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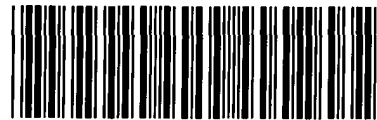
Registered Number: 04213171

# **Safyrr Propulsion Limited**

## **Report and financial statements**

31 December 2018

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## **Safyrr Propulsion Limited**

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## Safyrr Propulsion Limited

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### COMPANY INFORMATION

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | A J P Zino<br>R Letscher<br>H E Bouaziz<br>F J Kearney   |
| <b>Registered Office</b> | C/O Rolls-Royce plc<br>Moor Lane<br>Derby<br>Derbyshire<br>DE24 8BJ  |
| <b>Bankers</b>           | HSBC Bank plc<br>19 Grosvenor Place<br>Hyde Park Corner<br>London<br>SW1X 7HT<br><br>Societe Generale<br>41 Tower Hill<br>London<br>EC3N 4SG |
| <b>Auditors</b>          | Ernst & Young LLP<br>1 Colmore Square<br>Birmingham<br>B4 6HQ  |

# **Safyrr Propulsion Limited**

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## **DIRECTORS' REPORT**

Registered Number: 04213171

The directors present their annual report together with the financial statements of the company for the year ended 31 December 2018.

The company qualifies as a small company under Section 382 of the Companies Act 2006 and as such is exempt from the requirements to prepare a Strategic Report.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is to provide management and co-ordination services for its shareholders in respect of Anglo-French projects.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £4,972 (2017: profit of £7,924). During the year, the Company paid interim dividends of £81,266 (2017: £nil). The directors do not recommend the payment of a final dividend for the year (2017: £nil).

### **DIRECTORS**

The directors who served during the year and up to the date of approval of the financial statements were as follows:

A J P Zino

R Letscher

H E Bouaziz

F J Kearney

J Serre (resigned 30<sup>th</sup> June 2018)

G D Jones (resigned 4<sup>th</sup> March 2019)

The company did not have any employees in the year (2017: nil).

### **GOING CONCERN**

The directors of the company have a reasonable expectation that the company has sufficient resources in order to be able to continue operating for the foreseeable future. All trade payables are paid only upon the settlement of the equivalent trade receivables. On 12 April 2018, the Directors agreed to terminate the agreement with Safran Aero Engines for the provision of General Manager and Programme Executive services with effect from 30th June 2018 and also to terminate the agreement with Safran UK for the provision of Management Accounting services with effect from 31st December 2018. Termination of these agreements reflects the expectation of reduced Safyrr Propulsion Ltd activity in 2019. Future co-operative technology contracts will be let to the parent companies and not contracted through Safyrr Propulsion Limited. The directors are of the opinion that all liabilities are able to be settled from existing current assets and no additional funding is required from either Company with an interest in Safyrr Propulsion. On this basis, the directors continue to adopt the going concern basis in preparing the financial statements.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

## **Safyrr Propulsion Limited**

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### **DIRECTORS' REPORT (CONTINUED)**

#### **AUDITORS**

Pursuant to s487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the board,



Francis Kearney  
Director

Date: *13 May*

2019

## **Safyrr Propulsion Limited**

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### **STATEMENT OF DIRECTORS RESPONSIBILITIES**

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

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

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

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAFYRR PROPULSION LIMITED**

### **Opinion**

We have audited the financial statements of Safyrr Propulsion Limited for the year ended 31 December 2018 which comprise Income Statement, Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAFYRR PROPULSION LIMITED (CONTINUED)**

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

### **Auditor's 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 auditor's 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



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAFYRR  
PROPULSION LIMITED (CONTINUED)**

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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

Ernst & Young LLP

Stephen Kirk (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

Date: 14<sup>th</sup> May 2019

## Safyrr Propulsion Limited

### INCOME STATEMENT for the year ended 31 December 2018

|  | <i>Notes</i> | <b>2018</b>        | <b>2017</b>  |
|--|--------------|--------------------|--------------|
|  |              | <b>£</b>           | <b>£</b>     |
| Turnover   | <b>2</b>     | <b>5,086,663</b>   | 14,401,589   |
| Cost of Sales  |              | <b>(5,086,663)</b> | (14,401,589) |
| Gross Profit   |              | -                  | -            |
| Administrative expenses                              |              | <b>(80,900)</b>    | (122,382)    |
| Other operating Income                               |              | <b>87,000</b>      | 132,000      |
| <b>OPERATING PROFIT</b>                              |              | <b>6,100</b>       | 9,618        |
| Interest income                                      |              | <b>82</b>          | 194          |
| Interest expense                                     |              | -                  | -            |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | <b>3</b>     | <b>6,182</b>       | 9,812        |
| Taxation on profit on ordinary activities            | <b>5</b>     | <b>(1,210)</b>     | (1,888)      |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  |              | <b>4,972</b>       | 7,924        |

The operating income for the year arises from the company's continuing operations.

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2018

|  | <i>Notes</i> | <b>2018</b>  | <b>2017</b> |
|--|--------------|--------------|-------------|
|  |              | <b>£</b>     | <b>£</b>    |
| <b>Profit for the financial year</b>           |              | <b>4,972</b> | 7,924       |
| Other comprehensive income                     |              | -            | -           |
| <b>Total comprehensive income for the year</b> |              | <b>4,972</b> | 7,924       |

## Safyrr Propulsion Limited

### STATEMENT OF FINANCIAL POSITION at 31 December 2018

|   | Notes | 2018         | 2017             |
|---|-------|--------------|------------------|
|   |       | £            | £                |
| <b>CURRENT ASSETS</b>                                 |       |              |                  |
| Debtors   | 6     | 1,000        | 1,148,616        |
| Cash at bank and in hand                              |       | 29           | 74,704           |
|   |       | <u>1,029</u> | <u>1,223,320</u> |
| <b>CREDITORS: amounts falling due within one year</b> | 7     | -            | (1,145,997)      |
|   |       | <u>1,029</u> | <u>77,323</u>    |
| <b>NET CURRENT ASSETS</b>                             |       |              |                  |
|   |       | <u>1,029</u> | <u>77,323</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <u>1,029</u> | <u>77,323</u>    |
| <b>CAPITAL AND RESERVES</b>                           |       |              |                  |
| Called up share capital                               | 8     | 1,000        | 1,000            |
| Profit and loss account                               |       | 29           | 76,323           |
|   |       | <u>1,029</u> | <u>77,323</u>    |
| <b>TOTAL EQUITY SHAREHOLDERS FUNDS</b>                |       | <u>1,029</u> | <u>77,323</u>    |

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in compliance with FRS 102 Section 1A Small Entities.

The financial statements were approved by the board of directors and authorised for issue on 4 April 2019 and are signed on its behalf by:



Francis Kearney  
Director

Date: 13 May 2019

## Safyrr Propulsion Limited

### STATEMENT OF CHANGES IN EQUITY at 31 December 2018

|                     | <i>Share<br/>Capital</i><br>£ | <i>Profit and<br/>Loss Account</i><br>£ | <i>Total</i><br>£ |
|---------------------|-------------------------------|---|-------------------|
| At 1 January 2016   | 1,000                         | 62,705                                  | 63,705            |
| Profit for the year | -                             | 5,694                                   | 5,694             |
| At 31 December 2016 | 1,000                         | 68,399                                  | 69,399            |
| Profit for the year | -                             | 7,924                                   | 7,924             |
| At 31 December 2017 | 1,000                         | 76,323                                  | 77,323            |
| At 1 January 2018   | 1,000                         | 76,323                                  | 77,323            |
| Profit for the year | -                             | 4,972                                   | 4,972             |
| Dividends           | -                             | (81,266)                                | (81,266)          |
| At 31 December 2018 | 1,000                         | 29                                      | 1,029             |

The notes on pages 10 to 14 form part of these financial statements.

## Safyrr Propulsion Limited

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### NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2018

#### 1. ACCOUNTING POLICIES

##### *Statement of compliance*

Safyrr Propulsion Limited is a private limited company, limited by shares, incorporated in England. The registered office is detailed on page 1. The company's financial statements have been prepared in compliance with FRS 102 Section 1A Small Entities.

##### *Basis of preparation*

The accounts are prepared under the historical cost convention and in accordance with FRS 102 Section 1A Small Entities. The financial statements have been prepared in sterling which is the functional currency of the company. The financial statements present information about the company only. The directors have concluded that it is appropriate for them to adopt a going concern basis for the preparation of the financial statements for the year ended 31 December 2018. For further details please refer to the directors' report on page 2.

##### *Revenue Recognition*

Revenue and cost of sales on long term contracts is recognised as contract activity progresses. The turnover and cost of sales included is calculated to reflect the stage of completion of the contract. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for the contract.

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is based on the estimated useful lives of the assets and is charged at the following rates:

Fixtures, fittings and equipment - 25% per annum straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on the undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### *Foreign currencies*

Transactions expressed in foreign currencies have been translated into sterling at the rates of exchange approximating to those ruling at the date of the transactions. Monetary assets and liabilities have been translated at rates ruling at the balance sheet date. Exchange differences have been included in operating profit.

##### *Cash flow statement*

The company has not produced a cash flow statement in accordance with FRS 102 section 7), the company is within the small companies' regime and therefore exempt from this requirement.

## Safyrr Propulsion Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2018

#### 2. TURNOVER

All Turnover is attributable to external sources and to the United Kingdom.

#### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before tax is stated after charging/ (crediting):

|   | 2018   | 2017  |
|---|--------|-------|
|   | £      | £     |
| Fees payable to the company's auditors for the audit of the annual accounts | 10,000 | 3,500 |
| Foreign exchange differences  | 1,258  | 1,475 |

The fees payable to the company's auditors are re-charged on a 50/50 basis to Rolls Royce plc and Safran Aircraft Engines.

#### 4. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

The company did not have any employees in the accounting period (2017: nil).

The directors of the business received no remuneration in respect of services to the company in the current or preceding year as they are remunerated as directors of the controlling parties as referred to in note 10 for where substantially all of their services are performed.

#### 5. TAX

|   | 2018  | 2017  |
|---|-------|-------|
|   | £     | £     |
| (a) Tax on Profit on ordinary activities:                       |       |       |
| The tax charge is made up as follows:                           |       |       |
| <i>Current tax:</i>   |       |       |
| UK Corporation Tax at 19% (2017: 19.25%)                        | 1,210 | 1,888 |
| Adjustments in respect of prior periods                         | -     | -     |
| Total tax (note 5(b))   | 1,210 | 1,888 |
| (b) Reconciliation of tax charge                                |       |       |
|   | 2018  | 2017  |
|   | £     | £     |
| Profit on ordinary activities before tax                        | 6,182 | 9,812 |
| Nominal charge at UK corporation tax rate of 19% (2017: 19.25%) | 1,210 | 1,888 |
| Adjustments in respect of prior periods                         | -     | -     |
| Total tax (note 5(a))   | 1,210 | 1,888 |

## Safyrr Propulsion Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2018

#### 5. TAX (CONTINUED)

It was announced in the Budget of 16 March 2016 to reduce the rate of corporation tax to 17% from 1 April 2020. This additional change was substantively enacted on 6 September 2016. There were no deferred taxation balances at the period end (2017: £nil).

#### 6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                  | 2018         | 2017             |
|----------------------------------|--------------|------------------|
|                                  | £            | £                |
| Trade debtors                    | -            | -                |
| Amounts Recoverable on Contracts | -            | 1,140,609        |
| Other debtors                    | 1,000        | 8,007            |
|                                  | <u>1,000</u> | <u>1,148,616</u> |

#### 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                         | 2018     | 2017             |
|-------------------------|----------|------------------|
|                         | £        | £                |
| Trade creditors         | -        | 1,140,609        |
| Accruals                | -        | 3,500            |
| Corporation tax payable | -        | 1,888            |
|                         | <u>-</u> | <u>1,145,997</u> |

#### 8. SHARE CAPITAL

|                                    | At 31 December 2018 and 31 December 2017 |         |                                     |     |
|------------------------------------|--|---------|-------------------------------------|-----|
|                                    | Authorised                               |         | Issued, called up<br>and fully paid |     |
|                                    | Number                                   | £       | Number                              | £   |
| Equity:                            |  |         |                                     |     |
| Authorised "A" shares of £100 each | 2,500                                    | 250,000 | 5                                   | 500 |
| Authorised "B" shares of £100 each | 2,500                                    | 250,000 | 5                                   | 500 |

The rights of the different shares ("A" & "B") are disclosed in Note 11.

## Safyrr Propulsion Limited

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2018

#### 9. RELATED PARTY TRANSACTIONS

Costs of sales include amounts charged from Rolls Royce plc of £2,956,108 (2017: £6,468,417) and from Safran Aircraft Engines of £2,130,555 (2017: £7,933,172). These relate to costs of work performed on contracts which have been sub-contracted to these parties.

Administrative expenses include amounts charged from Safran Aircraft Engines of £49,126 (2017: £97,196) and amounts charged from Safran UK Ltd of £19,000 (2017: £18,533). These relate to amounts charged in relation to management fees and management accounting services respectively.

Other income constitutes amounts re-charged to Rolls Royce plc and Safran Aircraft Engines of £43,500 each (2017: £66,000 each). These amounts relate to amounts re-charged for certain administrative expenses incurred by the company.

Trade debtors, amounts recoverable on contracts and other debtors include amounts owed by Rolls-Royce Plc of £500 (2017: £78,900) and owed by Safran Aircraft Engines of £500 (2017: £65,750) equalling £1,000 (2017: £144,650). These amounts relate to unpaid share capital at the balance sheet date and in the prior year related to amounts recharged for certain administrative expenses incurred by the company.

Trade Creditors include amounts owed to Rolls Royce plc of £nil (2017: £1,140,609) and owed to Safran Aircraft Engines of £nil (2017: nil) equalling £nil (2017: £1,140,609). The prior period amounts relate to payable in relation to costs of work performed on contracts which were sub-contracted to these parties.

#### 10. CONTROLLING PARTIES

This company is a 50:50 joint venture between Rolls-Royce Plc and Safran Aircraft Engines. The ultimate parent company to Rolls-Royce Plc is Rolls-Royce Holdings plc who together with Safran S.A. respectively are considered the ultimate controlling parties.

Rolls-Royce Plc is a company incorporated in the United Kingdom. Copies of the financial statements of Rolls-Royce Plc are available by contacting the registered office, 62 Buckingham Gate, London, SW1E 6AT.

Safran Aircraft Engines is a company incorporated in France. Copies of the financial statements of Safran Aircraft Engines are available by contacting the registered office, 2 Boulevard du General Martial Valin, 75724, Paris Cedex 15.

The authorised share capital of the joint venture is £500,000 divided into 2,500 'A' ordinary shares of £100 each and 2,500 'B' ordinary shares of £100 each. The issued capital is £1,000 divided into 5 'A' ordinary shares of £100 each and 5 'B' ordinary shares of £100 each, which rank in pari passu in all respects. Safran Aircraft Engines holds 5 'A' ordinary shares of £100 each, Rolls Royce Plc holds the 5 'B' ordinary shares of £100 each. The shares are all fully paid. Rolls-Royce's 50% shares of the company's results were consolidated into the results of the Rolls-Royce plc and Rolls-Royce Holdings plc.