

Registration number: 00003543

# **Vinters Engineering Limited**

Annual Report and Financial Statements  
for the Year Ended 31 December 2023

**Vinters Engineering Limited**  
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Vinters Engineering Limited

Company Information

|                      |                                                                                                                   |
|----------------------|-------------------------------------------------------------------------------------------------------------------|
| Directors            | Bryony French<br>Tiziana Iacolino                                                                                 |
| Registration number  | 00003543                                                                                                          |
| Registered office    | Rolls-Royce plc<br>Moor Lane<br>Derby<br>Derbyshire<br>DE24 8BJ                                                   |
| Independent auditors | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>2 Glass Wharf<br>Bristol<br>BS2 0FR |

## Vinters Engineering Limited

### Strategic Report for the year ended 31 December 2023

The Directors present their Strategic Report on Vinters Engineering Limited (the Company) together with the Directors' Report and the audited Financial Statements for the year ended 31 December 2023.

#### Principal activities

The principal activities of the Company are the production, repair, and overhaul of power generation, transmission and conversion equipment for military and commercial markets. The Company also acts as a holding company.

#### Business review

The financial position of the Company at 31 December 2023 is shown on page 14, with the results shown in the Income Statement on page 12.

In 2023, revenue decreased to £7,897,000 (2022: £10,398,000) largely because the main income from the Field Electrical Power Supplies (FEPS) project ended in July 2023. This decrease was partially offset by sales to another Rolls-Royce Holdings plc subsidiary Rolls-Royce Solutions UK Limited in relation to a new switchboard contract of £1,484,000 (2022: nil).

Profit before taxation was £4,466,000 (2022: £7,058,000). The cause for declining profit in 2023 is the decrease of revenue to £7,897,000 (2022: 10,398,000). There has also been a reduction in the industrial diseases provision release to £3,072,000 (2022: £4,447,000). The factors contributing to the release of the provision include an increase in the discount rate, a reduction in the frequency of claims and a decrease in the outstanding amounts open for notified claims.

The net assets at 31 December 2023 were £16,632,000 (2022: £13,111,000). The main driver behind the increase in net assets was due to the release of the Industrial Diseases provision of £3,072,000 (2022: £4,447,000).

#### Key performance indicators

The key performance indicators monitored by the business were as follows:

|                        | <b>2023</b>  | <b>2022</b>  |
|------------------------|--------------|--------------|
|                        | <b>£ 000</b> | <b>£ 000</b> |
| Revenue                | 7,897        | 10,398       |
| Profit before taxation | 4,466        | 7,058        |
| Net assets             | 16,632       | 13,111       |

Given the nature of the Company's activities, the Directors believe that no further key performance indicators are necessary, or appropriate, for an understanding of the Company's specific development, performance or the position of its business.

#### Principal risks and uncertainties

The Rolls-Royce 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 23. The Company acts in accordance with this policy to manage and mitigate the risks identified below.

## Vinters Engineering Limited

### Strategic Report for the year ended 31 December 2023 (continued)

#### Principal risks and uncertainties (continued)

The Directors have determined that the principal risks and uncertainties facing the Company are as follows:

##### *Political*

The Company trades with various government bodies and carries out some work on a contract basis, sometimes with no specific guarantee of involvement in future contracts.

The Company is therefore potentially exposed to shifting political sentiment, although the Directors believe the Company's long and lasting relationships with these government bodies means there is limited risk of a wholesale impact on revenue streams.

##### *Industrial Diseases Provision*

The Company makes provision for an industrial diseases liability resulting from businesses previously owned by the Group. Each year the Company obtains an independent actuarial review of claims made. The Directors of the Company assess the provision for reasonableness in conjunction with the above report and all other information available.

##### *Climate change*

The Directors have considered the potential impact of climate change when preparing the Financial Statements and whether climate change should be considered to be a principal risk to the Company. The Company operates as part of the Group, which recognises the urgency of the climate challenge and has committed to net zero carbon by 2050. The principal risk to meeting these commitments is the need to transition products and services to a lower carbon economy.

##### *Impact of inflation*

The Company continues to monitor inflation across the UK and broader worldwide markets. The Directors remain confident that there are plans in place to mitigate and recover these incremental costs and will continue to work with the direct and indirect supply base to minimise the impact and to source alternatives where appropriate.

#### Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company.

To discharge their Section 172 duties the Company's Directors had regard to the factors set out above in making the principal decisions taken by the Company.

The Company has a range of key stakeholders including employees, external suppliers, investors and customers. Communication with both key suppliers and customers occurs on a regular basis. Engagement with the main customer, the UK Ministry of Defence, occurs throughout all levels of the business, including senior stakeholders which takes into account important events that may affect the way business is delivered, contract status updates and people related changes. Management engage with suppliers through review boards and regular performance and compliance meetings.

**Vinters Engineering Limited****Strategic Report  
for the year ended 31 December 2023 (continued)****Section 172(1) statement (continued)**

The Directors believe that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a)-(f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2023.

There is regular engagement within the Group on employee-related matters, which is taken into account during the Company's decision making. Where the Directors do not engage directly with the Company's stakeholders, they are kept up to date to enable them to maintain an effective understanding of what matters to those stakeholders and can draw on these perspectives in Board decision-making. All employees are invited to participate in an annual employee engagement survey, provided by Gallup, which is taken into account in the Company's decision making.

The Directors consider business relationships with the Company's wider stakeholders. The impact of Company operations on the environment and communities in which it operates is embedded in all Company decision-making and risk assessment throughout the year. As a Group Company, the Company complies and acts in accordance with the Group's policies in relation to the safeguarding of human rights and the community relationships as outlined in the Rolls-Royce Holdings plc Annual Report which is publicly available from the address in note 23.

**Climate-related corporate reporting**

The Company adopts the policies and frameworks set by the Group which include the sustainability measures set out in the Rolls-Royce Holdings plc Annual Report on pages 32 to 42. The Company is aligned to the objectives of the Group. The Directors fully recognise their responsibility to have regard to the impact of the Company's operations on the community and environment.

**Streamlined Energy & Carbon Reporting (SECR)**

The Company is a subsidiary of the Group and therefore the SECR disclosures required in relation to both Rolls-Royce Holdings plc and the Company have been included in the Rolls-Royce Holdings plc Annual Report on page 210. The Rolls-Royce Holdings plc Annual Report has been prepared for the same financial year as the Company.

Approved by the Board and signed on its behalf on 04 July 2024 by:

DocuSigned by:  
  
E38BFDB481894E6...  
Tiziana Iacolino  
Director

## Vinters Engineering Limited

### Directors' Report for the year ended 31 December 2023

The Directors present their Directors Report on the Company together with the Strategic Report and audited Financial Statements for the year ended 31 December 2023.

#### Directors

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

Bryony French  
Tiziana Iacolino

#### 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 the Annual Report and Financial Statements.

#### Results and dividends

The profit after taxation for the year ended 31 December 2023 amounted to £3,444,000 (2022: £5,696,000).

The Directors do not recommend the payment of a dividend (2022: £nil).

#### Future developments

The Company is tracking the progress of several opportunities in the traditional land defence sector, in addition to new opportunities within adjacent markets. The Field Electrical Power Supplies (FEPS) contract will be replaced with Field Electrical Power Supplies – Support (FEPS-S). This will be a competitively tendered contract and is due to be awarded in 2024 by the UK Ministry of Defence (MOD).

#### Financial risk management

The following financial risks are considered key by the Directors:

##### *Credit risk*

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of provisions for impairment. The main customers of the Company are in the Defence sector and have a history of paying to terms and therefore the risk of default is considered low. The Company reviews the aging of balances on a monthly basis and adjusts for provisioning where considered appropriate.

#### Going concern

The Financial Statements have been prepared on a going concern basis. The Directors consider that the Company will have sufficient financial resources to meet its obligations for the foreseeable future that is 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 their 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 Company financial statements on a going concern basis.

## **Vinters Engineering Limited**

### **Directors' Report for the year ended 31 December 2023 (continued)**

#### **Engagement with suppliers, customers, and others**

The Company aims to foster enduring relationships with its stakeholders as identified in the Section 172 Statement in the Strategic Report (see page 3).

The Company's activities affect a wide range of stakeholders and the Company engages with these stakeholders and listens to their differing inputs and priorities as an everyday part of its business and uses the input and feedback to form its decision-making process. The Company utilises various engagement methods with its customers which include regular customer engagement meetings at both Director and management level.

#### **Independent auditors**

The independent 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.

#### **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.



## Vinters Engineering Limited

### Directors' Report for the year ended 31 December 2023 (continued)

#### 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 and signed on its behalf on 04 July 2024 by:

DocuSigned by:  
  
E38BFDB481894E6...  
Tiziana Iacolino  
Director

## **Vinters Engineering Limited**

### **Independent auditors' report to the members of Vinters Engineering Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Vinters Engineering Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 Statement of Financial Position as at 31 December 2023; the Income statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

##### **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.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Vinters Engineering Limited**

### **Independent auditors' report to the members of Vinters Engineering Limited**

#### **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 Strategic report and 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.

#### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 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 Strategic report and 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.

## **Vinters Engineering Limited**

### **Independent auditors' report to the members of Vinters Engineering Limited**

#### **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 UK Corporation tax and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 the posting of inappropriate journal entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management in respect of any known or suspected instances of non compliance with laws and regulations and any fraud matters;
- Challenging assumptions and judgements made by management for evidence of bias in determining significant accounting estimates including those related to long-term contract accounting;
- Identifying and testing unusual journal entries, in particular those posted with unusual account combinations such as those increasing revenue or those reducing expenditure; and
- Reviewing minutes of meetings with those charged with governance

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Vinters Engineering Limited**

### **Independent auditors' report to the members of Vinters Engineering Limited**

#### **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.



Paul Nott (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

04 July 2024

## Vinters Engineering Limited

### Income Statement for the year ended 31 December 2023

|                                      | Note | 2023<br>£ 000       | 2022<br>£ 000       |
|--------------------------------------|------|---------------------|---------------------|
| Revenue                              | 3    | 7,897               | 10,398              |
| Cost of sales                        |      | <u>(5,373)</u>      | <u>(5,670)</u>      |
| <b>Gross profit</b>                  |      | <b>2,524</b>        | <b>4,728</b>        |
| Administrative expenses              |      | <u>(1,558)</u>      | <u>(2,209)</u>      |
| <b>Operating profit</b>              | 4    | <b>966</b>          | <b>2,519</b>        |
| Other operating income               | 8    | 3,072               | 4,447               |
| Finance income                       | 9    | <u>428</u>          | <u>92</u>           |
| <b>Profit before taxation</b>        |      | <b>4,466</b>        | <b>7,058</b>        |
| Income tax expense                   | 10   | <u>(1,022)</u>      | <u>(1,362)</u>      |
| <b>Profit for the financial year</b> |      | <b><u>3,444</u></b> | <b><u>5,696</u></b> |

The above results were derived from continuing operations.

The notes on pages 16 to 34 form an integral part of these Financial Statements.

Vinters Engineering Limited

Statement of Comprehensive Income  
for the year ended 31 December 2023

|                                                          | 2023<br>£ 000       | 2022<br>£ 000       |
|----------------------------------------------------------|---------------------|---------------------|
| Profit for the financial year                            | <u>3,444</u>        | <u>5,696</u>        |
| <b>Total comprehensive income for the financial year</b> | <u><b>3,444</b></u> | <u><b>5,696</b></u> |

The notes on pages 16 to 34 form an integral part of these Financial Statements.

## Vinters Engineering Limited

### Statement of Financial Position as at 31 December 2023 (Registration number: 00003543)

|                                              | Note | 2023<br>£ 000   | 2022<br>£ 000   |
|----------------------------------------------|------|-----------------|-----------------|
| <b>Non-current assets</b>                    |      |                 |                 |
| Property, plant and equipment                | 11   | 3,206           | 3,267           |
| Investments                                  | 12   | 32,245          | 32,245          |
|                                              |      | <b>35,451</b>   | <b>35,512</b>   |
| <b>Current assets</b>                        |      |                 |                 |
| Inventories                                  | 13   | 4,114           | 2,717           |
| Trade and other receivables                  | 14   | 26,794          | 31,526          |
| Cash and cash equivalents                    |      | 10,126          | 8,903           |
|                                              |      | <b>41,034</b>   | <b>43,146</b>   |
| <b>Current liabilities</b>                   |      |                 |                 |
| Contract liabilities                         | 15   | (2,274)         | (1,696)         |
| Trade and other payables                     | 16   | (49,152)        | (51,491)        |
| Provisions for liabilities                   | 19   | (902)           | (589)           |
|                                              |      | <b>(52,328)</b> | <b>(53,776)</b> |
| <b>Net current liabilities</b>               |      | <b>(11,294)</b> | <b>(10,630)</b> |
| <b>Total assets less current liabilities</b> |      | <b>24,157</b>   | <b>24,882</b>   |
| <b>Non-current liabilities</b>               |      |                 |                 |
| Deferred tax liabilities                     | 10   | (321)           | (369)           |
| Provisions for liabilities                   | 19   | (7,204)         | (11,402)        |
|                                              |      | <b>(7,525)</b>  | <b>(11,771)</b> |
| <b>Net assets</b>                            |      | <b>16,632</b>   | <b>13,111</b>   |
| <b>Equity</b>                                |      |                 |                 |
| Called up share capital                      | 20   | 171,649         | 171,649         |
| Share premium                                |      | 65,083          | 65,083          |
| Other reserves <sup>1</sup>                  |      | 8,540           | 8,463           |
| Accumulated losses                           |      | (228,640)       | (232,084)       |
| <b>Total equity</b>                          |      | <b>16,632</b>   | <b>13,111</b>   |

1. Other reserves include share-based payment and the deferred tax related to the share-based payment.

The Financial Statements were approved and authorised for issue by the Board and signed on its behalf on 04 July 2024 by:

DocuSigned by:  
  
 E38BFDB481894E6...  
 Tiziana Iacolino  
 Director

The notes on pages 16 to 34 form an integral part of these Financial Statements.



## Vinters Engineering Limited

### Statement of Changes in Equity for the year ended 31 December 2023

|                                                             | Called up<br>share capital<br>£ 000 | Share<br>premium<br>£ 000 | Other<br>reserves<br>£ 000 | Accumulated<br>losses/profit<br>£ 000 | Total equity<br>£ 000 |
|-------------------------------------------------------------|-------------------------------------|---------------------------|----------------------------|---------------------------------------|-----------------------|
| At 1 January 2023                                           | 171,649                             | 65,083                    | 8,463                      | (232,084)                             | 13,111                |
| Profit for the financial year                               | -                                   | -                         | -                          | 3,444                                 | 3,444                 |
| Total comprehensive income                                  | -                                   | -                         | -                          | 3,444                                 | 3,444                 |
| <b>Transactions with owners in their capacity as owners</b> |                                     |                           |                            |                                       |                       |
| Share-based payments - direct to equity                     | -                                   | -                         | 32                         | -                                     | 32                    |
| Related tax movements                                       | -                                   | -                         | 45                         | -                                     | 45                    |
| At 31 December 2023                                         | 171,649                             | 65,083                    | 8,540                      | (228,640)                             | 16,632                |

|                                                             | Called up<br>share<br>capital<br>£ 000 | Share<br>premium<br>£ 000 | Other<br>reserves<br>£ 000 | Accumulated<br>losses<br>£ 000 | Total equity<br>£ 000 |
|-------------------------------------------------------------|----------------------------------------|---------------------------|----------------------------|--------------------------------|-----------------------|
| At 1 January 2022                                           | 171,649                                | 65,083                    | 8,418                      | (237,780)                      | 7,370                 |
| Profit for the financial year                               | -                                      | -                         | -                          | 5,696                          | 5,696                 |
| Total comprehensive income                                  | -                                      | -                         | -                          | 5,696                          | 5,696                 |
| <b>Transactions with owners in their capacity as owners</b> |                                        |                           |                            |                                |                       |
| Share-based payments - direct to equity                     | -                                      | -                         | 45                         | -                              | 45                    |
| At 31 December 2022                                         | 171,649                                | 65,083                    | 8,463                      | (232,084)                      | 13,111                |

The notes on pages 16 to 34 form an integral part of these Financial Statements.

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023

#### 1 General information

The Company is a private Company limited by shares and incorporated, registered and domiciled in the East Midlands, England.

The principal activities of the Company are the production, repair and overhaul of power generation, transmission and conversion equipment for military and commercial markets. The Company also acts as a holding Company.

The address of its registered office is Moor Lane, Derby, Derbyshire, DE24 8BJ.

The principal place of business is Barlow Drive, Winsford, Cheshire, CW7 2JZ.

#### 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, 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*;
- 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);
- IFRS 7, *Financial Instruments: Disclosures*;
- Paragraph 38 of IAS 1, *Presentation of Financial Statements* – comparative information requirements;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a), 120 to 127 and 129 of IFRS 15, *Revenue from Contracts with Customers*;
- Paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based payment* (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- The requirements in IAS 24, *Related party disclosures*, to disclose related party transactions entered into between two or more members of a group;
- IFRS 16 *Leases*:
  - For Lessors – Exemption from the requirements of the second sentence of paragraph 89, and paragraphs 90, 91 and 93, is available when IFRS 16 applies; and
- Paragraph 17 of IAS 24, *Related party disclosures* (key management compensation).

##### 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 2023 that have a material impact on the Company's Financial Statements.

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 2 Significant accounting policies (continued)

##### Going concern

The Financial Statements have been prepared on a going concern basis. The Directors consider that the Company will have sufficient financial resources to meet its obligations for the foreseeable future that is 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 their 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 Company financial statements on a going concern basis.

##### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are as follows:

##### *Key sources of estimation uncertainty - Industrial Diseases liability provision*

This provision relies on assumptions and estimates used by the external actuaries in calculating the likely provision required for industrial diseases liabilities. These assumptions include discount rates, assessment of inflation and the number of future claims. The outstanding provision at 31 December 2023 is £8,017,000 (2022: £11,902,000) as £3,072,000 has been released in 2023 (2022: £4,447,000).

##### *Key sources of estimation uncertainty - Long term contracts*

Key estimates in the business relate to the contract trading positions. Profit traded on long term contracts is based on the contract margin forecast at completion and the stage of completion of the contract. Forecast costs to completion are based upon estimates of costs to complete over the remaining contract life, which are subject to contract reviews and the process that underpins the reviews. During the year, changes in estimate resulted in an adjustment of £308,000 (2022: £381,000).

##### *Key sources of estimation uncertainty - Inventory provision*

The inventory provision is a critical accounting estimate due to the primary elements of the Field Electrical Power Supplies (FEPS) project ended in July 2023 and goods remain in inventory in relation to this project. Whether the provision is sufficient depends on whether the business would be able to sell the goods. The current provision is the management's best estimate. However, the management believes that the reasonably possible scenario could result in a materially different provision.

##### *Critical accounting judgement - Multi-employer defined benefit pension scheme*

Certain employees participate in a multi-employer defined benefit pension scheme with other Companies in the Group. In the judgement of the Directors, the Company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligations and plan assets and therefore the scheme is accounted for as a defined contribution scheme (see note 17 for further details).

## **Vinters Engineering Limited**

### **Notes to the Financial Statements for the year ended 31 December 2023 (continued)**

#### **2 Significant accounting policies (continued)**

##### **Exemption from preparing group accounts**

The Financial Statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of a group parent, Rolls-Royce plc, a company incorporated in United Kingdom, which are publicly available. The address of the parent company's registered office is set out in note 23.

##### **Currency transactions and balances**

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 'Pound Sterling' (£), which is also the Company's functional currency.

##### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the goods supplied recognised at a point in time, stated net of value added taxes.

The Company splits its Future Power Contractor Logistics Support (CLS) contract into two performance obligations (one "over time", the other "point in time"). Under IFRS 15, where a performance obligation is satisfied over time, revenue is recognised on an activity basis using the costs incurred as the measure of the activity, the Future Power CLS contract is the only significant contract recognised over time.

Revenue is recognised when services have been provided to the customer. A five-step recognition model is used to apply the standard as follows: (1) identify the contract(s) with the customer; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognise revenue when (or as) each performance obligation is satisfied.

Sale of goods in the Income Statement are recognised on a point in time basis by the Company when control of the goods has been transferred, being when the customer takes possession of the goods and that all performance obligations have been fulfilled.

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 2 Significant accounting policies (continued)

##### Revenue recognition (continued)

The contracts held by the Company relate to continued logistical support service, repair work and occasional specific development, as such returns are not a feature. The transaction price for the contracts are either derived from the value of the fixed price contract, or for Future Power CLS, will be the fixed price element together with the variable element as per the latest forecasts.

The Company receives payment under a pre-defined payment plan agreed at the start of each contract. For the largest contract, Future Power CLS, payment is predefined as a series of equal monthly payments with an annual adjustment to allow for a 'Total Cost Incentive Fee'. Payments due to the Company for smaller contracts are triggered by set milestones in the contracts.

Progress payments received, when greater than recorded revenue on a contract, are classified as contract liabilities, representing the Company's outstanding performance obligation in respect of the contract. The amount by which the recorded revenue on a contract is in excess of payments on account is classified as a contract asset, represent the Company's right to consideration for completed performance under the contract.

##### Finance income and costs

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

##### Income tax expense

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 in equity or other comprehensive income is also recognised directly in equity or 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.

##### Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and any provision for impairment in value.

##### Depreciation

Land is not depreciated. Depreciation on other assets is provided on a straight-line basis to write off the cost, less the estimated residual value, of property, plant and equipment and right-of-use assets over their estimated useful lives.

##### Asset class

Freehold buildings

Plant and machinery

##### Depreciation method and rate

40 years

15 years

Assets under construction are not depreciated.

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 2 Significant accounting policies (continued)

##### **Investments**

Investments held as non-current assets are shown at cost less accumulated impairment losses.

##### **Impairment of non-financial assets**

Impairment of non-current assets is considered in accordance with IAS 36 *Impairment of Assets*. Intangible assets that are not yet available for use are tested for impairment annually. Other intangible assets and property, plant and equipment are assessed for any indications of impairment annually. If any indication of impairment is identified, an impairment test is performed to estimate the recoverable amount. Where the asset does not generate cash flows that are independent of other assets, impairment is considered for the cash-generating unit to which the asset belongs.

##### **Inventories**

Inventory and work in progress are valued at the lower of cost and net realisable value on a first-in, first-out basis. Cost comprises direct materials and, where applicable, direct labour costs and those overheads, including depreciation of property, plant and equipment, that have been incurred in bringing the inventory to their present location and condition. Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

##### **Financial assets and liabilities**

##### **Classification**

###### **Financial assets**

Financial assets primarily include trade receivables, intercompany receivables and cash and cash equivalents (comprising cash at bank). These financial assets are calculated as follows:

- Trade receivables are classified as held to collect and measured at amortised cost; and
- Cash and cash equivalents are subject to low market risk. Cash balances are measured at fair value through profit and loss (FVPL).

###### **Financial liabilities**

Financial liabilities primarily consist of trade payables and are classified 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 and contract assets resulting from transactions within the scope of IFRS 15. 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. When assessing the impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The ECLs are updated at each reporting date to reflect changes in credit risk since initial recognition. ECLs are calculated for all financial assets in scope, regardless of whether or not they are overdue.

##### **Trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. 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 any expected credit losses.

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 2 Significant accounting policies (continued)

##### **Contract assets and liabilities**

Contract assets, mainly comprising of accrued income, primarily relate to the Company's right to consideration for work completed but not yet invoiced at the reporting date in accordance with IFRS 15. Contract liabilities, mainly comprising of deferred income, primarily relate to the consideration received from customers in advance of transferring goods or services.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less, or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities. Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Defined benefit pension obligation**

The Company participates in a Group-wide pension scheme providing benefits based on final pensionable pay.

The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 19 *Employee Benefits*, accounts for the scheme as if it were a defined contribution scheme.

As a result the amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period. The scheme closed to future accrual on 31 December 2020 and as such, no further contributions are expected.

Further disclosure relating to the scheme is given in the consolidated Financial Statements of Rolls-Royce Holdings plc, which can be obtained from the address in note 23 of these Financial Statements.

##### **Provisions for liabilities**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date and are discounted to present value where the effect is material.

##### **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.

**Vinters Engineering Limited****Notes to the Financial Statements  
for the year ended 31 December 2023 (continued)****2 Significant accounting policies (continued)****Share-based payments**

The parent Company on behalf of the Company provides share-based payment arrangements to certain employees. These are equity-settled arrangements and are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant.

The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest, except where additional shares vest as a result of the market-based performance condition in the Performance Share Plan.

The costs of these share-based payments are treated as a capital contribution from the parent Company. Any payments made by the Company to its parent Company, in respect of these arrangements, are treated as a return of this capital contribution.

The fair values of the share-based payment arrangements are measured as follows:

- i) ShareSave plans - using the Monte Carlo model; and
- ii) Long-term incentive plan - using a pricing model adjusted to reflect non-entitlement to dividends (or equivalent) and the market-based performance conditions if applicable.

**Dividends**

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Interim dividend distributions to the Company's shareholders are recognised as a liability in the Company's Financial Statements in the period in which the dividends are paid by the Company's shareholders.

**Rounding of amounts**

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



## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 3 Revenue

The analysis of the Company's revenue for the year is as follows:

|               | <b>2023</b><br><b>£ 000</b> | <b>2022</b><br><b>£ 000</b> |
|---------------|-----------------------------|-----------------------------|
| Over time     | 4,076                       | 4,680                       |
| Point in time | 3,821                       | 5,718                       |
|               | <u>7,897</u>                | <u>10,398</u>               |

All revenue is derived from sales in the United Kingdom.

#### 4 Operating profit

Arrived at after charging:

|                                     | <b>2023</b><br><b>£ 000</b> | <b>2022</b><br><b>£ 000</b> |
|-------------------------------------|-----------------------------|-----------------------------|
| Inventory recognised as an expense  | 1,698                       | 1,903                       |
| Charge for inventory provisions     | 5                           | –                           |
| Charge of impairment of receivables | 125                         | –                           |
| Depreciation expense (see note 11)  | <u>112</u>                  | <u>126</u>                  |

#### 5 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

|                              | <b>2023</b><br><b>£ 000</b> | <b>2022</b><br><b>£ 000</b> |
|------------------------------|-----------------------------|-----------------------------|
| Wages and salaries           | 2,168                       | 2,170                       |
| Social security costs        | 230                         | 266                         |
| Share-based payment expenses | 32                          | 45                          |
| Other pension costs          | <u>205</u>                  | <u>200</u>                  |
|                              | <u>2,635</u>                | <u>2,681</u>                |

The monthly average number of persons, including Directors, employed by the Company during the year was as follows:

|                 | <b>2023</b><br><b>No.</b> | <b>2022</b><br><b>No.</b> |
|-----------------|---------------------------|---------------------------|
| Permanent staff | 41                        | 41                        |
| Temporary staff | <u>4</u>                  | <u>4</u>                  |
|                 | <u>45</u>                 | <u>45</u>                 |

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 6 Directors' remuneration

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

#### 7 Auditors' remuneration

The fee for the audit of the Company Financial Statements for the year ended 31 December 2023 is £99,000 (2022: £91,000) and was paid by Rolls-Royce plc and not recharged.

No (2022: no) amounts were paid to the Company's auditors for non-audit services.

#### 8 Other operating income

|                                           | 2023<br>£ 000 | 2022<br>£ 000 |
|-------------------------------------------|---------------|---------------|
| Reversal to income statement on provision | 3,072         | 4,447         |

The reversal of the provision relates to the industrial diseases liability provision resulting from businesses previously owned by the Group. In 2023, £3,072,000 was credited (2022: £4,447,000) to the income statement following an annual independent actuarial review of claims made in respect of the above. This can be seen in note 19.

#### 9 Finance income

|                                                              | 2023<br>£ 000 | 2022<br>£ 000 |
|--------------------------------------------------------------|---------------|---------------|
| Release of impairment of amounts due from group undertakings | 1             | –             |
| External interest receivable                                 | 427           | 92            |
|                                                              | 428           | 92            |

#### 10 Income tax expense

Tax charged in the Income Statement:

|                                                                | 2023<br>£ 000 | 2022<br>£ 000 |
|----------------------------------------------------------------|---------------|---------------|
| <b>Current tax</b>                                             |               |               |
| Group relief payable at 23.5% (2022: 19%)                      | 1,025         | 1,372         |
|                                                                | 1,025         | 1,372         |
| <b>Deferred taxation</b>                                       |               |               |
| Arising from origination and reversal of temporary differences | 3             | (29)          |
| Adjustments in respect of prior periods                        | (6)           | 19            |
| Total deferred taxation                                        | (3)           | (10)          |
| <b>Tax expense in the income statement</b>                     | 1,022         | 1,362         |

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 10 Income tax expense(continued)

The tax on profit before tax for the year is lower than (2022: higher than) the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%).

The differences are reconciled below:

|                                                       | 2023<br>£ 000       | 2022<br>£ 000       |
|-------------------------------------------------------|---------------------|---------------------|
| <b>Profit before taxation</b>                         | <u>4,466</u>        | <u>7,058</u>        |
| Corporation tax at standard rate of 23.5% (2022: 19%) | 1,050               | 1,341               |
| Adjustments in respect of prior periods               | (6)                 | 19                  |
| (Income not taxable)/expenses not deductible          | (21)                | 9                   |
| Tax rate differential on temporary differences        | <u>(1)</u>          | <u>(7)</u>          |
| <b>Total tax charge</b>                               | <u><b>1,022</b></u> | <u><b>1,362</b></u> |

#### Deferred tax

Deferred tax movement during the year:

|                                | At 1<br>January<br>2023<br>£ 000 | Recognised in<br>income<br>statement<br>£ 000 | Recognised<br>in equity<br>£ 000 | At 31<br>December<br>2023<br>£ 000 | Recognised<br>as DTA<br>£ 000 | Recognised<br>as DTL<br>£ 000 |
|--------------------------------|----------------------------------|-----------------------------------------------|----------------------------------|------------------------------------|-------------------------------|-------------------------------|
| Accelerated capital allowances | (366)                            | (4)                                           | -                                | (370)                              | -                             | (370)                         |
| Other temporary differences    | (3)                              | 7                                             | 45                               | 49                                 | -                             | 49                            |
| Net tax liabilities            | <u>(369)</u>                     | <u>3</u>                                      | <u>45</u>                        | <u>(321)</u>                       | <u>-</u>                      | <u>(321)</u>                  |

Deferred tax movement during the prior year:

|                                | At 1<br>January<br>2022<br>£ 000 | Recognised in<br>income<br>statement<br>£ 000 | Recognised<br>in equity<br>£ 000 | At 31<br>December<br>2022<br>£ 000 | Recognised<br>as DTA<br>£ 000 | Recognised<br>as DTL<br>£ 000 |
|--------------------------------|----------------------------------|-----------------------------------------------|----------------------------------|------------------------------------|-------------------------------|-------------------------------|
| Accelerated capital allowances | (399)                            | 33                                            | -                                | (366)                              | -                             | (366)                         |
| Other temporary differences    | 20                               | (23)                                          | -                                | (3)                                | -                             | (3)                           |
| Net tax liabilities            | <u>(379)</u>                     | <u>10</u>                                     | <u>-</u>                         | <u>(369)</u>                       | <u>-</u>                      | <u>(369)</u>                  |

Other temporary differences above relate to adjustments in respect of prior years.

The deferred tax liability has been recognised to the extent that the Company expects to make sufficient taxable profits against which it could be offset in future years.

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 11 Property, plant and equipment

|                                 | Freehold<br>land and<br>buildings<br>£ 000 | Plant and<br>machinery<br>£ 000 | Assets under<br>construction<br>£ 000 | Total<br>£ 000 |
|---------------------------------|--------------------------------------------|---------------------------------|---------------------------------------|----------------|
| <b>Cost</b>                     |                                            |                                 |                                       |                |
| At 1 January 2023               | 4,062                                      | 2,268                           | 575                                   | 6,905          |
| Additions                       | –                                          | –                               | 51                                    | 51             |
| At 31 December 2023             | <u>4,062</u>                               | <u>2,268</u>                    | <u>626</u>                            | <u>6,956</u>   |
| <b>Accumulated depreciation</b> |                                            |                                 |                                       |                |
| At 1 January 2023               | 1,468                                      | 2,170                           | –                                     | 3,638          |
| Charge for the year             | 78                                         | 34                              | –                                     | 112            |
| At 31 December 2023             | <u>1,546</u>                               | <u>2,204</u>                    | <u>–</u>                              | <u>3,750</u>   |
| <b>Carrying amount</b>          |                                            |                                 |                                       |                |
| At 31 December 2023             | <u>2,516</u>                               | <u>64</u>                       | <u>626</u>                            | <u>3,206</u>   |
| At 31 December 2022             | <u>2,594</u>                               | <u>98</u>                       | <u>575</u>                            | <u>3,267</u>   |

Depreciation of £112,000 (2022: £126,000) is included in cost of sales in the income statement.

Included within freehold land and buildings is non-depreciable land with a cost of £1,068,000 (2022: £1,068,000).

At 31 December 2023 the Company was committed to capital expenditure of £nil (2022: £11,000).

#### 12 Investments

|                                   | Total<br>£ 000 |
|-----------------------------------|----------------|
| <b>Subsidiaries</b>               |                |
| <b>Cost</b>                       |                |
| At 1 January and 31 December 2023 | <u>369,600</u> |
| <b>Provision for impairment</b>   |                |
| At 1 January and 31 December 2023 | <u>337,355</u> |
| <b>Carrying amount</b>            |                |
| At 31 December 2023               | <u>32,245</u>  |
| At 31 December 2022               | <u>32,245</u>  |

In accordance with the requirements of IAS 36, the carrying value of the Company's investment in subsidiaries is reviewed for indicators of impairment on an annual basis. At 31 December 2023, the Directors assessed the impact of new potential indicators of impairment and concluded that there was no (2022: no) risk of impairment.

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 12 Investments (continued)

As at 31 December 2023, the companies listed below and on the following pages are indirectly held by the Company except for Brown Brothers & Company, Limited, Powerfield Limited, Ross Ceramics Limited, Timec 1487 Limited, Vinters Defence Systems Limited, Vinters International Limited and Vinters-Armstrongs (Engineers) Limited which are 100% directly owned by the Company. The financial year end of each company listed below is 31 December unless otherwise indicated.

| Company name                                     | Share class   | Address                                                                                                                                   | % Holding<br>2023 |
|--------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Brown Brothers & Company, Limited                | Ordinary      | Taxiway, Hillend Industrial Estate, Dalgety Bay, Dunfermline, Fife, KY11 9JT, Scotland                                                    | 100%              |
| Karl Maybach-Hilfe GmbH                          | Capital Stock | Maybachplatz 1, 88045, Friedrichshafen, Germany                                                                                           | 100%              |
| Kinolt Immo SA                                   | Ordinary      | Rue de l'Avenir 61, 4460, Grace-Hollogne, Belgium                                                                                         | 100%              |
| Kinolt Immobilien SA                             | Ordinary      | Rue de l'Avenir 61, 4460, Grace-Hollogne, Belgium                                                                                         | 100%              |
| Kinolt Sistemas de UPS SpA                       | Ordinary      | Bucarest No 17 Oficina, No 33, Previdencia, Santiago, Chile                                                                               | 100%              |
| Kinolt Trading and Contracting LLC <sup>1</sup>  | Ordinary      | REGUS Service Office, Office No. 1034, Shoumoukh Tower, 10 <sup>th</sup> Floor, Tower B, C-Ring Road, Al Sadd, PO Box 207207, Doha, Qatar | 49%               |
| Kinolt UK Limited <sup>4</sup>                   | Ordinary      | London <sup>2</sup>                                                                                                                       | 100%              |
| LLC Rolls-Royce Solutions Rus                    | Ordinary      | Shabolovka Street 2, 119049, Moscow, Russian Federation                                                                                   | 100%              |
| MTU Cooltech Power Systems Co., Ltd <sup>7</sup> | Equity        | Building No. 2, No. 1633 Tianchen Road, Qingpu District, Shanghai, China                                                                  | 50%               |
| MTU India Private Limited <sup>3</sup>           | Ordinary      | 6th Floor, RMZ Galleria, S/Y No. 144 Bengaluru, Bangalore, Kamataka 560,064, India                                                        | 100%              |
| MTU Polska Sp. Z.o.o.                            | Ordinary      | Ul. Lekka 3., Lokal U4. Raum, PLZ: 01-910, Ort: Warszawa, Poland                                                                          | 100%              |
| No Break Power Limited <sup>4</sup>              | Ordinary      | London <sup>2</sup>                                                                                                                       | 100%              |
| Powerfield Limited <sup>3</sup>                  | Ordinary      | Derby <sup>5</sup>                                                                                                                        | 100%              |
| PT Rolls Royce Solutions Indonesia               | Ordinary      | Secure Building Blok B, Jl. Raya Protokol Halim, Perdanakusuma Jakarta, 13610, Indonesia                                                  | 100%              |
| Rolls-Royce Japan Co., Ltd                       | Ordinary      | 31st Floor, Kasumigaseki building, Chiyoda-Ku, Tokyo 100-6031, Japan                                                                      | 100%              |

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 12 Investments (continued)

| Company name                                                 | Share class                                | Address                                                                                          | % Holding<br>2023 |
|--------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------|
| Rolls-Royce Solutions (Suzhou) Co. Ltd.                      | Ordinary                                   | 9 Long Yun Rd, Suzhou Industrial Park, Suzhou 215024, Jiang Su, China                            | 100%              |
| Rolls-Royce Solutions Africa (Pty) Ltd                       | Capital Stock                              | 36 Marconi Street, Montague Gardens, Cape Town, 7441, South Africa                               | 100%              |
| Rolls-Royce Solutions America Inc.                           | Ordinary                                   | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, United States   | 100%              |
| Rolls-Royce Solutions Asia Pte. Limited                      | Ordinary                                   | 10 Tukang Innovation Drive, Singapore 618302                                                     | 100%              |
| Rolls-Royce Solutions Augsburg GmbH                          | Capital Stock                              | Dasinger Strasse 11, 86165, Augsburg, Germany                                                    | 100%              |
| Rolls-Royce Solutions Berlin GmbH                            | Common, Seed Preferred, Series A Preferred | Villa Rathenau, Wilhelminenhofstrasse 75, 12459 Berlin, Germany                                  | 100%              |
| Rolls-Royce Solutions Benelux B.V.                           | Ordinary                                   | Merwedestraat 86, 3313 CS, Dordrecht, Netherlands                                                | 100%              |
| Rolls-Royce Solutions Brasil Limitada                        | Quotas                                     | Via Anhanguera, KM 29203, 05276-000 Sao Paulo – SP Brazil                                        | 100%              |
| Rolls-Royce Solutions Enerji Deniz Ve Savunma Anonim Şirketi | Ordinary                                   | Hatira Sokak, No. 5, Omerli Mahellesi, 34555 Arnavutköy, Istanbul, Turkey                        | 100%              |
| Rolls-Royce Solutions France S.A.S                           | Ordinary                                   | Immeuble Colorado, 8/10 rue de Rosa Luxembourg-Parc des Bellevues 95610, Eragny-sur-Oise, France | 100%              |
| Rolls-Royce Solutions GmbH                                   | Capital Stock                              | Maybachplatz 1, 88045 Friedrichshafen, Germany                                                   | 100%              |
| Rolls-Royce Solutions Hong Kong Ltd                          | Ordinary                                   | No.8 Hart Avenue, Unit D, 8th Floor, Tsim Sha Tsui, Kowloon, Hong Kong                           | 100%              |
| Rolls-Royce Solutions Ibérica s.l.u                          | Ordinary                                   | Calle Copérnico 26-28, 28823 Coslada, Madrid, Spain                                              | 100%              |

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 12 Investments (continued)

| Company name                                   | Share class   | Address                                                                                                        | % Holding<br>2023 |
|------------------------------------------------|---------------|----------------------------------------------------------------------------------------------------------------|-------------------|
| Rolls-Royce Solutions Israel Limited           | Ordinary      | 4 Ha'Alon Street, South Building, Third Floor, 4059300 Kfar Neter, Israel                                      | 100%              |
| Rolls-Royce Solutions Italia S.R.L.            | Capital Stock | Via Aurelia Nord, 328, 19021 Arcola (SP), Italy                                                                | 100%              |
| Rolls-Royce Solutions Japan Co. Limited        | Ordinary      | Resorttrust Building 4-14-3, Nishitenma Kita-ku, Osaka 530-0047, Japan                                         | 100%              |
| Rolls-Royce Solutions Korea Limited            | Ordinary      | 22nd Floor, Olive Tower, 41 Sejongdaero 9 gil, Junggu, 100-737, Seoul, Republic of Korea                       | 100%              |
| Rolls-Royce Solutions Liège Holding S.A.       | Ordinary      | Rue de l'Avenir 61, 4460, Grace-Hollogne, Belgium                                                              | 100%              |
| Rolls-Royce Solutions Liège S.A.               | Ordinary      | Rue de l'Avenir 61, 4460, Grace-Hollogne, Belgium                                                              | 100%              |
| Rolls-Royce Solutions Magdeburg GmbH           | Capital Stock | Friedrich-List-Strasse 8, 39122 Magdeburg, Germany                                                             | 100%              |
| Rolls-Royce Solutions Mexico City S.A. de C.V. | Common Shares | Xochicalco 620, Colonia Letran Valle, Delegacion Benito Juarez, Mexico City 03650, Mexico                      | 100%              |
| Rolls-Royce Solutions Middle East FZE          | Ordinary      | S3B5SR06, Jebel Ali Free Zone, South P.O. Box 61141, Dubai, United Arab Emirates                               | 100%              |
| Rolls-Royce Solutions Ruhstorf GmbH            | Capital Stock | Rotthofer Straße 8, 94099 Ruhstorf a.d. Rott, Germany                                                          | 100%              |
| Rolls-Royce Solutions South Africa (Pty) Ltd   | Ordinary      | 36 Marconi Street, Montague Gardens, Cape Town, 7441 South Africa                                              | 100%              |
| Rolls-Royce Solutions Willich GmbH             | Ordinary      | Konrad-Zuse-Str. 3, 47877, Willich, Germany                                                                    | 100%              |
| Rolls-Royce Solutions UK Limited               | Ordinary      | Derby <sup>5</sup>                                                                                             | 100%              |
| Ross Ceramics Limited                          | Ordinary      | Derby <sup>5</sup>                                                                                             | 100%              |
| Servowatch Systems Limited                     | Ordinary      | Endeavour House, Benbridge Industrial Estate, Holloway Road, Heybridge, Maldon, Essex, CM9 4ER, United Kingdom | 100%              |
| Team Italia Marine S.R.L.                      | Ordinary      | Kampanien, Via Luigi Einaudi 114/B, 61032 Fano, Pesaro and Urbino, Italy                                       | 100%              |
| Timec 1487 Limited <sup>4</sup>                | Ordinary      | London <sup>2</sup>                                                                                            | 100%              |
| Vinters Defence Systems Limited <sup>4</sup>   | Ordinary      | London <sup>2</sup>                                                                                            | 100%              |

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 12 Investments (continued)

| Company name                                        | Share class | Address             | % Holding<br>2023 |
|-----------------------------------------------------|-------------|---------------------|-------------------|
| Vinters International Limited                       | Ordinary    | Derby <sup>5</sup>  | 100%              |
| Vinters-Armstrongs (Engineers) Limited <sup>4</sup> | Ordinary    | London <sup>2</sup> | 100%              |

<sup>1</sup> Although the interest held is 49%, the Company controls the entity and, as a result, consolidates the entity and records a non-controlling interest

<sup>2</sup> Kings Place, 90 York Way, London, United Kingdom, N1 9FX

<sup>3</sup> Reporting year end is 31 March

<sup>4</sup> Dormant entity

<sup>5</sup> Moor Lane, Derby, Derbyshire, DE24 8BJ, United Kingdom

<sup>6</sup> The Company indirectly holds 100% of the A Ordinary share class

<sup>7</sup> Although the interest held is 50%, the Company controls the entity and, as a result, consolidates the entity and records a non-controlling interest

#### Joint ventures

Details as at 31 December 2023 are as follows:

| Company name                             | Share class   | Address                                                                                 | Proportion<br>of<br>ownership<br>interest and<br>voting<br>rights held<br>2023 |
|------------------------------------------|---------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Force MTU Power Systems Private Limited  | Capital Stock | Mumbai Pune Road, Maharashtra 411035, India                                             | 49%                                                                            |
| Hoeller Electrolyzer GmbH                | Ordinary      | Alter Holzhafen, 23966 Wismar, Germany                                                  | 54.2%                                                                          |
| MEST Co., Limited                        | Normal        | 97 Bukjeonggongdan 2-gil, Yangsan-si, Gyeongsangnom-do, 50571, Republic of Korea        | 46.8%                                                                          |
| MTU Power Systems Sdn. Bhd. <sup>6</sup> | A Ordinary    | Level 10 Menara LGB, 1 Jalan Wan Kadir Taman Tun Dr Ismail, 6000 Kuala Lumpur, Malaysia | 49%                                                                            |
| MTU Yuchai Power Company Limited         | Capital Stock | No 7 Danan Road, Yuchou, Yulin, Guangxi, China, 537005                                  | 50%                                                                            |

<sup>1</sup> Although the interest held is 49%, the Company controls the entity and, as a result, consolidates the entity and records a non-controlling interest

<sup>2</sup> Kings Place, 90 York Way, London, United Kingdom, N1 9FX

<sup>3</sup> Reporting year end is 31 March

<sup>4</sup> Dormant entity

<sup>5</sup> Moor Lane, Derby, Derbyshire, DE24 8BJ, United Kingdom

<sup>6</sup> The Company indirectly holds 100% of the A Ordinary share class

<sup>7</sup> Although the interest held is 50%, the Company controls the entity and, as a result, consolidates the entity and records a non-controlling interest



## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 13 Inventories

|                               | 2023<br>£ 000 | 2022<br>£ 000 |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 2,745         | 1,989         |
| Work in progress              | 1,369         | 728           |
|                               | <u>4,114</u>  | <u>2,717</u>  |

There is no significant difference between replacement cost of raw materials, consumables or work in progress and their carrying amounts.

Inventories are stated after a provision for impairment of £292,000 (2022: £288,000).

#### 14 Trade and other receivables

|                                             | 2023<br>£ 000 | 2022<br>£ 000 |
|---------------------------------------------|---------------|---------------|
| Amounts due from group undertakings         | 26,421        | 28,037        |
| Amounts due from related party undertakings | -             | 2,963         |
| Trade receivables                           | 334           | 489           |
| Prepayments and accrued income              | 39            | 37            |
|                                             | <u>26,794</u> | <u>31,526</u> |

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

Trade receivables are stated after provisions for impairment of £nil (2022: £nil). Amounts due from group undertakings are stated after provision for impairment of £64,000 (2022: £189,000) for expected credit losses in respect of loans and receivables from group entities in accordance with IFRS 9.

#### 15 Contract liabilities

|                      | Current       |               | Non-current   |               | Total         |               |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                      | 2023<br>£ 000 | 2022<br>£ 000 | 2023<br>£ 000 | 2022<br>£ 000 | 2023<br>£ 000 | 2022<br>£ 000 |
| Contract liabilities | <u>2,274</u>  | <u>1,696</u>  | <u>-</u>      | <u>-</u>      | <u>2,274</u>  | <u>1,696</u>  |

£497,000 (2022: £352,000) of the opening contract liability has been recognised in income during the year to 31 December 2023.

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 16 Trade and other payables

##### Current:

|                                   | 2023<br>£ 000 | 2022<br>£ 000 |
|-----------------------------------|---------------|---------------|
| Trade payables                    | 106           | 179           |
| Accruals and deferred income      | 635           | 713           |
| Amounts due to group undertakings | 48,312        | 50,370        |
| Social security and other taxes   | 99            | 229           |
|                                   | 49,152        | 51,491        |

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

#### 17 Post-retirement benefits

The Company is a participating employer in the Rolls-Royce UK Pension Fund which is a multi-employer defined benefit scheme. The assets of the scheme are held in a separate fund administered by trustees and invested independently of the finances of the Group. The scheme is funded by annual contributions from the Company and scheme members.

As at 31 December 2023 the Rolls-Royce UK Pension Fund is £767,000,000 in surplus (2022: £594,000,000).

In accordance with IAS 19 *Employee Benefits*, the net defined benefit cost is recognised in the Financial Statements of Rolls-Royce plc, the Group entity that is legally the sponsoring employer for the plan. On 31 December 2020, the scheme was closed to future accrual. The Company has recognised £nil (2022: £nil) contributions paid for defined benefit schemes to the Group for the year.

The IAS 19 disclosure relating to the schemes is given in the Group financial statements of Rolls-Royce Holdings plc which are publicly available from the address disclosed in note 23.

The Company also operates a defined contribution scheme for employees. The pension cost for the year was £205,000 (2022: £200,000) and there were no outstanding or prepaid contributions at 31 December 2023 (2022: £nil).

#### 18 Share-based payments

Share-based payment charges incurred by the Company in the year to 31 December 2023 were £32,000 (2022: £45,000).

During the year, the Company participated in the following share-based payment plans operated by Rolls-Royce Holdings plc:

##### Long Term Incentive Plan (LTIP)

These plans involve the award of shares to participants subject to performance conditions. Vesting of the performance shares is based on the achievement of both non-market-based conditions (EPS and cash flow per share) and a market-based performance condition over a three-year period.

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 18 Share-based payments(continued)

##### ShareSave share option plan

Based on a three or five-year monthly savings contract, eligible employees are granted share options with an exercise price of up to 20% below the share price when the contract is entered into. Vesting of the options is not subject to the achievement of a performance target. The plan is HM Revenue & Customs approved.

As share options are exercised throughout the year, the weighted average share price during the year of 159p (2022: 95p) is representative of the weighted average share price at the date of exercise. The closing price as at 31 December 2023 was 300p (2022: 93p). There were no exercisable options as at 31 December 2023 (2022: nil).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

##### Share options outstanding:

| Grant - vest | Expiry date<br>(31 January) | Exercise price in<br>pence per share<br>option | ShareSave share options |               |
|--------------|-----------------------------|------------------------------------------------|-------------------------|---------------|
|              |                             |                                                | 2023                    | 2022          |
| 2017 – 2023  | 2023                        | 260                                            | -                       | 2,603         |
| 2019 – 2023  | 2023                        | 232                                            | -                       | 3,711         |
| 2019 - 2025  | 2025                        | 232                                            | 3,370                   | 3,669         |
| 2021 - 2025  | 2025                        | 97                                             | 71,308                  | 74,912        |
|              |                             |                                                | <b>74,678</b>           | <b>84,895</b> |

The weighted average remaining contractual life for the cash-settled options at 31 December 2023 was 1.1 years (2022: 1.9 years).

#### 19 Provisions for liabilities

|                         | Industrial<br>diseases<br>liability<br>£ 000 | Warranties<br>£ 000 | Total<br>£ 000 |
|-------------------------|----------------------------------------------|---------------------|----------------|
| At 1 January 2023       | 11,902                                       | 89                  | 11,991         |
| Provisions utilised     | (813)                                        | -                   | (813)          |
| Provisions released     | (3,072)                                      | -                   | (3,072)        |
| At 31 December 2023     | <u>8,017</u>                                 | <u>89</u>           | <u>8,106</u>   |
| Current liabilities     | 813                                          | 89                  | 902            |
| Non-current liabilities | 7,204                                        | -                   | 7,204          |

The industrial diseases provision relates to businesses previously owned by the Group. The provision is expected to be utilised over the next 30-40 years.

The discount rate used in the actuarial valuation is the Bank of England risk-free variable rate as at 30 September 2023 (2022: 2.93%). The 2022 discount rate aligns with the yield on a UK 30-year gilt). Of the total Industrial Diseases provision at 31 December 2023, £813,000 is presented as a current liability (2022: £500,000).

## Vinters Engineering Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 19 Provisions for liabilities (continued)

The provision of £89,000 relates to customer warranties (2022: £89,000) which are expected to be utilised within 12 months.

#### 20 Called up share capital

##### Allotted and fully paid

|                               | 2023    |         | 2022    |         |
|-------------------------------|---------|---------|---------|---------|
|                               | No. 000 | £ 000   | No. 000 | £ 000   |
| Ordinary shares of £0.50 each | 343,298 | 171,649 | 343,298 | 171,649 |

##### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

Any proxy appointed by a member will be entitled to vote on a show of hands or a poll, with each member entitled to one vote. The Company may declare dividends by ordinary resolution, but no dividend should exceed the amount recommended by the Directors.

#### 21 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 consequence.

#### 22 Related party transactions

Sales to Rolls-Royce Holdings plc group joint ventures in the year were £1,806,000 (2022: £5,159,000) and purchases in the year were £nil (2022: £ nil). Amounts due from related parties at the 31 December 2023 were £nil (2022: £2,963,000). Amounts due to related parties at the 31 December 2023 were £nil (2022: £nil).

#### 23 Parent and ultimate parent undertaking

The Company's immediate parent is Vinters Limited.

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.