

Registration number: 02868832

Rolls-Royce Military Aero Engines Limited

Unaudited Annual Report and Financial Statements

for the year ended 31 March 2022

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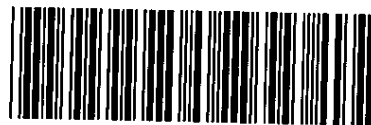


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Rolls-Royce Military Aero Engines Limited
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Rolls-Royce Military Aero Engines Limited
Company Information

Directors	Nicola Carroll Rolls-Royce Industries Limited
Registered number	02868832
Registered office	Kings Place 90 York Way London N1 9FX

Rolls-Royce Military Aero Engines Limited

Directors' Report for the year ended 31 March 2022

The Directors present their Directors' Report on Rolls-Royce Military Aero Engines Limited (the Company), together with the unaudited Financial Statements for the year ended 31 March 2022.

Principal activities

The Company has had no activity for a number of years and has filed dormant unaudited Financial Statements since 2000. Prior to this the Company acted as an agent on behalf of Rolls-Royce plc in the manufacture and supply of aerospace power systems.

Business review

The Company did not trade during 2022 or the preceding financial year. The Company incurred administrative costs of £1,522 during 2022 to cover the filing of statutory governance forms (2021: £nil).

The Company also recognised related tax interest income of £85,032 (2021: £Nil) which is due from the Indian Revenue Authorities for tax related interest previously paid by the Company. In addition, the Company recognised a net foreign exchange gain of £2,600 (2021: £Nil) on revaluation of foreign exchange balances.

The net assets of the Company at 31 March 2022 were £86,111 (2021: net assets £1).

Principal risks and uncertainties

The Company acts in accordance with policies set by Rolls-Royce Holdings plc. The Rolls-Royce Holdings plc group (the Group) has an established and structured approach to risk management which is detailed in the Annual Report of Rolls-Royce Holdings plc which is publicly available from the address in note 11. The Directors have not identified any key risks for the Company.

Directors

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

Nicola Carroll

Rolls-Royce Industries Limited

Qualifying third-party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of the approval of this Directors' Report.

Results and dividends

The results for the year have been outlined in the business review section above. The Company has paid no dividends in the current or preceding year.

The Directors do not recommend the payment of a dividend (2021: £nil).

Future developments

The Directors do not expect any change to the level of activity for the foreseeable future. It is anticipated that the Company will be dormant following the receipt of the tax debtor due from Indian Tax Authorities. See note 7.

Financial risk management

The Company has an established, structured approach to risk management. The Directors do not consider there to be any key financial risks for the Company.

Rolls-Royce Military Aero Engines Limited
Directors' Report
for the year ended 31 March 2022 (continued)

Going concern

The Financial Statements have been prepared on a going concern basis. The Company is non-trading and has been dormant for a number of years and at 31 March 2022 is in a net assets position of £86,111. The Directors do not expect there to be any financial obligations incurred for at least 12 months from the date of approval of these Financial Statements.

Rolls-Royce plc, a parent undertaking, has provided written confirmation of its intention to continue to provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due for a period of at least 12 months from the date of signing these Financial Statements. After considering the above, the Directors are satisfied that it remains appropriate to prepare the Financial Statements on a going concern basis.

Branches

The Company has a branch registered in India.

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:

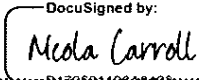
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates 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 4 July 2022

and signed on its behalf by:

DocuSigned by:

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Nicola Carroll
Director

Rolls-Royce Military Aero Engines Limited

Income Statement for the year ended 31 March 2022

	Note	2022 £	2021 £
Administrative expenses	3	<u>(1,522)</u>	<u>-</u>
Operating loss		(1,522)	-
Finance income	4	<u>87,632</u>	<u>-</u>
Profit before taxation		86,110	-
Taxation	6	<u>-</u>	<u>-</u>
Profit for the financial year		<u>86,110</u>	<u>-</u>

The Company has not traded during either the current or prior financial year.

The notes on pages 8 to 12 form an integral part of these Financial Statements.

Rolls-Royce Military Aero Engines Limited

Statement of Comprehensive Income for the year ended 31 March 2022

	2022 £	2021 £
Profit for the financial year	<u>86,110</u>	<u>-</u>
Total comprehensive income for the year	<u>86,110</u>	<u>-</u>

The notes on pages 8 to 12 form an integral part of these Financial Statements.

Rolls-Royce Military Aero Engines Limited

Balance Sheet
as at 31 March 2022
(Registration number: 02868832)

	Note	2022 £	2021 £
Current assets			
Trade and other receivables	7	87,680	1
Current liabilities			
Trade and other payables	8	(1,569)	–
Net assets		86,111	1
Equity			
Called up share capital	9	1	1
Retained earnings		86,110	–
Total equity		86,111	1

For the year ending 31 March 2022 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 pages 4 to 12 were approved and authorised for issue by the Directors on 4 July 2022 and signed on its behalf by:

DocuSigned by:

Nicola Carroll

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Nicola Carroll
Director

The notes on pages 8 to 12 form an integral part of these Financial Statements.

Rolls-Royce Military Aero Engines Limited**Statement of Changes in Equity
for the year ended 31 March 2022**

	Called up share capital	Retained earnings	Total
	£	£	£
At 1 April 2021	<u>1</u>	<u>-</u>	<u>1</u>
Profit for the financial year	<u>-</u>	<u>86,110</u>	<u>86,110</u>
Total comprehensive income	<u>-</u>	<u>86,110</u>	<u>86,110</u>
At 31 March 2022	<u>1</u>	<u>86,110</u>	<u>86,111</u>

	Called up share capital	Retained earnings	Total
	£	£	£
At 1 April 2020	<u>1</u>	<u>-</u>	<u>1</u>
At 31 March 2021	<u>1</u>	<u>-</u>	<u>1</u>

The notes on pages 8 to 12 form an integral part of these Financial Statements.

Rolls-Royce Military Aero Engines Limited

Notes to the Financial Statements for the year ended 31 March 2022

1 General information

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

The Company has had no activity for a number of years and has filed dormant unaudited Financial Statements since 2000. Prior to this the Company acted as an agent on behalf of Rolls-Royce plc in the manufacture and supply of aerospace power systems.

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

2 Significant accounting policies

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

Basis of preparation

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

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

- an explanation of how the transition has affected the Company's reported financial position and financial performance;
- a reconciliation of the equity reported as at 31 March 2020 and 31 March 2021; and
- a reconciliation of the profit and loss and other recognised gains and losses to the total comprehensive income reported for the year ended 31 March 2021.

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

In these Financial Statements the Company has applied the exemptions available under FRS 101 on 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);
 - 111 (statement of cash flows information); and
 - 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.

Key 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.

Rolls-Royce Military Aero Engines Limited
Notes to the Financial Statements
for the year ended 31 March 2022 (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 March 2022 that have a material impact on the Company's Financial Statements.

Going concern

The Financial Statements have been prepared on a going concern basis. The Company is non-trading and has been dormant for a number of years and at 31 March 2022 is in a net assets position of £86,111. The Directors do not expect there to be any financial obligations incurred for at least 12 months from the date of approval of these Financial Statements.

Rolls-Royce plc, a parent undertaking, has provided written confirmation of its intention to continue to provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due for a period of at least 12 months from the date of signing these Financial Statements. After considering the above, the Directors are satisfied that it remains appropriate to prepare the Financial Statements on a going concern basis.

Finance income

Interest receivable is credited to the income statement using the effective interest method.

Functional and presentational currency

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

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

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK.

Trade and other receivables

Trade and other receivables relate to amounts owed by group undertakings. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of 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. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade and other payables

Trade and other payables relate to amounts owed to intercompany parties for payments made on the Company's behalf. Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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.

Rolls-Royce Military Aero Engines Limited
Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

3 Operating loss

Arrived at after charging

	2022	2021
	£	£
Statutory filing fees	<u>1,522</u>	<u>-</u>

4 Finance income

	2022	2021
	£	£
Foreign exchange gain	2,600	-
Tax related interest income	<u>85,032</u>	<u>-</u>
	<u>87,632</u>	<u>-</u>

5 Staff and Directors costs

The Company has no employees (2021: nil). The Directors did not receive any remuneration (2021: £nil) for qualifying services to the Company.

All Directors fees or emoluments were paid by Rolls-Royce plc, its immediate parent company, and the amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated. No charge has been made in the current or prior year for the services of the Directors.

6 Taxation

There was no current taxation charged/(credited) to the income statement in 2022 (2021: £nil). The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2022	2021
	£	£
Profit before taxation	<u>86,110</u>	<u>-</u>
Corporation tax at standard rate of 19%	16,361	-
Decrease from effect of expenses not deductible	<u>(16,391)</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

The Spring Budget 2021 announced that the UK corporation tax rate would increase from 19% to 25% from 1 April 2023. The new law was substantively enacted on 24 May 2021.

Rolls-Royce Military Aero Engines Limited
Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

7 Trade and other receivables

	2022	2021
	£	£
Amounts owed by group undertakings	1	1
Tax related interest debtor	<u>87,679</u>	<u>-</u>
	<u>87,680</u>	<u>1</u>

The tax related interest debtor relates to an overpayment of interest made to the Indian Tax Authorities. An application was made to the Supreme Court for this amount to be returned to the Company and this was confirmed as successful in October 2021.

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

8 Trade and other payables

	2022	2021
	£	£
Amounts owed to group undertakings	<u>1,569</u>	<u>-</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

9 Called up share capital

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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.

10 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.

Rolls-Royce Military Aero Engines Limited
Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

11 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.

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