## ROLLS-ROYCE TOTAL CARE SERVICES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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The directors present their report and the financial statements for the year ended 31 December 2012

#### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of aftermarket services to customers of Rolls-Royce plc

#### BUSINESS REVIEW

##### Services

TotalCare® packages cover long-term management of the maintenance and associated logistics for Rolls-Royce plc engines and systems, monitoring the equipment in service to deliver the system availability our customers require with predictable costs. During the year, TotalCare services have been developed in accordance with customer requirements. Customers continue to seek a broad service scope. The company is well positioned to meet the challenges of increased customer demand, and committed to ensuring reliable execution of such service provisions.

##### Trading

Turnover grew by 21% compared to the previous period. Turnover growth is driven by an increasing fleet of Rolls-Royce powered aircraft covered by TotalCare packages. Operating profit is slightly lower than 2011, with margin performance reflecting new material requirements and costs together with changes in future utilisation assumptions.

##### Risks

Revenue growth is reliant on the growth in engine sales by Rolls-Royce plc, where competitive pressures in the market are most evident from the major American based engine manufacturers. New entrants to the aftermarket industry are a potential threat, though this is mitigated by continued growth in the company order book for long-term TotalCare agreements. The company has significant levels of transactions in US dollars, and thus has an exposure to movements in exchange rates.

##### Outlook

The company continues to be focused on growing its order book, and works with Rolls-Royce plc, to ensure the offering of TotalCare solutions in support of new engine sale proposals. The group expects to deliver further turnover growth in 2013.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £74,384 thousand (2011 - £76,496 thousand)

No dividend is recommended for 2012, (2011 - £Nil)

#### DIRECTORS

The directors who served during the year were

D J Goma

M King

J M Shannahan (appointed 1 January 2012)

K Waldron

#### PRINCIPAL RISKS AND UNCERTAINTIES

##### Summary

From the perspective of the company, the principal risks and uncertainties are integral to the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Rolls-Royce

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## **ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

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Holdings plc, which include those of the company, are discussed in the group's annual report which does not form part of this report

#### **COMPANY'S POLICY FOR PAYMENT OF CREDITORS**

The company seeks the best possible terms from suppliers and when entering into binding purchasing contracts, gives consideration to quality, delivery, price and terms of payment. In the event of disputes, efforts are made to resolve them quickly.

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **PROVISION OF INFORMATION TO AUDITOR**

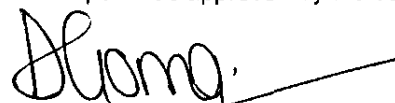
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

#### **AUDITOR**

Under section 487(2) of the Companies Act 2006, KPMG Audit Plc will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf



D J Goma

Secretary

Date 26.4.13

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## **ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012**

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The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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. They 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

We have audited the financial statements of Rolls-Royce Total Care Services Limited for the year ended 31 December 2012, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

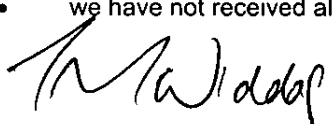
### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

  
Tim Widdas (Senior statutory auditor)  
for and on behalf of

**KPMG Audit Plc**  
Chartered Accountants  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ  
Date 4/6/13

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**ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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	Note	2012 £000	2011 £000
<b>TURNOVER</b>	2	<b>1,401,567</b>	1,156,677
Cost of sales		<u>(1,286,439)</u>	<u>(1,042,095)</u>
<b>GROSS PROFIT</b>		<b>115,128</b>	114,582
Administrative expenses		<u>(16,607)</u>	<u>(10,615)</u>
<b>OPERATING PROFIT</b>		<b>98,521</b>	103,967
Interest receivable and similar income	5	<u>-</u>	<u>109</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>98,521</b>	104,076
Tax on profit on ordinary activities	6	<u>(24,137)</u>	<u>(27,580)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	11	<u><b>74,384</b></u>	<u><b>76,496</b></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 7 to 10 form part of these financial statements



**ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**  
**REGISTERED NUMBER 01975872**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2012**

	Note	£000	2012 £000	£000	2011 £000
<b>CURRENT ASSETS</b>					
Debtors amounts falling due after more than one year	7	548,835		485,187	
Debtors amounts falling due within one year	7	633,399		476,342	
		<u>1,182,234</u>		<u>961,529</u>	
<b>CREDITORS</b> amounts falling due within one year	8	<u>(261,520)</u>		<u>(241,439)</u>	
<b>NET CURRENT ASSETS</b>			<b>920,714</b>		<b>720,090</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>920,714</b>		<b>720,090</b>
<b>CREDITORS:</b> amounts falling due after more than one year	9		<b>(700,304)</b>		<b>(574,064)</b>
<b>NET ASSETS</b>			<b>220,410</b>		<b>146,026</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		-		-
Profit and loss account	11		<b>220,410</b>		<b>146,026</b>
<b>SHAREHOLDERS' FUNDS</b>	12		<b>220,410</b>		<b>146,026</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



**J M Shannahan**

Director

Date 26/4/13

The notes on pages 7 to 10 form part of these financial statements

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## ROLLS-ROYCE TOTAL CARE SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### **1 ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### **1.2 Cash flow statement**

The company is a wholly owned subsidiary of Rolls-Royce plc and is included in the consolidated financial statements of Rolls-Royce plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1

##### **1.3 Related party transactions**

The company has taken advantage of the exemption in FRS8 not to disclose related party transactions with other group companies

##### **1.4 Revenue recognition**

Revenue comprises charges to external customers in respect of aftermarket services (TotalCare® Packages) and excludes value added tax

Sales of services are recognised by reference to the stage of completion based on services performed to date. The assessment of the stage of completion for long-term aftermarket services is dependent on the flying hours

##### **1.5 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

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**ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**2. TURNOVER**

A geographical analysis of turnover is as follows

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
United Kingdom	<b>140,434</b>	56,035
Rest of Europe	<b>234,350</b>	178,314
United States of America	<b>128,115</b>	142,083
Asia	<b>766,859</b>	707,828
Africa	<b>62,831</b>	44,685
Australasia	<b>66,064</b>	25,785
South and Central America	<b>2,914</b>	1,947
	<b>1,401,567</b>	<b>1,156,677</b>

**3 AUDITORS' REMUNERATION**

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Fees payable to the company's auditor for the audit of the company's annual accounts	<b>7</b>	<b>7</b>

**4 STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration (2011 - £NIL)

All services were provided by Rolls-Royce plc

**5 INTEREST RECEIVABLE**

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Other interest receivable	<b>-</b>	109

**6 TAXATION**

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
UK corporation tax charge on profit for the year	<b>24,137</b>	27,580

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**ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**6 TAXATION (continued)**

**Factors affecting tax charge for the year**

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)

**Factors that may affect future tax charges**

The Autumn Statement 2012 announced that the UK corporation tax rate will reduce to 21 per cent by 2014. The reductions to 24 per cent effective from 1 April 2012 and 23 per cent effective from 1 April 2013 were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

**7 DEBTORS**

	2012 £000	2011 £000
<b>Due after more than one year</b>		
Trade debtors	593	3,400
Amounts recoverable on long term contracts	548,242	481,787
	<u>548,835</u>	<u>485,187</u>
	2012 £000	2011 £000
<b>Due within one year</b>		
Trade debtors	63,826	93,899
Amounts owed by group undertakings	483,223	336,884
Amounts recoverable on long term contracts	86,350	45,559
	<u>633,399</u>	<u>476,342</u>

**8. CREDITORS.**

**Amounts falling due within one year**

	2012 £000	2011 £000
Amounts owed to group undertakings	24,137	27,580
Other creditors	13,357	11,812
Accruals and deferred income	224,026	202,047
	<u>261,520</u>	<u>241,439</u>

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**ROLLS-ROYCE TOTAL CARE SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**9 CREDITORS**

Amounts falling due after more than one year

	<b>2012 £000</b>	<b>2011 £000</b>
Accruals and deferred income	<b>700,304</b>	<b>574,064</b>

**10 SHARE CAPITAL**

	<b>2012 £</b>	<b>2011 £</b>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<b>100</b>	<b>100</b>

**11 RESERVES**

	<b>Profit and loss account £000</b>
At 1 January 2012	<b>146,026</b>
Profit for the year	<b>74,384</b>
At 31 December 2012	<b>220,410</b>

**12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2012 £000</b>	<b>2011 £000</b>
Opening shareholders' funds	<b>146,026</b>	<b>69,530</b>
Profit for the year	<b>74,384</b>	<b>76,496</b>
Closing shareholders' funds	<b>220,410</b>	<b>146,026</b>

**13 CONTROLLING PARTY**

The immediate parent undertaking is Rolls-Royce 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 available to the public and may be obtained from 65 Buckingham Gate, London, SW1E 6AT