

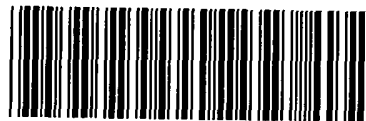
Registration number: 01975872

Rolls-Royce Total Care Services Limited

Annual Report and Financial Statements

for the year ended 31 December 2020

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Rolls-Royce Total Care Services Limited

Contents

| | Page(s) |
|--|----------------|
| Company Information | 1 |
| Directors' Report | 2 to 4 |
| Independent Auditors' Report to the members of Rolls-Royce Total Care Services Limited | 5 to 8 |
| Balance Sheet | 9 |
| Statement of Changes in Equity | 10 |
| Notes to the Financial Statements | 11 to 14 |

Rolls-Royce Total Care Services Limited

Company Information

Registered office

Moor Lane
Derby
Derbyshire
DE24 8BJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Rolls-Royce Total Care Services Limited

Directors' Report for the year ended 31 December 2020

The Directors present their report on Rolls-Royce Total Care Services Limited (the Company) together with the audited financial statements for the year ended 31 December 2020.

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 and results

The Company has not traded in the year and the results for the year, after taxation, amounted to £nil (2019: £nil). The Company's net assets at the year ended 31 December 2020 and 2019 were £162,438,000.

Dividends

The Directors do not recommend the payment of a dividend (2019: £Nil).

Future developments

It is expected that the Company will be liquidated in the near future once all contracts have been novated.

Principal risks and uncertainties

The Company acts in accordance with policies set by Rolls-Royce Holdings plc. The Rolls-Royce Holdings plc group has an established, structured approach to risk management, which is detailed in the Rolls-Royce Holdings plc 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, 86% (2019: 84%) of the operator novations and 57% (2019: 53%) of the lessor novations have been successfully completed. COVID-19 had significantly hampered the progress with operators during the year, as operators were focusing on managing the impacts of the COVID-19 pandemic and novation requests were not necessarily a priority. In some cases other ongoing commercial issues or priorities prevented their completion. The Company remains subject to contracts 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 2021.

Rolls-Royce Total Care Services Limited

Directors' Report for the year ended 31 December 2020 (continued)

Directors of the Company

The Directors who held office during the year and up to the date of signing of this report were as follows:

W Morris (appointed 3 August 2020)

M Gregory

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 this report.

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.

Small company exemption

The Company has taken the small companies' exemption to prepare a Strategic Report under Section 414B of the Companies Act 2006.

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, although this is not expected to be in the next 12 months. As a result, the financial statements have been prepared on a basis other than going concern. Given the nature of the assets and liabilities held as at 31 December 2020, this has not resulted in any recognition and measurement adjustments in preparing these financial statements.

Rolls-Royce Total Care Services Limited

Directors' Report for the year ended 31 December 2020 (continued)

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.

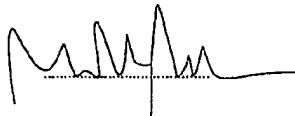
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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 29 June 2021 and signed on its behalf by:



W Morris
Director

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 2020 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 2020; 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 directors' reasons why the financial statements have been prepared on a basis other than going concern.

Rolls-Royce Total Care Services Limited

Independent Auditors' Report to the members of Rolls-Royce Total Care Services 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 2020 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.

Rolls-Royce Total Care Services Limited

Independent Auditors' Report to the members of Rolls-Royce Total Care Services 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 applicable Generally Accepted Accounting Practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 posting inappropriate journal entries to manipulate financial results. 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 minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Assess completeness of journal entries to identify unusual journal entries for testing. As a non-trading company with no transactions in the year all balances have been subject to audit procedures.

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.

Rolls-Royce Total Care Services Limited

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

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

- we have not obtained 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 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: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. 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
1 July 2021

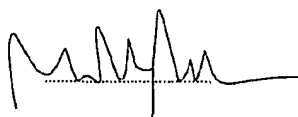
Rolls-Royce Total Care Services Limited

Balance Sheet
as at 31 December 2020
(Registration number: 01975872)

| | Notes | 2020 £ 000 | 2019 £ 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 | | | |
| 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.

The financial statements on page 9 to 14 were approved and authorised for issue by the Directors on 29 June 2021 and signed on its behalf by:



W Morris
Director

The notes on pages 11 to 14 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 2020**

| | Share capital £ 000 | Retained earnings £ 000 | Total £ 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> |
| | Share capital £ 000 | Retained earnings £ 000 | Total £ 000 |
| At 1 January 2019 | <u>-</u> | <u>162,438</u> | <u>162,438</u> |
| At 31 December 2019 | <u>-</u> | <u>162,438</u> | <u>162,438</u> |

The notes on pages 11 to 14 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 2020

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, although this is not expected to be in the next 12 months. As a result, the financial statements have been prepared on a basis other than going concern. Given the nature of the assets and liabilities held as at 31 December 2020, 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 2020 (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 2020 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 management to exercise its judgements in the process of applying the Company's accounting policies. The financial statements are not considered to contain any area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements for the year ended 31 December 2020 and 31 December 2019, therefore no further consideration is required.

Basic financial instruments

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 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.

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.

3 Auditors' remunerations

The fees for the audit of the Company financial statements were £8,000 (2019: £6,000) and were paid by Rolls-Royce plc, its immediate parent company, on behalf of the Company and not recharged.

£Nil (2019: £Nil) amounts were paid to the auditors for non-audit services.

Rolls-Royce Total Care Services Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

4 Staff costs and Directors' costs

The Company has no employees (2019: 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.

5 Trade and other receivables

| | 2020 £ 000 | 2019 £ 000 |
|------------------------------------|----------------|----------------|
| Due within one year | | |
| Amounts owed by group undertakings | <u>162,438</u> | <u>162,438</u> |
| | <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

| | 2020 | | 2019 | |
|----------------------------|------------|----------|------------|----------|
| | No. | £ 000 | No. | £ 000 |
| Ordinary shares of £1 each | <u>100</u> | <u>-</u> | <u>100</u> | <u>-</u> |

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 Rolls-Royce Holdings plc Group ('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. Following the expiry of its term the DPA with the DoJ was dismissed by the US District Court on 19 May 2020. 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.

Rolls-Royce Total Care Services Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

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 available to the public and may be obtained from Kings Place, 90 York Way, London, United Kingdom, N1 9FX.