

Registration number: 01975872

Rolls-Royce Total Care Services Limited

Unaudited Annual Report and Financial Statements

for the year ended 31 December 2021



Rolls-Royce Total Care Services Limited

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Rolls-Royce Total Care Services Limited

Company Information

Directors Mark Gregory
William Morris

Registered number 01975872

Registered office Moor Lane
Derby
Derbyshire
DE24 8BJ

Rolls-Royce Total Care Services Limited

Directors' Report for the year ended 31 December 2021

The Directors present their Directors' Report on Rolls-Royce Total Care Services Limited (the Company) together with the unaudited Financial Statements for the year ended 31 December 2021.

Principal activities

Prior to the sale of the entire trade and assets of the Company to Rolls-Royce plc, its immediate parent, on 31 December 2017, the principal activity of the Company was the provision of aftermarket services to customers of Rolls-Royce plc. The Company is in the process of novating the remaining contracts held by the Company.

Business review

The Company has not traded in the year and the results for the year, after taxation, amounted to £nil (2020 audited: £nil). The Company's net assets at the year ended 31 December 2021 were £162,438,000 (31 December 2020 audited: £162,438,000).

Principal risks and uncertainties

The Company acts in accordance with policies set by Rolls-Royce Holdings plc. The Rolls-Royce Holdings plc group (Group) has an established and structured approach to risk management, which is detailed in the Group's Annual Report which can be obtained from the address in note 8.

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

Liquidation of the Company will not be completed on a timely basis

The Company will be liquidated subject to the novation of outstanding supplier and customer contracts from the Company to Rolls-Royce plc which has been ongoing since 2017. To date, 88% (2020: 86%) of the operator novations and 66% (2020: 57%) of the lessor novations have been successfully completed. The Company remains subject to contracts and sub-agreements with a limited number of suppliers which must also be novated. The Company will endeavour to make further progress with novating the remaining contracts during 2022.

Directors

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

Mark Gregory

William Morris

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 approval of the Annual Report and Financial Statements.

Results and dividends

The results for the Company are outlined in the Business review section above. The Directors do not recommend the payment of a dividend (2020 audited: £Nil).

Future developments

It is expected that the Company will be liquidated in the near future once all contracts have been novated although this is not expected to be in the next 12 months.

Financial risk management

The Company has an established, 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 the amounts receivable from other group undertakings, which are stated in the Balance Sheet after provisions for impairment. Amounts due from group undertakings are supported by Rolls-Royce plc. Therefore, the overall credit risk to the Company is considered to be low.

Rolls-Royce Total Care Services Limited

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

Going concern

The Financial Statements have been prepared on a basis other than going concern as it is the intention of the Directors to liquidate the Company. The Company sold its trade and assets on 31 December 2017 to Rolls-Royce plc and continue to novate outstanding operating contracts. Once all contracts are novated the Company will be liquidated, which the Directors expect will be in excess of 12 months, as a result the Directors are satisfied the Financial Statements should be prepared on a basis other than going concern. The Directors will continue to reassess each financial year. Given the nature of the assets and liabilities held as at 31 December 2021, this has not resulted in any recognition and measurement adjustments in preparing these Financial Statements.

Small company exemption

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:

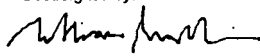
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates 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.

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 7 July 2022

and signed on its behalf by:

DocuSigned by:


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William Morris
Director

Rolls-Royce Total Care Services Limited

Balance Sheet
as at 31 December 2021
(Registration number: 01975872)

	Notes	2021 Unaudited £ 000	2020 Audited £ 000
Assets			
Current assets			
Trade and other receivables	5	<u>162,438</u>	<u>162,438</u>
Net assets		<u>162,438</u>	<u>162,438</u>
Equity			
Called up share capital	6	-	-
Retained earnings		<u>162,438</u>	<u>162,438</u>
Total Equity		<u>162,438</u>	<u>162,438</u>

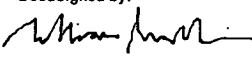
The Company has not traded during the year or the preceding financial year. During these years, the Company received no income and incurred no expenditure and therefore made neither a profit nor loss.

For the year ending 31 December 2021 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 on page 4 to 8 were approved and authorised for issue by the Directors on 7 July 2022 and signed on its behalf by:

DocuSigned by:

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William Morris
 Director

The notes on pages 6 to 8 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 2021**

	Share capital	Retained earnings	Total
	Unaudited £ 000	Unaudited £ 000	Unaudited £ 000
At 1 January 2021	<u>–</u>	<u>162,438</u>	<u>162,438</u>
At 31 December 2021	<u>–</u>	<u>162,438</u>	<u>162,438</u>

	Share capital	Retained earnings	Total
	Audited £ 000	Audited £ 000	Audited £ 000
At 1 January 2020	<u>–</u>	<u>162,438</u>	<u>162,438</u>
At 31 December 2020	<u>–</u>	<u>162,438</u>	<u>162,438</u>

The notes on pages 6 to 8 form an integral part of these Financial Statements.

Rolls-Royce Total Care Services 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 England.

Prior to the sale of the entire trade and assets of the Company to Rolls-Royce plc on 31 December 2017, the principal activity of the Company was the provision of aftermarket services to customers of Rolls-Royce plc. The Company is in the process of novating the remaining contracts held by the Company.

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

2 Significant accounting policies

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

Basis of preparation

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

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

- The following paragraphs of IAS 1 *Presentation of Financial Statements*:
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS); 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)
- The requirements in IAS 24 *Related party disclosures* to disclose related party transactions entered into between two or more members of a group

Going concern

The Financial Statements have been prepared on a basis other than going concern as it is the intention of the Directors to liquidate the Company. The Company sold its trade and assets on 31 December 2017 to Rolls-Royce plc and continue to novate outstanding operating contracts. Once all contracts are novated the Company will be liquidated, which the Directors expect will be in excess of 12 months, as a result the Directors are satisfied the Financial Statements should be prepared on a basis other than going concern. The Directors will continue to reassess each financial year. Given the nature of the assets and liabilities held as at 31 December 2021, this has not resulted in any recognition and measurement adjustments in preparing these Financial Statements.

Rolls-Royce Total Care Services Limited

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

2 Significant accounting policies (continued)

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 2021 that have a material impact on the Company's Financial Statements.

Critical accounting estimates and judgements

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

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 nearer thousand Pounds Sterling unless otherwise stated.

Trade and other receivables

Trade and other receivables relate to amounts owed by group undertakings and are classified as financial assets and are subject to IFRS 9's, *Financial Instruments*, expected credit loss model. Trade receivables are originally recognised at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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.

3 Auditors' remunerations

During the year no (2020 audited: £8,000) 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 2020 the fees were paid by Rolls-Royce plc, its immediate parent company, on behalf of the Company and not recharged. No (2020 audited: no) amounts were paid to the auditors for non-audit services.

4 Staff costs and Directors' costs

The Company has no employees (2020 audited: Nil).

The Directors' fees or emoluments were paid by Rolls-Royce plc, its immediate parent company, 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 years for the services of the Directors.

Rolls-Royce Total Care Services Limited

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

5 Trade and other receivables

	2021 Unaudited £ 000	2020 Audited £ 000
Due within one year		
Amounts owed by Group undertakings	162,438	162,438
	<u>162,438</u>	<u>162,438</u>

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

6 Called up share capital

Allotted and fully paid shares

	2021 Unaudited		2020 Audited	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	100	–	100	–

Share capital is trivial to these Financial Statements.

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 to the extent to which the total amount on each share is paid up.

7 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.

8 Parent and ultimate parent undertaking

The Company's 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 publicly available from Kings Place, 90 York Way, London, United Kingdom, N1 9FX.