

Registration number: 01975872

Rolls-Royce Total Care Services Limited

Unaudited Annual Report and Financial Statements

for the Year Ended 31 December 2022

Rolls-Royce Total Care Services Limited

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Rolls-Royce Total Care Services Limited

Company Information

Directors Mark Gregory
William Morris

Registered number 01975872

Registered office Moor Lane
Derby
Derbyshire
DE24 8BJ

Rolls-Royce Total Care Services Limited

Directors' Report for the year ended 31 December 2022

The Directors present their Directors' Report on Rolls-Royce Total Care Services Limited (the Company) together with the unaudited Financial Statements for the year ended 31 December 2022.

Principal activities

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

Business review

The financial position of the Company at 31 December 2022 is shown in the Balance Sheet on page 4.

The Company has not traded in the year and the results for the year, after taxation, amounted to £nil (2021: £nil).

The Company has net assets of £162,438,000 (2021: £162,438,000).

Principal risks and uncertainties

The Rolls-Royce Holdings plc group (the Group) has an established and structured approach to risk management which is detailed in the Rolls-Royce Holdings plc Annual Report, which is publicly available from the address in note 7. The Company acts in accordance with this policy to manage and mitigate the risks identified below.

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, 89% (2021: 88%) of the operator novations and 66% (2021: 66%) of the lessor novations have been successfully completed. The Company remains subject to contracts and sub-agreements with a limited number of suppliers which must also be novated. The progress on novating contracts has slowed down in the last couple of years following the impact of the pandemic and relevant staff attrition in the employing company. The principal activity and intention of the Company is to novate the remaining contracts and will continue to seek opportunities towards novating the remaining contracts. However, it is not expected that this will be completed in the next 12 months.

Directors

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

Mark Gregory

William Morris

Qualifying third-party indemnity provisions

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

Results and dividends

The results for the Company are outlined in the Business review section above. The Directors do not recommend the payment of a dividend (2021: £nil).

Future developments

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

Rolls-Royce Total Care Services Limited

Directors' Report for the year ended 31 December 2022 (continued)

Financial risk management

The Company has an established, structured approach to risk management. The following risks are considered key by the Directors:

Credit risk

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

Going concern

The Financial Statements have been prepared on a basis other than going concern as it is the intention of the Directors to liquidate the Company. The Company sold its trade and assets on 31 December 2017 to Rolls-Royce plc and continue to novate outstanding operating contracts. Once all contracts are novated the Company will be liquidated, which the Directors expect will be in excess of 12 months, as a result the Directors are satisfied the Financial Statements should be prepared on a basis other than going concern. The Directors will continue to reassess each financial year. Given the nature of the assets and liabilities held as at 31 December 2022, this has not resulted in any recognition and measurement adjustments in preparing these Financial Statements.

Small company exemption to prepare a Strategic Report

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).

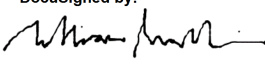
Under Company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Financial Statements, the Directors are required to:

- 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 17 May 2023 and signed on its behalf by:

DocuSigned by:

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William Morris
Director

Rolls-Royce Total Care Services Limited**Balance Sheet**

as at 31 December 2022
(Registration number: 01975872)

	Notes	2022 £ 000	2021 £ 000
Assets			
Current assets			
Trade and other receivables	4	162,438	162,438
Net assets		162,438	162,438
Equity			
Called up share capital	5	-	-
Retained earnings		162,438	162,438
Total Equity		162,438	162,438

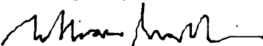
The Company has not traded during the year or the preceding financial year. During these years, the Company received no income and incurred no expenditure and therefore made neither a profit nor loss.

For the year ending 31 December 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 were approved and authorised for issue by the Board and signed on its behalf on 17 May 2023 by:

DocuSigned by:

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William Morris
 Director

The notes on pages 6 to 9 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 2022

	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	–	162,438	162,438
At 31 December 2022	–	162,438	162,438
	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	–	162,438	162,438
At 31 December 2021	–	162,438	162,438

The notes on pages 6 to 9 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 2022

1 General information

The Company is a private company limited by shares, incorporated and domiciled in East Midlands, United Kingdom.

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);
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).
- IAS 7 *Statement of cash flows*;
- IFRS 7 *Financial instruments: disclosures*;
- The requirements in IAS 24 *Related party disclosures*, to disclose related party transactions entered into between two or more members of a group;
- Paragraph 17 of IAS 24 *Related party disclosures* (key management compensation); and
- Paragraphs 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

Going concern

The Financial Statements have been prepared on a basis other than going concern as it is the intention of the Directors to liquidate the Company. The Company sold its trade and assets on 31 December 2017 to Rolls-Royce plc and continue to novate outstanding operating contracts. Once all contracts are novated the Company will be liquidated, which the Directors expect will be in excess of 12 months, as a result the Directors are satisfied the Financial Statements should be prepared on a basis other than going concern. The Directors will continue to reassess each financial year. Given the nature of the assets and liabilities held as at 31 December 2022, 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 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 December 2022 that have a material impact on the Company's Financial Statements.

Critical accounting estimates and judgements

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

Functional and presentational currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Financial assets and liabilities

Classification

Financial assets

Financial assets include trade receivables. Trade receivables are classified as held to collect and measured at amortised cost.

Impairment

IFRS 9 *Financial Instruments* sets out the basis for the accounting of expected credit losses (ECLs) on financial assets. The Company has adopted the simplified approach to provide for ECLs, measuring the lifetime loss allowance at a probability weighted amount that considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions of customers. These are incorporated in the simplified model adopted by using credit ratings which are publicly available or through internal risk assessments derived using customer's latest available financial information.

Trade and other receivables

Trade and other receivables consists of 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.

They are subsequently measured at amortised cost using the effective interest method, less any expected credit losses.

Called up 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.

Rounding of amounts

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

Rolls-Royce Total Care Services Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

3 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, 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 year for the services of the Directors.

4 Trade and other receivables

	2022 £ 000	2021 £ 000
Amounts due from group undertakings	162,438	162,438
	<u>162,438</u>	<u>162,438</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts due from group undertakings are stated after provisions for impairment of £nil (2021: £nil) for expected credit losses in accordance with IFRS 9.

5 Called up share capital

Allotted and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

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.

6 Contingent liabilities

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, customers' financiers and the Group's current and former investors, including certain potential claims in respect of the Group's historical ethics and compliance disclosures which have been notified to the Group. 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 2022 (continued)

7 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.

Both sets of Financial Statements are available upon request from Kings Place, 90 York Way, London, United Kingdom, N1 9FX.