

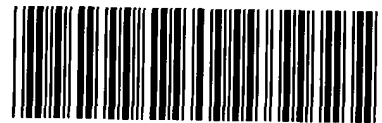
Registration number: 01975872

# Rolls-Royce Total Care Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

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**Rolls-Royce Total Care Services Limited**  
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**Rolls-Royce Total Care Services Limited**  
**Company Information**

<b>Registered office</b>	Moor Lane Derby Derbyshire DE24 8BJ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Donington Court Pegasus Business Park Castle Donington East Midlands DE74 2UZ

**Rolls-Royce Total Care Services Limited**  
**Strategic Report for the Year Ended 31 December 2018**

The Director presents his Strategic Report for the year ended 31 December 2018.

**Principal activity**

The principal activity of the Company was the provision of aftermarket services to customers of Rolls-Royce plc.

On 31 December 2017, the Company sold its entire trade and assets to Rolls-Royce plc for £199,005 thousand. The disposal was part of a simplification programme of the Rolls-Royce Holdings plc group structure.

**Business review**

The Company has not traded in the year, after it sold its trade and assets to Rolls-Royce plc on 31 December 2017. The Company's Net Assets at the year ended 31 December 2017 and 2018 were £162,438 thousand.

**Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integral to the principal risks of the Rolls-Royce Holdings plc group ('group') and are not managed separately. Accordingly, the principal risks and uncertainties of Rolls-Royce Holdings plc, which include those of the Company, are discussed in the group's annual report which does not form part of this report and are publicly available. The address of the parent company's registered office is set out in note 12.

**Brexit**

The Director is monitoring the impact of the Brexit vote on the Company and the terms on which the United Kingdom may withdraw from the European Union. It is difficult to evaluate all of the potential implications on the Company's operations and the wider economy. However, the Director believes the business has no exposure to any Brexit implications since it is not actively trading. Further disclosures are given in the Rolls-Royce Holdings plc group financial statements which can be obtained from the address in note 12.

**Future developments**

The Director does not expect any change to the present level of activity in the foreseeable future.

Approved by the Board on 19/12/19 and signed on its behalf by:



M Gregory  
Director

**Rolls-Royce Total Care Services Limited**  
**Director's Report for the Year Ended 31 December 2018**

The Director presents his report and the audited financial statements for the year ended 31 December 2018.

**Director of the company**

The Director who held office during the year and up to the date of signing the financial statements was as follows:

G J Hopkinson (resigned 30 November 2019)

M Gregory (appointed 6 December 2019)

**Principal activity**

The principal activity of the Company was the provision of aftermarket services to customers of Rolls-Royce plc.

On 31 December 2017, the Company sold its entire trade and assets to Rolls-Royce plc for £199,005 thousand. The Company did not trade in 2018.

**Results and dividends**

The result for the year, after taxation, amounted to £0 (2017 - Profit of £153,392 thousand).

During the year a dividend of £nil (2017: £125,000 thousand) was paid. A dividend of £nil (2017: £nil - restated) is proposed. See Note 10 in the Notes to the Financial Statements.

**Going Concern**

On 31 December 2017 the trade and assets of the Company were sold to Rolls-Royce plc. The financial statements have therefore been prepared on a basis other than going concern. The Director has determined that the Company will be liquidated as a result. Given the nature of the assets and liabilities held at the 31 December 2018, this has not resulted in any recognition and measurement adjustments in preparing these accounts.

**Financial Risk Management**

The Company's principal risk and uncertainties are discussed in the Strategic Report on page 2.

**Future developments**

The Company's future plans are discussed in the Strategic Report on page 2.

**Qualifying third party indemnity provisions**

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

**Rolls-Royce Total Care Services Limited**  
**Director's Report for the Year Ended 31 December 2018 (continued)**

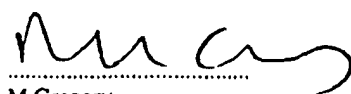
**Disclosure of information to the auditors**

The Director has taken steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Director confirms that there is no relevant information that he knows of and of which he knows the auditors are unaware.

**Independent auditors**

The 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.

Approved by the Board on 19/12/19 and signed on its behalf by:



M Gregory  
Director

**Rolls-Royce Total Care Services Limited**  
**Statement of Director's Responsibilities**

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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 Director 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 Director is 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 Director is 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 Director is 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.

**Rolls-Royce Total Care Services Limited**  
**Independent Auditors' Report to the members of Rolls-Royce Total Care Services Limited**

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

**Opinion**

In our opinion, Rolls-Royce Total Care Services Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its result for the year then ended;
- 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 2018; the Income Statement, 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 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 Director's reasons why the financial statements have been prepared on a basis other than going concern.

**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 Director is 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 Strategic Report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



**Rolls-Royce Total Care Services Limited**  
**Independent Auditors' Report to the members of Rolls-Royce Total Care Services**  
**Limited (continued)**

*Strategic Report and Director's Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's Report for the year ended 31 December 2018 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 Strategic Report and Director's Report.

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

*Responsibilities of the Director for the financial statements*

As explained more fully in the Statement of Director's Responsibilities set out on page 5, the Director is 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 Director is 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 Director is 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 Director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*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.

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.

*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.

**Rolls-Royce Total Care Services Limited**  
**Independent Auditors' Report to the members of Rolls-Royce Total Care Services Limited (continued)**

**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 received 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 Director's 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.



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

Date: 19 December 2019

**Rolls-Royce Total Care Services Limited**  
**Income Statement for the Year Ended 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Revenue	3	-	2,713,701
Cost of sales		-	(2,494,957)
<b>Gross profit</b>		-	<b>218,744</b>
Administrative expenses		-	(28,785)
<b>Operating profit</b>		-	<b>189,959</b>
<b>Profit before taxation</b>		-	<b>189,959</b>
Taxation	6	-	(36,567)
<b>Profit for the financial year</b>		-	<b>153,392</b>

These results are all from discontinued operations.

There are no items of other comprehensive income or expense and therefore no Statement of Comprehensive Income or expense has been presented.

The notes on pages 12 to 18 form an integral part of these financial statements.

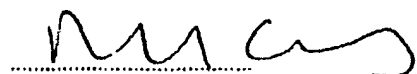
**Rolls-Royce Total Care Services Limited**

**(Registration number: 01975872)**

**Balance Sheet as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
<b>Current Assets</b>			
Trade and other receivables	7	162,438	199,005
<b>Current liabilities</b>			
Trade and other payables	8	-	(36,567)
<b>Net assets</b>		<u>162,438</u>	<u>162,438</u>
<b>Equity</b>			
Retained Earnings		<u>162,438</u>	<u>162,438</u>
<b>Total Equity</b>		<u>162,438</u>	<u>162,438</u>

The financial statements on pages 9 to 18 were approved and authorised for issue by the Board on 19/12/19 and signed on its behalf by:



M Gregory

Director

The notes on pages 12 to 18 form an integral part of these financial statements.

**Rolls-Royce Total Care Services Limited**  
**Statement of Changes in Equity for the Year Ended 31 December 2018**

	<b>Share capital</b> <b>£ 000</b>	<b>Retained</b> <b>Earnings</b> <b>£ 000</b>	<b>Total equity</b> <b>£ 000</b>
At 1 January 2018	-	162,438	162,438
At 31 December 2018	-	162,438	162,438
	<b>Share capital</b> <b>£ 000</b>	<b>Retained</b> <b>Earnings</b> <b>£ 000</b>	<b>Total equity</b> <b>£ 000</b>
At 1 January 2017	-	134,046	134,046
Profit for the financial year	-	153,392	153,392
<b>Total comprehensive income</b>	-	153,392	153,392
Dividends	-	(125,000)	(125,000)
At 31 December 2017	-	162,438	162,438

**Rolls-Royce Total Care Services Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2018**

**1 General Information**

The Company is a private company limited by share capital incorporated and domiciled in the East Midlands, in the United Kingdom. The Company did not trade in 2018. The principal activity of the Company was the provision of aftermarket services to customers of Rolls-Royce plc, until 31 December 2017 when it ceased trading.

The address of its registered office is:

Moor Lane  
Derby  
Derbyshire  
DE24 8BJ

**2 Significant accounting policies**

**Basis of preparation**

The principal accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

On 31 December 2017 the trade and assets of the Company were sold to Rolls-Royce plc. The financial statements have therefore been prepared on a basis other than going concern. The Director has determined that the Company will be liquidated as a result. Given the nature of the assets and liabilities held at the 31 December 2018, this has not resulted in any recognition and measurement adjustments in preparing these accounts.

The financial statements of Rolls-Royce Total Care Services Limited 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:

- A Cash Flow Statement and related notes
- The requirements of IAS 24 Related Party Transactions and has, therefore, not disclosed transactions between the Company and its wholly owned subsidiaries
- Disclosures in respect of the compensation of Key Management Personnel
- The effects of new but not yet effective IFRSs.

## **Rolls-Royce Total Care Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

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

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

IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* are new accounting standards that are effective for the year ended 31 December 2018. On transitioning to the new accounting standards, the Director evaluated the impact on the financial statements and considered that there is not a material impact.

With respect to the transition to IFRS 15, the standard allows a choice of transition methods:

1. Appendix C3(a) - fully retrospective; and
2. Appendix C3(b) - retrospective from the date of initial adoption (1 January 2018).

The Company has chosen to adopt IFRS 15 from the date of initial adoption of the standard, that being 1 January 2018. Accordingly, prior year comparatives have not been restated for the adoption of IFRS 15. On the date of adoption of IFRS 15, there were no active contracts requiring adjustment as the Company was not actively trading and therefore no transactions have been subject to IFRS 15 during the year ended 31 December 2018.

##### **Key accounting estimates and judgements**

The preparation of financial statements require the use of certain critical accounting estimates. It also requires management to exercise its judgements 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 for the year ended 31 December 2018 and therefore no further consideration is required. The disclosure below sets out key estimates and judgements for the year ended 31 December 2017:

##### ***Key judgement - measure of performance on long-term aftermarket contracts (applicable to the year ended 31 December 2017)***

The Company's activities are related to long-term aftermarket contracts. Under these contracts, the Company's primary obligation is to maintain customers' equipment in an operational condition and it achieves this by undertaking various activities, such as engine monitoring, line maintenance and repair and overhaul, over the period of the contract. In general, the Director considers that the stage of performance of the contract should be by reference to the obligation to maintain an operational fleet and that this is best measured by the operation of the fleet. Accordingly, stage of performance is measured by reference to flying hours of each fleet under contract.

##### ***Key estimate - assessment of long-term contractual arrangements (applicable to the year ended 31 December 2017)***

The Company has long term contracts that fall into different accounting periods and which can extend over significant periods (generally up to 25 years). The estimated revenue and costs are inherently imprecise and significant estimates are required to assess: engine flying hours, time on wing and other operating parameters; the pattern of future maintenance activity (including the in-service fleet issues) and the costs to be incurred; lifecycle cost improvements over the term of the contracts and escalation of revenue and costs. The estimates take account of the inherent uncertainties and the risk of non-recovery of any resulting contract balances. In addition, many of the revenues and costs are denominated in currencies other than that of the Company. Such balances are translated at an estimated long-term exchange rate, based on historical trends.

**Rolls-Royce Total Care Services Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

**2 Significant accounting policies (continued)**

**Revenue recognition**

Revenue comprised charges to external customers in respect of aftermarket services (TotalCare® Packages) and excluded value added tax.

Sales of services were 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 was dependent on the flying hours.

IFRS 15 was adopted as of 1 January 2018. There were no active contracts requiring adjustment as the Company was not actively trading and therefore no transactions have been subject to IFRS 15 during the year ended 31 December 2018.

**Foreign currency transactions and balances**

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 income statement.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

**Basic financial instruments**

*Trade and other receivables / payables*

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

**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 Total Care Services Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

**2 Significant accounting policies (continued)**

**Dividends**

Interim dividends are recognised in the financial statements in the period in which they are paid to the Company's shareholders. Final dividends are recognised as a liability in the financial statements at the point at which they are declared.

**3 Revenue**

A geographical analysis of revenue is as follows:

	2018 £ 000	2017 £ 000
United Kingdom	-	270,065
Rest of Europe	-	474,412
United States of America	-	253,552
Asia	-	1,415,847
Africa	-	119,373
Australasia	-	103,034
South and Central America	-	77,418
	<u>-</u>	<u>2,713,701</u>

**4 Auditors' remuneration**

The fees for the audit of the Company financial statements were £2,000 (2017: £7,000) and were paid by Rolls-Royce plc on behalf of the Company and not recharged.

£Nil (2017: £Nil) amounts were paid to the auditors for non-audit services.

**5 Staff and Directors costs**

The Company has no employees (2017: Nil).

The Director's fees or emoluments were paid by Rolls-Royce plc and the amount attributable to the qualifying services provided by the Director to the Company cannot be reliably estimated. No charge has been made in the current or prior years for the services of the Director.

# Rolls-Royce Total Care Services Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 6 Taxation

Tax charged to the income statement

	2018 £ 000	2017 £ 000
<b>Current taxation</b>		
<b>UK Corporation tax</b>		
Charge on profit for the year	-	21,204
Adjustments in respect of prior periods	(6,582)	-
<b>Group relief payable</b>		
Charge in year	-	15,363
Adjustments in respect of prior periods	6,582	-
Tax expense in the income statement	<u>-</u>	<u>36,567</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit on ordinary activities before tax	<u>-</u>	<u>189,959</u>
Corporation tax at standard rate	<u>-</u>	<u>36,567</u>
Total tax charge	<u>-</u>	<u>36,567</u>

The UK corporation tax rate reduced to 19% from 1 April 2017.

The budget 2016 announced that the UK tax rate will reduce to 17% with effect from 1 April 2020. The rate reduction to 17% has been substantively enacted on 6 September 2016.

### 7 Trade and other receivables

	2018 £ 000	2017 £ 000
<b>Due within one year</b>		
Amount owed by group undertakings	<u>162,438</u>	<u>199,005</u>
	<u>162,438</u>	<u>199,005</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**Rolls-Royce Total Care Services Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

**8 Trade and other payables**

	2018 £ 000	2017 £ 000
Group relief payable	<u>-</u>	<u>36,567</u>

The company has a UK corporation tax liability of £Nil (2017: £14,622 thousand) which was settled on its behalf by Rolls-Royce plc (the Company's immediate parent). This amount is presented within group relief payable. The UK corporation tax liability disclosed as at 31 December 2017 of £21,204 thousand has reduced by £6,582 thousand due to group relief surrendered to the parent company for which a payment will be made. Accordingly there is no tax impact in the current financial year.

**9 Called-up share capital**

**Allotted and fully paid shares**

	2018		2017	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**10 Dividends**

The aggregate amount of dividends proposed and not recognised as a liability in 2018 was £nil (2017: £nil - restated).

Subsequent to the signing of the financial statements ending 31 December 2017, the Director of the Company was made aware that the original resolutions in support of the dividends proposed and disclosed in 2017 of £162,438 thousand were not prepared in accordance with the Companies Act 2006 and were not paid. Consequently, there is no impact upon either the Income Statement, Balance Sheet or Statement of Changes in Equity for the years ended 31 December 2018 and 2017.

## **Rolls-Royce Total Care Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **11 Contingent liabilities**

In January 2017, after full cooperation, companies within the Rolls-Royce group concluded deferred prosecution agreements with the SFO and the US Department of Justice and a leniency agreement with the MPF, the Brazilian federal prosecutors ("the agreements"). The Central Bureau of Investigation (CBI) in India has opened a formal investigation naming Rolls-Royce plc, Rolls-Royce India Private Limited and others alleging bribery in relation to historical matters. The companies named will respond appropriately. Action may be taken by other authorities against these or other entities or individuals. In addition, we could still be affected by actions from customers and customers' financiers. The Directors of those companies that are party to the agreements or named in the CBI investigation are not currently aware of any matters that are likely to lead to a material financial loss, but cannot anticipate all the possible actions that may be taken or their potential consequences. There are no financial consequences of the agreements or the CBI investigation on the Company.

#### **12 Parent and ultimate parent undertaking**

The Company's immediate parent 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.

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