

Registration number: 02658963

Rolls-Royce Overseas Holdings Limited

Unaudited Annual Report and Financial Statements
for the Year Ended 31 December 2024



Rolls-Royce Overseas Holdings Limited

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Rolls-Royce Overseas Holdings Limited

Company Information

Directors Tiziana Iacolino
Gary Sampson

Registered number 02658963

Registered office Moor Lane
Derby
Derbyshire
DE24 8BJ

Rolls-Royce Overseas Holdings Limited

Strategic Report for the year ended 31 December 2024

The Directors present their Strategic Report on Rolls-Royce Overseas Holdings Limited (the Company), together with the unaudited Financial Statements for the year ended 31 December 2024.

Principal activities

The principal activities of the Company relate to holding investments in its subsidiaries and joint ventures. The Company holds investments in two joint operations which are proportionally consolidated. The unaudited Financial Statements include the trading results of the two joint operations: Techjet Aerofoils Limited ("Techjet") and International Aerospace Manufacturing Private Limited ("IAMPL").

Business review

The Company holds investments in its subsidiaries and joint ventures at cost less accumulated impairment losses. The revenue and cost of sales of the Company relate entirely to the proportionally consolidated results of the joint operations for both years ended 31 December 2024 and 2023.

The profit for the financial year after taxation amounted to £61,335,000 (2023: £163,461,000). The Company has net assets of £927,317,000 (2023: £865,715,000).

Revenue of £44,425,000 (2023: £33,639,000) increased in 2024, driven by increases in demand in both joint operations.

The profit for the financial year after taxation has decreased by £102,126,000 compared to prior year mainly due to a reduction in dividend income. Income from participating interests was £34,471,000 (2023: £35,918,000) and income from shares in Rolls-Royce Holdings plc's group (the Group) undertakings was £25,367,000 (2023: £125,799,000).

Key performance indicators

Given the nature of the Company's activities, the Company's Directors believe that there are no key performance indicators which 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 Group has an established and structured approach to risk management which is detailed in the Rolls-Royce Holdings plc 2024 Annual Report, which is publicly available from the address in note 21. The Company acts in accordance with this policy to manage and mitigate the risks identified below.

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 has identified longer-term considerations related to climate change. There is no material impact to the Company from climate change in the short-term or that would materially impact these Financial Statements.

Rolls-Royce Overseas Holdings Limited

Strategic Report for the year ended 31 December 2024 (continued)

Principal risks and uncertainties (continued)

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

Carrying value of investments - The Company holds significant investments in subsidiaries of the Group. A decline in the value of one or more subsidiary undertakings could materially impact upon the carrying value of the investments held on the Company's balance sheet. The Company undertakes an impairment review of the carrying value of investments if any trigger event is identified. Further details of the impairment review are set out in note 13.

Compliance - Non-compliance by the Company with legislation or other regulatory requirements in the regulated environment in which it operates (for example: export controls; offset; use of controlled chemicals and substances; anti-bribery and corruption legislation) compromising our ability to conduct business in certain jurisdictions and exposing the Company to potential: reputational damage; financial penalties; debarment from government contracts for a period of time; and/or suspension of export privileges or export credit financing, any of which could have a material adverse effect. The mitigating activities for the risks are:

The Group has an extensive compliance programme, which is applied within the Company. This programme and the Global Code of Conduct are promulgated throughout the Group and are updated and reinforced from time to time, to ensure their continued relevance, and to ensure that they are complied with both in spirit and to the letter. The Global Code of Conduct and the Company's compliance programme are supported by appropriate training. A legal and compliance team has been put in place to manage ethics and compliance issues.

Market shock - The Company is exposed to a number of market risks, some of which are of a macro-economic nature, for example, foreign currency exchange rates, and some that are more specific to the Company, for example liquidity and credit risks, or disruption to other customer operations. Significant extraneous market events could also materially damage the Group's competitiveness and/or credit worthiness. This would affect operational results or the outcomes of financial transactions. The Company implements the financial risk management policies as shown in the Directors' Report.

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:

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

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

As the Company is a holding company and has no employees, consideration of the business relationships with the Company's wider stakeholders and the impact of the Company's operations on the community and environment is not applicable.

From the perspective of the Directors, as a result of the Group's governance structure, the Rolls-Royce Holdings plc Board of Directors have taken the lead in carrying out the duties of a board in respect of the Company's other stakeholders. The Directors focus in promoting the success of the Company for the benefit of its members is therefore its investments. The Directors consider any significant matters in relation to those investments by written resolution or ad-hoc board meetings.

Rolls-Royce Overseas Holdings Limited

Strategic Report for the year ended 31 December 2024 (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 relevant matters set out in s172(1)(a), (e) and (f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2024.

Non-financial and sustainability information statement

The Company is a subsidiary of the Rolls-Royce Holdings plc Group and therefore the non-financial and sustainability information 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 32.

Climate-related corporate reporting

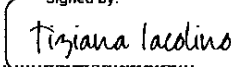
The Company adopts the policies and frameworks set by the Group which include the sustainability measures set out in the Rolls-Royce Holdings plc Annual Report on pages 32 to 45. The Company is aligned to the objectives of the Group. The Directors fully recognise their responsibility to have regard to 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 212. The Rolls-Royce Holdings plc 2024 Annual Report has been prepared for the same financial year as the Company.

Approved by the Board and signed on its behalf on 28 August 2025

by:

Signed by:

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Tiziana Iacolino
Director

Rolls-Royce Overseas Holdings Limited

Directors' Report for the year ended 31 December 2024

The Directors present their Directors' Report on the Company, together with the Strategic Report and unaudited Financial Statements for the year ended 31 December 2024.

Directors

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

Pamela Mary Coles (resigned 31 May 2024)

Tiziana Iacolino (appointed 23 April 2024)

Jason Luke (resigned 31 March 2024)

Gary Sampson

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 Company made £61,335,000 profit after taxation for the year (2023: £163,461,000). The net assets of the Company are £927,317,000 (2023: £865,715,000).

The Company did not pay a dividend to its parent undertaking, Rolls-Royce plc during the year (2023: £150,000,000). The Directors' do not propose the payment of a final dividend.

During the year, the Company received total income from shares in group undertakings of £25,367,000 (2023: £125,799,000). For further details see note 13.

Future developments

The Directors do not expect any change to the activity of the Company in the foreseeable future. The Company will continue to monitor the performance of the Company's investments during 2025.

Financial risk management

The following financial risks are considered key by the Directors:

Liquidity risk

The Company has net current liabilities of £393,344,000 (2023: £451,320,000), and as such has a liquidity risk, which is primarily attributable to amounts due to group undertakings in trade and other payables. Since the amounts due are to a fellow group undertaking the risk that the Company will be called upon to settle its debts as they fall due is considered to be low.

The Company is reliant on its parent company for continued financial support and has received written confirmation that the parent company will continue to provide financial support for at least 12 months from the date of approval of these financial statements. The Company also has some external borrowings through its joint operations. The Company through its joint operations monitors on a periodic basis the cash flows to ensure it can fulfil its repayment obligations as they fall due.

Credit risk

The Company's joint operations make sales on a credit basis and are therefore exposed to the risks of non-payment. Each joint operation regularly reviews the credit levels afforded to its customers and adjusts these where appropriate.

Rolls-Royce Overseas Holdings Limited

Directors' Report for the year ended 31 December 2024 (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, as necessary, for a period of at least 12 months from the date of signing these Financial Statements, to ensure the Company has adequate resources to maintain its operational existence and to meet its financial demands for the foreseeable future.

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Financial Statements, the Directors are required to:

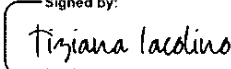
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

Approved by the Board and signed on its behalf on 28 August 2025

by:

Signed by:

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Tiziana Iacolino
Director

Rolls-Royce Overseas Holdings Limited**Income Statement
for the year ended 31 December 2024**

	Note	2024 £ 000	2023 £ 000
Revenue	3	44,425	33,639
Cost of sales		<u>(39,595)</u>	<u>(36,141)</u>
Gross profit/(loss)		4,830	(2,502)
Administrative (expenses)/income	4	<u>(211)</u>	<u>136</u>
Operating profit/(loss)	4	4,619	(2,366)
Income from shares in group undertakings	13	25,367	125,799
Income from participating interests	13	34,471	35,918
Profit on disposal of investment	13	<u>-</u>	<u>3,509</u>
Profit before financing and taxation		64,457	162,860
Finance income	7	4,087	4,411
Finance costs	8	<u>(346)</u>	<u>(3,160)</u>
Profit before taxation		68,198	164,111
Income tax expense	9	<u>(6,863)</u>	<u>(650)</u>
Profit for the financial year		61,335	163,461

The above results were derived from continuing operations.

The notes on pages 11 to 31 form an integral part of these Financial Statements.

Rolls-Royce Overseas Holdings Limited

Statement of Comprehensive Income for the year ended 31 December 2024

	2024 £ 000	2023 £ 000
Profit for the financial year	61,335	163,461
Amounts that may be reclassified to income statement:		
Foreign exchange movement in year	<u>267</u>	<u>(2,291)</u>
Total comprehensive income for the year	<u>61,602</u>	<u>161,170</u>

The notes on pages 11 to 31 form an integral part of these Financial Statements.

Rolls-Royce Overseas Holdings Limited**Statement of Financial Position
as at 31 December 2024
(Registration number: 02658963)**

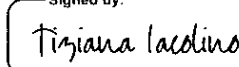
	Note	2024 £ 000	2023 £ 000
Non-current assets			
Intangible assets	10	936	775
Property, plant and equipment	11	9,355	2,991
Right-of-use assets	12	365	469
Investments	13	1,314,665	1,314,665
Deferred tax assets	9	303	528
		1,325,624	1,319,428
Current assets			
Inventories	14	17,554	13,343
Trade and other receivables	15	96,758	35,281
Cash and cash equivalents		8,092	10,328
		122,404	58,952
Current liabilities			
Borrowings and lease liabilities	16, 17	(4,852)	(2,490)
Provisions for liabilities and charges		(190)	-
Trade and other payables	18	(510,706)	(507,782)
		(515,748)	(510,272)
Net current liabilities		(393,344)	(451,320)
Total assets less current liabilities		932,280	868,108
Non-current liabilities			
Borrowings and lease liabilities	17	(4,963)	(2,236)
Trade and other payables	18	-	(157)
Net assets		927,317	865,715
Equity			
Called up share capital	19	399,499	399,499
Share premium		133,961	133,961
Other reserves		5,281	5,014
Retained earnings		388,576	327,241
Total equity		927,317	865,715

For the year ending 31 December 2024, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the Act) relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The Financial Statements were approved and authorised for issue by the Directors and were signed on its behalf on 28 August 2025 by:

Signed by:

E38BFDB481894E6
Tiziana Iacolino
Director

The notes on pages 11 to 31 form an integral part of these Financial Statements.

Rolls-Royce Overseas Holdings Limited**Statement of Changes in Equity
for the year ended 31 December 2024**

	Called up share capital Unaudited £ 000	Share premium Unaudited £ 000	Other reserves Unaudited £ 000	Retained earnings Unaudited £ 000	Total equity Unaudited £ 000
At 1 January 2024	399,499	133,961	5,014	327,241	865,715
Profit for the financial year	—	—	—	61,335	61,335
Foreign exchange movement in year	—	—	267	—	267
Total comprehensive income	—	—	267	61,335	61,602
Transactions with owners in their capacity as owners					
Dividends paid	—	—	—	—	—
At 31 December 2024	399,499	133,961	5,281	388,576	927,317

	Called up share capital Audited £ 000	Share premium Audited £ 000	Other reserves Audited £ 000	Retained earnings Audited £ 000	Total equity Audited £ 000
At 1 January 2023	399,499	133,961	7,305	313,780	854,545
Profit for the financial year	—	—	—	163,461	163,461
Foreign exchange movement in year	—	—	(2,291)	—	(2,291)
Total comprehensive income	—	—	(2,291)	163,461	161,170
Transactions with owners in their capacity as owners					
Dividends paid	—	—	—	(150,000)	(150,000)
At 31 December 2023	399,499	133,961	5,014	327,241	865,715

On 29 November 2023 the Company paid a dividend of £150,000,000 to its parent undertaking, Rolls-Royce plc.

Other reserves relate to the cumulative translation gain arising from the retranslation of the Company's two joint operations results into the functional currency of the Company.

The notes on pages 11 to 31 form an integral part of these Financial Statements.

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024

1 General information

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

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

Principal activities

The principal activity of the Company is that of a holding company. However, the Company holds investments in two joint operations which are proportionally consolidated. The financial statements therefore include the trading results of the two joint operations: Techjet Aerofoils Limited ('Techjet') and International Aerospace Manufacturing Private Limited ('IAMPL'). Techjet are engaged in the development and manufacture of blades and IAMPL manufacture products and components used in the Civil Aerospace sector.

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; and
- Paragraph 38 of IAS 1, Presentation of financial statements – comparative information requirements in respect of:
 - paragraph 73(e) of IAS 16, Property, plant and equipment; and
 - paragraph 118(e) of IAS 38, Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).

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 21.

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 2024 that have a material impact on the Company's financial statements.

Going concern

The Financial Statements have been prepared on a going concern basis. The 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 Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

Going concern (continued)

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

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

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the Company at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences arising on translation are recorded in net financing in the Income Statement.

The trading results of the joint operations, which are proportionally consolidated in accordance with IFRS 11 *Joint Arrangements*, are translated into sterling at the average exchange rates for the year. The assets and liabilities of the joint operations, on initial consolidation, were translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of the opening net investments, and from the translation of the profits or losses at average rates, are recognised in other reserves.

Revenue recognition

Revenues comprise sales made by joint operations to other group companies and outside customers, excluding value added taxes, in respect of deliveries made during the year. 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.

Revenue is recognised when performance obligations have been satisfied and for the Company this is when the control of goods is transferred to a 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. The revenue of the Company comes from the sale of goods that are recognised at a point in time.

Sales of goods in the Income Statement are recognised by the Company when control of the goods has been transferred, being when the customer takes control of the goods and that all performance obligations have been fulfilled. This is considered to be when the goods are delivered to the customer.

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

Income tax expense

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current tax charge/credit is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

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.

Intangible assets

The cost of acquiring software that is not specific to an item of property, plant and equipment is classified as an intangible asset and amortised on a straight-line basis over its useful economic life, up to a maximum of five years.

Intangible assets consist of amounts paid in respect of long-term project technical know-how and software, primarily relating to the Trent 500 engine. These amounts are stated at cost and amortised over 15 years in equal annual instalments, commencing on the day of payment in respect of the project.

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	Depreciation method and rate
Freehold buildings	2.5%
Furniture, fittings and equipment	10% to 33.3%

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised as a gain or loss within administrative expenses in the income statement.

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

Investments

The Company applies IFRS 11 to all joint arrangements. Under IFRS 11, investments are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined that two of its joint arrangements are joint operations: Techjet and IAMPL. Joint operations are consolidated on a proportionate basis.

Investments in subsidiaries and joint ventures 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, property, plant and equipment and right-of-use assets 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be below the carrying value, the carrying value is reduced to the recoverable amount and the impairment loss recognised as an expense. The recoverable amount is the higher of value in use or fair value less costs to sell if this is readily available. The value in use is the present value of future cash flows using a pre-tax discount rate that reflects the time value of money and the risk specific to the asset.

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value. The cost of raw materials is determined on a weighted average basis. The cost of finished goods and work in progress 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 inventories to their present location and condition based on normal operating capacity of the production facilities. 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 and cash and cash equivalents (comprising cash at bank) and intercompany receivables. 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, lease liabilities and borrowings. All other financial liabilities are classified and measured at amortised cost.

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

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 *Revenue from Contracts with Customers*. 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 products sold in the ordinary course of business. Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand. The company does not hold any short-term deposits or other cash equivalents at the reporting date.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentive receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for termination of the lease, if the lease term reflects the Company exercising that option.

Where leases commence after the initial IFRS 16 *Leases* transition date, the lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Lease liabilities are revalued at each reporting date using the spot exchange rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability or a revaluation of the liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Each right-of-use asset is depreciated over the shorter of its useful economic life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the Company, in which case the asset is depreciated to the end of the useful life of the asset.

Payments associated with the short-term leases are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade and other 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. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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.

Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Rounding of amounts

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

Rolls-Royce Overseas Holdings Limited**Notes to the Financial Statements
for the year ended 31 December 2024 (continued)****3 Revenue**

A geographical analysis of revenue is presented as follows:

	2024	2023
	£ 000	£ 000
United Kingdom	25,239	18,947
Germany	11,130	6,221
Australasia and Pacific	6,159	6,359
United States	1,540	1,761
Middle East and Asia	357	351
	<u>44,425</u>	<u>33,639</u>

All revenue is generated from the sale of goods.

4 Operating profit/(loss)

Arrived at after charging/(crediting)

	2024	2023
	£ 000	£ 000
Amortisation expense (note 10)	261	224
Depreciation expense (note 11)	545	2,841
Depreciation of right-of-use assets (note 12)	97	557
Charge for impairment of property, plant and equipment (note 11)	-	1,273
Charge for impairment of right-of-use assets (note 12)	-	2,425
Inventory recognised as an expense	1,386	5,402
Charge/(reversal) for impairment of inventory	(132)	155
Wages and salaries	10,605	7,057
Social security costs	2,556	1,569
Other pension costs	1,766	1,314
Lease expenses – short term lease less than 12 months	<u>214</u>	<u>79</u>

5 Staff and Directors costs

The Company has no employees (2023: nil) as it is a holding company. However, cost of sales include staff related costs due to the Financial Statements including the proportionate consolidation of the results of the Company's joint operations (see note 4).

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

6 Auditors' remuneration

During the year no (2023: £nil) fees were incurred for the audit of the Company Financial Statements following the accounts being exempt from audit under section 479A. No (2023: no) amounts were paid to the auditors for non-audit services.

Rolls-Royce Overseas Holdings Limited**Notes to the Financial Statements
for the year ended 31 December 2024 (continued)****7 Finance income**

	2024	2023
	£ 000	£ 000
Bank and loan interest receivable	2,881	4,411
Foreign exchange gain	1,206	-
	<u>4,087</u>	<u>4,411</u>

8 Finance costs

	2024	2023
	£ 000	£ 000
Other interest payable	346	70
Foreign exchange loss	-	3,090
	<u>346</u>	<u>3,160</u>

9 Income tax expense

Tax charged in the income statement:

	2024	2023
	£ 000	£ 000
Current tax		
UK corporation tax charge	5,197	-
Group relief payable for the year at 25.0% (2023 audited: 23.5%)	906	(250)
Adjustments in respect of prior periods	229	-
Foreign tax on income for the year	<u>306</u>	<u>900</u>
Total current tax charge	<u>6,638</u>	<u>650</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>225</u>	<u>-</u>
Tax expense in the income statement	<u>6,863</u>	<u>650</u>

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

9 Income tax expense (continued)

The tax assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 25.0% (2023: 23.5%). The differences are reconciled below:

	2024 £ 000	2023 £ 000
Profit before taxation	<u>68,198</u>	<u>164,111</u>
Corporation tax at standard rate of 25.0% (2023: 23.5%)	17,049	38,566
Effects of:		
Income not taxable	(10,415)	(38,816)
Adjustments in respect of prior periods	229	-
Foreign tax	<u>-</u>	<u>900</u>
Total tax charge	<u>6,863</u>	<u>650</u>

Deferred tax

Deferred tax movement during the year:

	At 1 January 2024 £ 000	Recognised in income statement £ 000	Recognised in equity £ 000	At 31 December 2024 £ 000	Recognised as DTA £ 000	Recognised as DTL £ 000
Other items	497	(225)	-	272	272	-
Foreign exchange differences on foreign operations	31	-	-	31	31	-
Net tax assets	<u>528</u>	<u>(225)</u>	<u>-</u>	<u>303</u>	<u>303</u>	<u>-</u>

Deferred tax movement during the prior year:

	At 1 January 2023 £ 000	Recognised in income statement £ 000	Recognised in equity £ 000	At 31 December 2023 £ 000	Recognised as DTA £ 000	Recognised as DTL £ 000
Other items	497	-	-	497	497	-
Foreign exchange differences on foreign operations	26	-	5	31	31	-
Net tax assets	<u>523</u>	<u>-</u>	<u>-</u>	<u>528</u>	<u>528</u>	<u>-</u>

Other items relate to other temporary differences.

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

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

10 Intangible assets

	Other intangible assets £ 000
Cost	
At 1 January 2024	10,837
Additions	407
Foreign exchange movements	170
At 31 December 2024	<u>11,414</u>
Accumulated amortisation	
At 1 January 2024	10,062
Amortisation charge	261
Foreign exchange movements	155
At 31 December 2024	<u>10,478</u>
Carrying amount	
At 31 December 2024	<u><u>936</u></u>
At 31 December 2023	<u><u>775</u></u>

Intangible assets consist of amounts paid in respect of long-term project technical know-how and software.

Amortisation of £261,000 (2023: £224,000) is included in cost of sales in the income statement.

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

11 Property, plant and equipment

	Freehold land and buildings £ 000	Furniture, fittings and equipment £ 000	Assets in the course of construction £ 000	Total £ 000
Cost				
At 1 January 2024	7,711	78,542	-	86,253
Reclassification	2,340	(3,572)	1,232	-
Additions	2,199	2,620	1,920	6,739
Disposals	-	(60)	-	(60)
Foreign exchange movements	273	1,143	-	1,416
At 31 December 2024	12,523	78,673	3,152	94,348
Accumulated depreciation				
At 1 January 2024	7,711	75,551	-	83,262
Reclassification	1,842	(1,842)	-	-
Charge for the year	73	472	-	545
Foreign exchange movements	148	1,038	-	1,186
At 31 December 2024	9,774	75,219	-	84,993
Carrying amount				
At 31 December 2024	2,749	3,454	3,152	9,355
At 31 December 2023	-	2,991	-	2,991

Depreciation of £545,000 (2023: £2,841,000) is included in cost of sales in the income statement.

Included within freehold land and buildings is non-depreciable land with a cost of £382,000 (2023: £382,000). However, this amount has been fully impaired.

In accordance with the requirements of IAS 36 *Impairment of Assets*, the carrying value of the non-current assets have been assessed by reference to value in use where a trigger event is identified. Value in use has been estimated using cash flows from the most recent forecasts prepared by management, which are consistent with past experience and external sources of information on market conditions.

The principal value in use assumptions considered to be individually significant are:

- Trading assumptions (e.g. volume of original equipment deliveries, pricing achieved and cost escalation) are based on current and known programmes, estimates of load volumes and long-term economic forecasts; and
- A pre-tax discount rate 13.9% (2023: 13.9%).

The value in use of the cash generating unit has resulted in an impairment of nil against property, plant and equipment (2023: £1,273,000) and nil against right-of-use assets (2023: £2,425,000). No reasonable change in the assumptions would result in a material change to the conclusion.

At 31 December 2024, the Company was committed to capital expenditure of £2,883,000 (2023: £334,000).

Rolls-Royce Overseas Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2024 (continued)

12 Right-of-use assets

	Land and buildings £ 000
Cost	
At 1 January 2024	5,564
Additions/lease modifications	-
Foreign exchange movements	83
	<u>5,647</u>
At 31 December 2024	<u>5,647</u>
Accumulated depreciation	
At 1 January 2024	5,095
Charge for the year	97
Foreign exchange movements	90
	<u>5,282</u>
At 31 December 2024	<u>5,282</u>
Carrying amount	
At 31 December 2024	<u>365</u>
At 31 December 2023	<u>469</u>
Depreciation of £97,000 (2023: £557,000) is included in cost of sales in the income statement.	

Rolls-Royce Overseas Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2024 (continued)

13 Investments

The Company's investments comprise investments in subsidiaries of £1,159,940,000 (2023: £1,159,940,000) and investments in joint ventures of £154,725,000 (2023: £154,725,000). The Company's total carrying amount of investments are £1,314,665,000 (2023: £1,314,665,000).

	Total £ 000
Subsidiaries	
Cost	
At 1 January and 31 December 2024	<u>1,170,829</u>
Provision for impairment	
At 1 January and 31 December 2024	<u>10,889</u>
Carrying amount	
At 31 December 2024	<u>1,159,940</u>
At 31 December 2023	<u>1,159,940</u>

Dividend income received

	2024 £ 000	2023 £ 000
Rolls-Royce Australia Pty Limited	1,052	537
Rolls-Royce Singapore Pte. Limited	23,980	121,412
Rolls-Royce India Private Limited	-	3,508
Rolls-Royce Technical Support Sarl	<u>335</u>	<u>342</u>
	<u>25,367</u>	<u>125,799</u>

The Directors have reassessed the carrying value of the Company's other investments in subsidiary undertakings based upon their net asset values as at 31 December 2024 and have identified no impairment triggers (2023: no impairment triggers).

Profit on disposal

On 5 November 2021, the Company completed the sale of its Rolls-Royce Civil Nuclear Instrumentation and Control business. During 2023, the Company received £3,508,000 as a result of an adjustment to the consideration paid. No such payment has been received in 2024.

Rolls-Royce Overseas Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2024 (continued)

13 Investments (continued)

As at 31 December 2024, the companies listed below and on the following pages were subsidiary undertakings / participating interests of the Company as at 31 December 2024. The financial year end of each company is 31 December unless otherwise indicated.

* indicates a direct shareholding by the Company.

Subsidiaries			
Company name	Address	Class of shares	% of class held
Nightingale Insurance Limited *	PO Box 33, Dorey Court, Admiral Park, St Peter Port, GY1 4AT, Guernsey	Ordinary	100
PT Rolls-Royce	Secure Building Blok B, Jl. Raya Protokol Halim, Perdanakusuma, Jakarta, 13610, Indonesia	Ordinary	99
Rolls Royce Turkey Güç Çözümleri San. ve Tic.Ltd.Şti.*	Cumhuriyet Mah. Yakacık D-100 Kuzey Yanyol Cad. No: 25 Kartal, İstanbul, Türkiye	Cash Shares	99.9
Rolls-Royce (Ireland) Unlimited Company *	Ulster International Finance, 1st Floor, IFSC House IFSC Dublin, Dublin, Co. Dublin, D01R2P9, Ireland	Ordinary	100
Rolls-Royce Australia Pty Limited *	Suite 14.03, Level 14, 130 Pitt St, Sydney NSW 2000, Australia	Ordinary	100
Rolls-Royce Australia Services Pty Limited *	Suite 14.03, Level 14, 130 Pitt St, Sydney NSW 2000, Australia	Ordinary	100
Rolls-Royce Chile SpA *	Rosario Norte #407 Depto. #1601 Comuna Las Condes Ciudad Santiago, Chile	Ordinary	99.999
Rolls-Royce Corporation	Wilmington ²	Common Stock	100
Rolls-Royce Crosspointe LLC	Wilmington ²	Partnership (no equity held)	100
Rolls-Royce Defense Products and Solutions Inc.	Wilmington ²	Common Stock	100
Rolls-Royce Defense Services Inc.	Wilmington ²	Common Stock	100
Rolls-Royce Energy Systems Inc. ¹	Wilmington ²	Common Stock	100
Rolls-Royce Engine Services Holdings Co.	Wilmington ²	Common Stock	100
Rolls-Royce Engine Services Limitada Inc * ³	Bldg 06 Berthaphil Compound, Jose Abad Santos Avenue, Clark Special Economic Zone, Clark, Pampanga, Phillippines	Capital Stock	99.999
Rolls-Royce Finance Company Limited ¹	London ⁴	Deferred, Ordinary	100
Rolls-Royce Finance Holdings Co.	Wilmington ²	Common Stock	100
Rolls-Royce High Temperature Composites Inc.	Corporation Service Company, 2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833, United States	Ordinary	100
Rolls-Royce India Private Limited * ⁵	Birla Tower West, 2 nd Floor 25, Barakhamba Rd, New Delhi, 110001, India	Equity	99.993

Rolls-Royce Overseas Holdings Limited

13 Investments (continued)

Subsidiaries (continued)			
Company name	Address	Class of shares	% of class held
Rolls-Royce Malaysia Sdn. Bhd. *	Unit A-3-6 TTDI Plaza, Jalan Wan Kadir 3, Taman Tun Dr Ismail, 6000 Kuala Lumpur, Malaysia	Ordinary	100
Rolls-Royce Marine North America Inc.	Wilmington ²	Common Stock	100
Rolls-Royce New Zealand Limited *	Deloitte Centre, Level 20, 1 Queen Street, Auckland, 10103, New Zealand	Ordinary	100
Rolls-Royce North America Holdings Inc.	Wilmington ²	Common Stock	100
Rolls-Royce North America (USA) Holdings Co.	Wilmington ²	Common Stock	100
Rolls-Royce North America Inc.	Wilmington ²	Common Stock	100
Rolls-Royce North America Ventures Inc.	Wilmington ²	Common Stock	100
Rolls-Royce North American Technologies Inc.	Wilmington ²	Common Stock	100
Rolls-Royce Oman LLC *	Bait Al Reem, Business Office #131, Building No. 81, Way No. 3409, Block No. 234, Al Thaqafa Street, Al Khuwair, PO Box 20 Postal Code 103, Oman	Ordinary	99
Rolls-Royce Operations (India) Private Limited * ^{1 5}	Birla Tower West, 2 nd Floor, 25 Barakhamba Rd, New Delhi, 110001, India	Ordinary	99.99
Rolls-Royce Overseas Investments Limited *	Derby ⁶	Ordinary	100
Rolls-Royce Placements Limited ¹	London ⁴	Ordinary	100
Rolls-Royce Saudi Arabia Limited	3010 – Al Arid, Unit No 1, Riyadh 13332 – 7663, Saudi Arabia	Cash Shares	95
Rolls-Royce Singapore Pte. Ltd. *	6 Shenton Way, #33-00 OUE, Downtown, Singapore, 068809, Singapore	Ordinary	100
Rolls-Royce Technical Support Sarl *	Site Motoristes Vendor-Village , 46 avenue Jean Monnet, 31770, Colomiers, France	Ordinary	100
Vessel Lifter Inc. ¹	Corporation Service Company, 1201 Hays Street, Tallahassee, Florida 32301, United States	Common Stock	100
Vinters-Armstrongs Limited * ⁷	London ⁴	Ordinary B	100

¹ Dormant

² Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19809, United States

³ Entity in liquidation

⁴ Kings Place, 90 York Way, London, United Kingdom, N1 9FX

⁵ Reporting year end is 31 March

⁶ Moor Lane, Derby, Derbyshire. DE24 8BJ, United Kingdom

⁷ The entity is accounted for as a joint operation

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

13 Investments (continued)

Joint Ventures and Associates

Company name	Address	Class of shares	% of class held	Total interest held
Alpha Leasing (US) (No.2) LLC	Wilmington ²	Partnership (no equity held)	-	50
Alpha Leasing (US) (No.4) LLC	Wilmington ²	Partnership (no equity held)	-	50
Alpha Leasing (US) (No.5) LLC	Wilmington ²	Partnership (no equity held)	-	50
Alpha Leasing (US) (No.6) LLC	Wilmington ²	Partnership (no equity held)	-	50
Alpha Leasing (US) (No.7) LLC	Wilmington ²	Partnership (no equity held)	-	50
Alpha Leasing (US) (No.8) LLC	Wilmington ²	Partnership (no equity held)	-	50
Alpha Leasing (US) LLC	Wilmington ²	Partnership (no equity held)	-	50
Alpha Partners Leasing Limited [*]	1 Brewer's Green, London, SW1H 0RH, United Kingdom	A Ordinary B Ordinary	100 Nil	50
Egypt Aero Management Services ^{* 3}	Maintenance and Technical Works Company Building, Room No. 204, Second Floor, Airport Road, El Nozha, Cairo	Ordinary	50	50
Hong Kong Aero Engine Services Limited [*]	33rd Floor, One Pacific Place, 88 Queensway, Hong Kong	Ordinary	50	50
International Aerospace Manufacturing Private Limited ^{* 5 7}	Survey No. 3 Kempapura Village, Varthur Hobli, Bangalore, KA 560037, India	Ordinary	50	50
Light Helicopter Turbine Engine Company (unincorporated partnership)	Suite 119, 9238 Madison Boulevard, Madison, Alabama 35758, United States	Partnership (no equity held)	-	50
Rolls-Royce Energy Angola, Limitada ^{* 1}	Casa no. 174, Largo Leite Duarte, Bairro Miramar, Luanda, Municipality of Ingombota, Angola	Quota	100	50
Rolls-Royce & Partners Finance (US) (No.2) LLC	Wilmington ²	Partnership (no equity held)	-	50
Rolls-Royce & Partners Finance (US) LLC	Wilmington ²	Partnership (no equity held)	-	50
Singapore Aero Engine Services Private Limited	11 Calshot Road, 509932, Singapore	Ordinary	50	50
Taek Ucak Motor Sanayi AS ^{* 1}	Levent Mahallesi Prof. Ahmet Kemal Aru Sk. No: 4/1, Beşiktaş, Turkey	Cash Shares	49	49
Techjet Aerofoils Limited ^{* 7}	Tefen Industrial Zone, PO Box 16, 24959, Israel	Ordinary A Ordinary B	50 50	50

¹ Dormant

² Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19809, United States

³ Entity in liquidation

⁴ Kings Place, 90 York Way, London, United Kingdom, N1 9FX

⁵ Reporting year end is 31 March

⁶ Moor Lane, Derby, Derbyshire, DE24 8BJ, United Kingdom

⁷ The entity is accounted for as a joint operation

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

13 Investments (continued)

	Total £ 000
Joint ventures	
Cost	
At 1 January and 31 December 2024	154,725
Impairment	
At 1 January 2024 and 31 December 2024	—
Carrying amount	
At 31 December 2024	154,725
At 31 December 2023	154,725

During the year, the Company received total income from participating interests of £35,918,000 (2023: £35,918,000). This was made up of £34,472,000 (2023: £33,445,000) from Hong Kong Aero Engine Services Limited and nil (2023: £2,473,000) from Alpha Partners Leasing Limited.

14 Inventories

	2024 £ 000	2023 £ 000
Raw materials and consumables	8,071	5,757
Work in progress	8,803	6,260
Finished goods for resale	680	1,326
	<u>17,554</u>	<u>13,343</u>

There is no significant difference between replacement cost of work in progress and finished goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £607,000 (2023: £739,000).

Rolls-Royce Overseas Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2024 (continued)

15 Trade and other receivables

	2024 £ 000	2023 £ 000
Trade receivables	13,360	9,245
Amounts due from group undertakings	81,479	24,147
Group relief receivable	-	251
Other receivables	1,919	1,638
	<u>96,758</u>	<u>35,281</u>

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

Trade and other receivables are stated after provisions for impairment of £nil (2023: £nil). Amounts due from group undertakings are stated after provisions for impairment of £nil (2023: £nil) when rounded to the nearest thousand for expected credit losses in accordance with IFRS 9.

16 Loans and borrowings

	2024 £ 000	2023 £ 000
Current loans and borrowings		
Bank borrowings	4,286	1,947
	<u>4,286</u>	<u>1,947</u>

Current borrowings relate to the element of the external loans held by the Company's joint operation, IAMPL, due less than one year and packing credit secured on IAMPL's trade receivables and inventory. The terms of the credit are 6 months from the draw down date and interest is payable on monthly basis at Secured Overnight Financing Rate (SOFR) plus 150 basis points.

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

17 Leases

Leases are fixed term and do not have the right to extend or purchase the leased assets. The leases are fixed rate leases. The use of the assets enables the support of the parent company's obligations.

Amounts recognised in the Balance Sheet

The balance sheet shows the following amounts relating to leases:

	2024 £ 000	2023 £ 000
Right-of-use assets		
Land and buildings	365	469
	365	469
Lease liabilities		
Current lease liabilities	566	543
Non-current lease liabilities	1,713	2,236
	2,279	2,779

	2024 £ 000	2023 £ 000
Future minimum lease payments on leases as at 31 December:		
Within one year	564	551
In one to five years	1,728	1,950
After five years	-	309
Total gross payments	2,292	2,810
Impact of finance expense	(13)	(31)
Carrying amount of liability	2,279	2,779

The total cash outflow for leases in 2024 was £547,000 (2023: £753,000). The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 31 December 2024 was 7.2% (2023: 7.2%).

Amounts recognised in the Income Statement

The Income Statement shows the following amounts relating to leases:

	2024 £ 000	2023 £ 000
Depreciation charge on right-of-use assets:		
Land and buildings	97	557
Interest expense (included in finance cost)	18	25

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

18 Trade and other payables

	2024 £ 000	2023 £ 000
Amounts due to group undertakings	500,896	500,624
Trade payables	6,645	3,540
Social security and other taxes	1,489	1,173
Accruals	238	761
Other payables	1,438	1,841
	<u>510,706</u>	<u>507,939</u>

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

Trade payables includes amounts due after 12 months of £nil (2023: £nil) and social security and other taxes includes amounts due after 12 months of nil (2023: £157,000).

The social security and other taxes relate to the Company's joint operations, whose results have been proportionately consolidated in the financial statements.

Accruals relate to operating expenses for which invoices have not yet been received in the Company's joint operations, IAMPL, which is based in India.

19 Called up share capital

	2024		2023	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>314,502</u>	<u>314,502</u>	<u>314,502</u>	<u>314,502</u>
	2024		2023	
	No. 000	£ 000	No. 000	£ 000
'A' shares of \$1 each	<u>120,756</u>	<u>84,997</u>	<u>120,756</u>	<u>84,997</u>

Rights, preferences and restrictions

Ordinary shares:

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.

'A' shares:

The 'A' shares do not carry the right to a dividend (fixed or otherwise), other than as a class dividend at the discretion of the Directors.

The 'A' shares carry the same right to assets on the winding up or other repayment of Capital as the ordinary shares. The 'A' shares shall not confer the right to any further or other participation in the profits of the assets of the Company.

The 'A' shares shall not entitle the holders to receive notice of or attend or vote at any general meeting unless the business of the meeting includes the consideration of a resolution for:

- a) winding up of the Company or reducing its authorised share capital for;
- b) sale of the undertaking of the Company;
- c) varying or abrogating any of the rights attached to the 'A' shares.

Rolls-Royce Overseas Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

20 Contingent liabilities

Certain authorities are investigating members of the Group, of which the subsidiary operates, 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 other parties, including customers, customers' financiers and 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, to the Group or to the Company, but cannot anticipate all the possible actions that may be taken or their potential consequences.

One of the Company's joint operations has received an order from the joint commissioner of goods and service tax which has been appealed and is not expected to have a material impact on the Financial Statements.

21 Parent and ultimate parent undertaking

The Company's immediate parent is Rolls-Royce plc.

Rolls-Royce Holdings plc is the ultimate controlling party and parent undertaking of the largest group to consolidate these Financial Statements. Rolls-Royce plc is the parent undertaking of the smallest group to consolidate these Financial Statements.

The Consolidated Financial Statements of these groups are available to the public and may be obtained from Kings Place, 90 York Way, London, United Kingdom, N1 9FX.