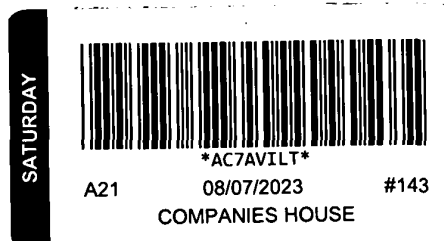


Registration number: 02868832

Rolls-Royce Military Aero Engines Limited

Unaudited Annual Report and Financial Statements

for the Year Ended 31 March 2023



Rolls-Royce Military Aero Engines Limited

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Rolls-Royce Military Aero Engines Limited
Company Information

Directors Nicola Carroll
Rolls-Royce Industries Limited

Registered number 02868832

Registered office Kings Place
90 York Way
London
N1 9FX

Rolls-Royce Military Aero Engines Limited

Directors' Report for the year ended 31 March 2023

The Directors present their Directors' Report on Rolls-Royce Military Aero Engines Limited (the Company), together with the unaudited Financial Statements for the year ended 31 March 2023.

Principal activities

The Company has had no activity for a number of years and its principal activities relate only to its administrative responsibilities. Prior to this the Company acted as an agent on behalf of Rolls-Royce plc in the manufacture and supply of aerospace power systems.

Business review

The Company did not trade during 2023 or the preceding financial year. The Company incurred administrative costs of £8,746 during 2023, predominantly associated with legal and professional fees (2022: £1,522 for filing of statutory governance forms).

The Company also recognised related tax interest income of £23,769 (2022: £85,032) which was received from the Indian Revenue Authorities for tax related interest previously paid by the Company. In addition, the Company recognised a net foreign exchange loss of £2,109 (2022: gain of £2,600) on revaluation of foreign exchange balances.

The net assets of the Company at 31 March 2023 were £99,025 (2022: £86,111).

Principal risks and uncertainties

The Rolls-Royce Holdings plc group (the Group) has an established and structured approach to risk management which is detailed in the Rolls-Royce Holdings plc Annual Report, which is publicly available from the address in note 12. The Company acts in accordance with this policy. The Directors have not identified any key risks for the Company.

Directors

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

Nicola Carroll

Rolls-Royce Industries Limited

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 this Annual Report and Financial Statements.

Results and dividends

The results for the year have been outlined in the business review section above. The Company has paid no dividends in the current or preceding year.

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

Future developments

The Directors do not expect any change to the level of activity for the foreseeable future. The Directors intentions are to liquidate the Company although this is unlikely to be within the next 12 months.

Financial risk management

The Company has an established, structured approach to risk management. The Directors do not consider there to be any key financial risks for the Company.

Rolls-Royce Military Aero Engines Limited
Directors' Report
for the year ended 31 March 2023 (continued)

Going concern

The Financial Statements have been prepared on a basis other than going concern basis as it is the intention of the Directors to liquidate the Company. Once the Company has fulfilled its administrative obligations it will be liquidated, however, this is not expected to be within the next 12 months.

Given the nature of the assets and liabilities held at 31 March 2023, no adjustments were necessary in these Financial Statements to reduce assets to their realisable values, to provide for liabilities arising from the decision to liquidate or to reclassify non-current assets and liabilities to current assets and liabilities.

Branches

The Company has a branch registered in India.

Small company exemption to prepare a Strategic Report

The Company has taken the small companies' exemption to prepare a Strategic Report under Section 414B of the Companies Act 2006.

Statement of Directors' Responsibilities in respect of the Financial Statements

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

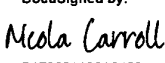
Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Financial Statements, the Directors are required to:

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

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

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

Approved by the Board on 30 June 2023 and signed on its behalf by:

DocuSigned by:

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Nicola Carroll
Director

Rolls-Royce Military Aero Engines Limited

Income Statement for the year ended 31 March 2023

	Note	2023 £	2022 £
Administrative expenses		(8,746)	(1,522)
Operating loss	3	(8,746)	(1,522)
Finance income	5	23,769	87,632
Finance costs	6	(2,109)	–
Profit before taxation		12,914	86,110
Tax on profit	7	–	–
Profit for the financial year		12,914	86,110

The Company has not traded during either the current or prior financial year.

The notes on pages 8 to 11 form an integral part of these Financial Statements.

Rolls-Royce Military Aero Engines Limited

**Statement of Comprehensive Income
for the year ended 31 March 2023**

	2023 £	2022 £
Profit for the financial year	12,914	86,110
Total comprehensive income for the year	12,914	86,110

The notes on pages 8 to 11 form an integral part of these Financial Statements.

Rolls-Royce Military Aero Engines Limited

Balance Sheet as at 31 March 2023 (Registration number: 02868832)

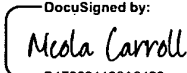
	Note	2023 £	2022 £
Current assets			
Trade and other receivables	8	—	87,680
Cash and cash equivalents		100,796	—
Current liabilities			
Trade and other payables	9	(1,771)	(1,569)
Net assets		99,025	86,111
Equity			
Called up share capital	10	1	1
Retained earnings		99,024	86,110
Total equity		99,025	86,111

For the year ending 31 March 2023 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 on 30 June 2023 and signed on its behalf by:

DocuSigned by:

 B173631196A8423...

Nicola Carroll
Director

The notes on pages 8 to 11 form an integral part of these Financial Statements.

Rolls-Royce Military Aero Engines Limited

Statement of Changes in Equity for the year ended 31 March 2023

	Called up share capital	Retained earnings	Total
	£	£	£
At 1 April 2022	1	86,110	86,111
Profit for the financial year	—	12,914	12,914
Total comprehensive income	—	12,914	12,914
At 31 March 2023	1	99,024	99,025

	Called up share capital	Retained earnings	Total
	£	£	£
At 1 April 2021	1	—	1
Profit for the financial year	—	86,110	86,110
Total comprehensive income	—	86,110	86,110
At 31 March 2022	1	86,110	86,111

The notes on pages 8 to 11 form an integral part of these Financial Statements.

Rolls-Royce Military Aero Engines Limited

Notes to the Financial Statements for the year ended 31 March 2023

1 General information

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

The Company has had no activity for a number of years and its principal activities relate only to its administrative responsibilities. Prior to this the Company acted as an agent on behalf of Rolls-Royce plc in the manufacture and supply of aerospace power systems.

The address of its registered office is Kings Place, 90 York Way, London, N1 9FX.

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 and in accordance with the Companies Act 2006.

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

- The following paragraphs of IAS 1, *Presentation of Financial Statements*:
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).
- IAS 7, *Statement of cash flows*;
- IFRS 7, *Financial instruments: disclosures*;
- The requirements in IAS 24, *Related party disclosures*, to disclose related party transactions entered into between two or more members of a group;
- Paragraph 17 of IAS 24, *Related party disclosures* (key management compensation); and
- Paragraphs 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and 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).

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

Going concern

The Financial Statements have been prepared on a basis other than going concern basis as it is the intention of the Directors to liquidate the Company. Once the Company has fulfilled its administrative obligations it will be liquidated, however, this is not expected to be within the next 12 months.

Given the nature of the assets and liabilities held at 31 March 2023, no adjustments were necessary in these Financial Statements to reduce assets to their realisable values, to provide for liabilities arising from the decision to liquidate or to reclassify non-current assets and liabilities to current assets and liabilities.

Key accounting estimates and judgements

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

Rolls-Royce Military Aero Engines Limited
Notes to the Financial Statements
for the year ended 31 March 2023 (continued)

2 Significant accounting policies (continued)

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.

Tax on profit

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 UK.

Trade and other receivables

Trade and other 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.

IFRS 9 *Financial Instruments* sets out the basis for the accounting of expected credit losses 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

Trade and other payables

Trade and other payables relate to amounts owed to group undertakings for payments made on the Company's behalf. 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.

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 and notes have been rounded to the nearest Pound Sterling unless otherwise stated.

Rolls-Royce Military Aero Engines Limited
Notes to the Financial Statements
for the year ended 31 March 2023 (continued)

3 Operating loss

Arrived at after charging:

	2023	2022
	£	£
Legal & professional fees	9,079	—
Statutory filing fees	—	1,522
	<u> </u>	<u> </u>

4 Staff and Directors costs

The Company has no employees (2022: nil). The Directors did not receive any remuneration (2022: £nil) for qualifying services to the Company.

All Directors fees or emoluments were paid by Rolls-Royce plc, its immediate parent company, and 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.

5 Finance income

	2023	2022
	£	£
Foreign exchange gain	—	2,600
Tax related interest income	23,769	85,032
	<u>23,769</u>	<u>87,632</u>

6 Finance costs

	2023	2022
	£	£
Foreign exchange loss	2,109	—
	<u>2,109</u>	<u> </u>

7 Tax on profit

There was no current taxation charged to the income statement in 2023 (2022: £nil).

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%).

The differences are reconciled below:

	2023	2022
	£	£
Profit before taxation	<u>12,914</u>	<u>86,110</u>
Corporation tax at standard rate of 19% (2022: 19%)	2,454	16,361
Expenses not deductible	<u>(2,454)</u>	<u>(16,391)</u>
Total tax charge	<u> </u>	<u> </u>

Rolls-Royce Military Aero Engines Limited
Notes to the Financial Statements
for the year ended 31 March 2023 (continued)

8 Trade and other receivables

	2023 £	2022 £
Amounts due from group undertakings	–	1
Tax related interest debtor	–	87,679
	<u>–</u>	<u>87,680</u>

9 Trade and other payables

	2023 £	2022 £
Amounts owed to group undertakings	<u>1,771</u>	<u>1,569</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

10 Called up share capital**Allotted and full paid**

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital, subject to the availability of distributable reserves. All shares carry equal voting rights and rank for dividends.

11 Contingent liabilities

Certain authorities are investigating members of the Group for matters relating to misconduct in relation to historical matters. The Group is responding appropriately. Action may be taken by further authorities against the Group or individuals. In addition, the Group could still be affected by actions from customers, customers' financiers and the Group's current and former investors, including certain potential claims in respect of the Group's historical ethics and compliance disclosures which have been notified to the Group. The Directors are not currently aware of any matters that are likely to lead to a material financial loss over and above the penalties imposed to date but cannot anticipate all the possible actions that may be taken or their potential consequences.

12 Parent and ultimate parent undertaking

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

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

The consolidated financial statements of these groups are publicly available from Kings Place, 90 York Way, London, United Kingdom, N1 9FX.