

Registration number: 05286389

Rolls-Royce Controls and Data Services (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



Rolls-Royce Controls and Data Services (UK) Limited

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Rolls-Royce Controls and Data Services (UK) Limited

Company Information

Company secretary	A Harvey-Wrate
Registered office	Moor Lane Derby Derbyshire DE24 8BJ
Auditors	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

Rolls-Royce Controls and Data Services (UK) Limited

Director's Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors of the company

The directors who held office during the year were as follows:

C Weir (resigned 20 March 2017)

A Hutson-Smith (appointed 20 March 2017)

A Bowden (appointed 20 March 2017)

The directors do not recommend the payment of a dividend (2016 - £NIL).

Principal activity

The company's principal activity during the year was the marketing and sale of safety and risk management software to the aviation industry.

Directors liabilities

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

Disclosure of information to the auditors

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

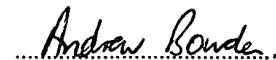
Change of auditors

Following changes in the legislation requiring mandatory rotation of the audit firm, RR Holdings plc, parent company, is rotating its statutory auditor from KPMG LLP. Consequently, the subsidiaries within the Rolls-Royce group will follow the parent company in changing auditor. Following the issuance of their audit report for the year ended 31 December 2017 KPMG LLP will be resigning as the company's auditor and will therefore cease to hold office. In accordance with section 485 of the Act, the directors intend to appoint PricewaterhouseCoopers LLP as the company's auditor.

Small company exemption

The Company has taken the small companies exemption to prepare a Strategic Report under Section 414B of the Companies Act 2006. The Company has also taken advantage of the small companies exemption in preparing the Directors' Report under Section 419(2) of the Companies Act 2006.

Approved by the Board on 19 June 2018 and signed on its behalf by:



A Bowden
Director

Rolls-Royce Controls and Data Services (UK) Limited

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 financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 these 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Rolls-Royce Controls and Data Services (UK) Limited

Opinion

We have audited the financial statements of Rolls-Royce Controls and Data Services (UK) Limited ("the company") for the year ended 31st December 2017 which comprise the income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover this report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in this report for the financial year is consistent with the financial statements; and
- in our opinion this report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the members of
Rolls-Royce Controls and Data Services (UK) Limited (continued)**

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Jimmy Daboo (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

Date:.....

Rolls-Royce Controls and Data Services (UK) Limited

Income Statement for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Revenue		2,360,142	1,869,689
Cost of sales		<u>(1,611,765)</u>	<u>(1,332,325)</u>
Gross profit		748,377	537,364
Distribution costs		(12,985)	(29,572)
Administrative expenses		<u>(438,892)</u>	<u>(297,296)</u>
Operating profit		<u>296,500</u>	<u>210,496</u>
Foreign exchange loss		<u>(51,475)</u>	<u>-</u>
		<u>(51,475)</u>	<u>-</u>
Profit before tax		245,025	210,496
Tax on profit	5	<u>(43)</u>	<u>(315)</u>
Profit for the year		<u><u>244,982</u></u>	<u><u>210,181</u></u>

The above results were derived from continuing operations.

Rolls-Royce Controls and Data Services (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Profit for the year		<u>244,982</u>	<u>210,181</u>
Total comprehensive income for the year		<u><u>244,982</u></u>	<u><u>210,181</u></u>

Rolls-Royce Controls and Data Services (UK) Limited

(Registration number: 05286389)
Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Current assets			
Trade and other receivables	6	1,545,464	1,886,265
Cash at bank and in hand		<u>65,284</u>	<u>66,926</u>
		1,610,748	1,953,191
Current liabilities			
Trade and other payables	7	<u>(884,076)</u>	<u>(1,471,501)</u>
Net assets		<u>726,672</u>	<u>481,690</u>
Equity			
Called up share capital	8	1,000	1,000
Retained earnings		<u>725,672</u>	<u>480,690</u>
Total equity		<u>726,672</u>	<u>481,690</u>

Approved by the Board on 19 June 2018 and signed on its behalf by:

Andrew Bowden.

A Bowden
Director

Rolls-Royce Controls and Data Services (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Retained earnings £	Total £
At 1 January 2017	1,000	480,690	481,690
Profit for the year	-	244,982	244,982
Total comprehensive income	-	244,982	244,982
At 31 December 2017	1,000	725,672	726,672

	Share capital £	Retained earnings £	Total £
At 1 January 2016	1,000	270,509	271,509
Profit for the year	-	210,181	210,181
Total comprehensive income	-	210,181	210,181
At 31 December 2016	1,000	480,690	481,690

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

Rolls-Royce Controls and Data Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006.

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

- A Cash Flow Statement and related notes
- Comparative period reconciliations for tangible fixed assets
- The requirements of IAS 24 Related Party Transactions and has, therefore not disclosed transactions between the company and its wholly owned subsidiaries.
- The requirements of IFRS 7 Financial Instruments: Disclosures
- Disclosures in respect of the compensation of Key Management Personnel.
- The effects of new but not yet effective IFRSs.

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

Going concern

These financial statements have been prepared on the historical cost basis and on a going concern basis.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding value added tax (VAT), rebates and discounts. Revenue is recognised as follows:

- Sales of goods are recognised when the risks and rewards have transferred to the customer.
- Sales of services are recognised in the accounting period in which the services are rendered, by reference to percentage of completion as a proportion of the total services to be provided.
- Amounts invoiced before the services have been delivered are deferred in the balance sheet until the service has been provided.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Rolls-Royce Controls and Data Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

Tax

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 countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2 Staff costs

The company has no employees.

3 Directors' remuneration

The directors did not receive any remuneration (2016 - £Nil) for qualifying services to the company.

4 Auditor's remuneration

The fees for the audit of the company financial statements were £6,000 (2016: £6,000) and were paid by Rolls-Royce plc.

Rolls-Royce Controls and Data Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

5 Income tax

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
Adjustments in respect of prior periods	-	245
Deferred taxation		
Origination and reversal of temporary differences	43	56
Adjustments in respect of reduction in tax rate	-	14
Total deferred taxation	43	70
Tax expense in the income statement	43	315

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	245,025	210,496
Corporation tax at standard rate	47,167	42,099
Increase in current tax from adjustment for prior periods	-	245
Increase from effect of different UK tax rates on some earnings	-	14
Group relief not paid for	(47,118)	(42,037)
Tax rate differential on temporary differences	(6)	(6)
Total tax charge	43	315

The Budget 2016 announced that the UK tax rate will reduce to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. The rate reduction to 17% has been substantively enacted on 6 September 2016. The deferred tax assets and liabilities of UK companies within the group have therefore been calculated at 17%.

Rolls-Royce Controls and Data Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £
2017	
Accelerated tax depreciation	<u>197</u>
2016	
Accelerated tax depreciation	<u>240</u>

Deferred tax movement during the year:

	At 1 January 2017 £	Recognised in income £	At 31 December 2017 £
Accelerated tax depreciation	<u>240</u>	<u>(43)</u>	<u>197</u>

Deferred tax movement during the prior year:

	At 1 January 2016 £	Recognised in income £	At 31 December 2016 £
Accelerated tax depreciation	<u>310</u>	<u>(70)</u>	<u>240</u>

6 Trade and other receivables

	2017 £	2016 £
Trade receivables	1,138,621	472,503
Amounts owed by group undertakings	327,759	1,381,977
Other receivables	78,887	29,894
Deferred tax asset	197	240
Social security and other taxes	-	1,651
Total current trade and other receivables	<u>1,545,464</u>	<u>1,886,265</u>

7 Trade and other payables

	2017 £	2016 £
Trade payables	597,219	-
Accruals and deferred income	286,331	195,159
Amounts owed to group undertakings	-	1,276,342
Social security and other taxes	526	-
	<u>884,076</u>	<u>1,471,501</u>

Rolls-Royce Controls and Data Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

8 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

9 Contingent liabilities

In January 2017, after full cooperation, Rolls-Royce Holdings plc (RRH plc) the ultimate parent company of the company) concluded deferred prosecution agreements with the Serious Fraud Office (SFO), an independent United Kingdom government department, and the US Department of Justice and a leniency agreement with the MPF, the Brazilian federal prosecutors. Prosecutions of individuals may follow and other investigations or enforcement action may be commenced. In addition, we could still be affected by actions from customers and customers' financiers. The Directors of RRH plc are not currently aware of any matters that are likely to lead to a financial loss, but cannot anticipate all the possible actions that may be taken or their potential consequences. There are no financial consequences of these agreements on this company.

10 Parent and ultimate parent undertaking

The company's immediate parent is Rolls-Royce Controls and Data Services Limited.

The ultimate parent is Rolls-Royce Holdings plc.

The most senior parent entity producing publicly available financial statements and largest group in which these financial statements are consolidated is Rolls-Royce Holdings plc. These financial statements are available upon request from 62 Buckingham Gate, London, SW1E 6AT

The ultimate controlling party is Rolls-Royce Holdings plc.

The smallest group in which these financial statements are consolidated is Rolls-Royce plc. These financial statements are available upon request from 62 Buckingham Gate, London, SW1E 6AT.