

Registration number: 00542021

# Vinters International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

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## **Vinters International Limited**

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**Vinters International Limited**

**Company Information**

**Registered office** Moor Lane  
Derby  
Derbyshire  
DE24 8BJ

**Independent auditors** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

## **Vinters International Limited**

### **Strategic Report for the Year Ended 31 December 2019**

The Directors present their Strategic Report on Vinters International Limited (the "Company") together with the audited financial statements for the year ended 31 December 2019.

#### **Principal activities**

The principal activities of the Company during the year was that of a holding company. The Company had no other activities during the current or prior financial year.

#### **Business review**

The Company holds investments in subsidiaries within the Power Systems sector of Rolls-Royce Holdings plc group and disposed of its investments within the Commercial Marine sector during the financial year.

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On 1 April 2019, the Rolls-Royce Holdings plc group completed the sale of its Commercial Marine business to KONGSBERG. As a result the Company disposed of its £86,031 thousand assets held for sale in Rolls-Royce Marine AS and Rolls-Royce Oy AB for a profit on disposal of £251,853 thousand.

Following Rolls-Royce Holdings plc allocating the proceeds received from the disposal of the Commercial Marine businesses to fellow group companies, the Company entered into a loan facility with Kamewa Holdings AB. The liability at 31 December 2019 was 1,713,965 thousand SEK with interest accrued of 4,588 thousand SEK at an interest rate of STIBOR of 0.0517% plus margin of 0.3%. The liability in GBP at 31 December 2019 was £140,699 thousand. The maturity date of the loan was 31 March 2020 which has subsequently been extended to 31 December 2020. Kamewa Holdings AB is to be dissolved during 2020 with little or no proceeds expected therefore an impairment charge of £35,696 thousand (2018: £26,524 thousand impairment reversal) has been recognised.

The Company has repaid £911,480 thousand (2018: £nil) and £32,187 thousand accrued interest (2018: £nil) on its loan balance owed to Rolls-Royce plc. Interest expense accrued in the financial year on the loan was £28,222 thousand (2018: £31,550 thousand). The Company received dividend income from its subsidiary undertakings of £426,454 thousand (2018: £25,173 thousand).

The net assets of the Company at 31 December 2019 were £327,707 thousand (2018: net liabilities of £297,692 thousand).

#### **Principal risks and uncertainties**

The Company acts in accordance with the policies set by Rolls-Royce Holdings plc. The Rolls-Royce Holdings plc group has an established, structured approach to risk management which is detailed in the Rolls-Royce Holdings plc Annual Report which can be obtained from the address in note 16.

The Directors have determined that the carrying value of investments is a principal risk and uncertainty facing the Company. The Company holds significant investments in subsidiaries within the Power Systems sector of the Rolls-Royce Holdings plc group. A decline in one or more subsidiary undertakings could materially impact upon the carrying value of investments in the Company's balance sheet. The Company undertakes an impairment review of the carrying value of investments if any trigger event is identified.

#### **Brexit**

Following the United Kingdom's ("UK") exit from the European Union ("EU") on 31 January 2020, the Directors continue to monitor the potential outcomes for the UK's future relationship with the EU through the Rolls-Royce steering group which has remained active during 2019 and will remain active until the outcome is clear and any necessary mitigation plans are in place. It is difficult to evaluate all of the potential implications on the Company and the wider economy. However, the Directors believe the Company has limited exposure to any Brexit implications. However, any adverse impact upon the Company's subsidiary undertakings could potentially lead to an impairment in the carrying value of the Company's investment in its subsidiary undertakings. This is considered to be low risk as the majority of the Power Systems sector operations are outside of the UK.

## Vinters International Limited

### Strategic Report for the Year Ended 31 December 2019 (continued)

#### Coronavirus pandemic ("COVID-19")

In terms of the Company's financial and liquidity position in relation to COVID-19 the Company has an intercompany loan facility with Rolls-Royce plc of £2,900,000 thousand as at 31 December 2019 and whilst the loan is not repayable until 25 May 2031, the Company is dependent on the loan not being recalled early for repayment by Rolls-Royce plc. Written confirmation has been received from Rolls-Royce plc that they will not seek payment of amounts advanced to the Company by the parent and/or members of the parents Group unless adequate financing has been secured. Further details are set out in the Going Concern section (note 2). Post year end, the Company has also reviewed the carrying value of its investment in Rolls-Royce Power Systems AG ('RRPS'). The RRPS group provides power solutions to customers and therefore has not been significantly impacted by COVID-19. An assessment of the value-in-use of the RRPS group has been performed in June 2020 and this has indicated no impairment in the carrying value of the Company's investment.

#### Financial risk management

The following risks are considered key by the Directors:

##### *Liquidity and interest rates*

The Company has a loan with Rolls-Royce Holdings plc group undertakings which is held at a floating rate and is therefore exposed to movements in interest rates which is mitigated by the Rolls-Royce Holdings plc group managing the overall interest rate risk at a group level. The Company also has a loan with Kamewa Holdings AB which is due for repayment by 31 December 2020. Kamewa Holdings AB is in the process of being liquidated and therefore the Company considers that it is unlikely that the loan will be required to be settled in the future.

##### *Credit risk*

The Company's credit risk is primarily attributable to fellow group undertakings not being able to meet their obligation leading to financial costs. The amounts in the balance sheet are presented net of allowances for doubtful debts. Since all of the trade receivables are due from fellow Rolls-Royce Holdings plc group undertakings which are supported by Rolls-Royce plc if required, the overall credit risk to the Company is deemed to be low.

##### *Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from cash flow transactions with other group companies which are denominated in currencies other than Sterling. To mitigate this risk, the Company enters into derivative forward contracts in order to economically hedge exposures in a currency other than its functional currency.

#### Key performance indicators

The key performance indicator monitored by the business was profit after tax. Given the nature of the Company's activities, the Company's 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.

#### 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.

**Vinters International Limited**

**Strategic Report for the Year Ended 31 December 2019 (continued)**

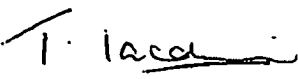
**Section 172(1) statement (continued)**

The Company's key stakeholder is its immediate parent, Vinters Engineering Limited. The Company's 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 2019.

From the perspective of the Company's Directors, as a result of the Rolls-Royce Holdings plc group 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 Company's Directors have also considered relevant matters where appropriate to the Company through ad-hoc board meetings. As the Company is an immediate holding company and has no employees, consideration of the business relationships with the Company's wider stakeholders; the impact of the Company's operations on the environment and communities in which it operates; and the Company's compliance in relation to safeguarding of human rights and community relationships is not applicable. The Company has made no principal decisions during the year.

Culture is a combination of the values, attitudes and behaviours demonstrated by the Company in its activities and relations with stakeholders. The Company embodies and demonstrates the desired culture of the Rolls-Royce Holdings plc group to maintain a reputation for high standards of business conduct through the adoption of the Group Policy manual which ensures that the Company embodies the philosophy to act with integrity and is trusted to deliver excellence. Further details on the Group Policy manual and the policies the Company adopts can be found in the Rolls-Royce Holdings plc Annual Report which are publicly available from the address in note 16.

Approved by the Board on 9 September 2020 and signed on its behalf by:



.....  
T Iacolino  
Director

## Vinters International Limited

### Directors' Report for the Year Ended 31 December 2019

The Directors present their report on Vinters International Limited (the 'Company') together with the audited financial statements for the year ended 31 December 2019.

#### Principal activities

The principal activities of the Company during the year was that of a holding company. The Company had no other activities during the current or prior financial year.

#### Results

The profit for the financial year, after taxation, amounted to £625,399 thousand (2018: loss after taxation of £131,791 thousand).

#### Dividends

The Directors do not recommend the payment of a dividend (2018: £Nil).

#### Future developments

The Directors do not expect any change to the level of activity for the foreseeable future. The Company will continue to hold investments in subsidiaries of the Rolls-Royce Holdings plc group.

#### Financial risk management

Further details of the financial risk management are set out in the Strategic Report on page 3.

#### Directors

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

W S Mansfield (resigned 5 April 2019)

Rolls-Royce Industries Limited (resigned 18 August 2020)

I Hetherington (appointed 13 May 2020 and resigned 28 August 2020)

J Gentles (appointed 18 August 2020)

T Iacolino (appointed 18 August 2020)

#### 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 this report.

#### Going concern

The Directors of the Company have prepared the financial statements on a going concern basis which assumes the Company will be able to meet its future obligations as they fall due and the Company will settle all payments within the agreed terms.

The Directors have received written confirmation from Rolls-Royce plc, the parent undertaking of the smallest group to consolidate the Company's financial statements and the principal trading company of the Rolls-Royce Holdings plc group, of its intention to support the Company with financial and other resources as necessary such that the Company can meet its financial obligations as they fall due. Furthermore, the parent undertaking has confirmed that; it will not seek the repayment of amounts advanced to the Company by the parent and/or other members of the parent's group unless adequate financing has been secured by the Company and it will repay cash deposited by the Company as part of the parent's cash pool sweeping arrangements. This written support is available for at least the next twelve months from the date of approval of these financial statements.

## Vinters International Limited

### Directors' Report for the Year Ended 31 December 2019 (continued)

#### Going concern (continued)

Rolls-Royce Holdings plc, the ultimate parent company of Rolls-Royce plc and the ultimate parent undertaking to consolidate the Company's financial statements, in its published results for the six-month period ended 30 June 2020 included a material uncertainty on going concern in relation to the severity, extent and duration of the disruption caused by the COVID-19 pandemic and the timing of recovery of commercial aviation to pre-crisis levels, along with the availability of sufficient funding. As the Company is reliant on the support of the parent undertaking as stated above, the material uncertainty also applies to the Company's assessment of the going concern basis for the preparation of its financial statements.

The Rolls-Royce Holdings plc group has considered the forecast cash flows of the Group and the liquidity available over an eighteen-month period to 28 February 2022 when assessing their going concern. Particular attention has been paid to the impact of the COVID-19 outbreak on the Rolls-Royce Holdings plc group's Civil Aerospace and ITP Aero businesses. An assessment was performed on both a base case scenario (which reflects the Rolls-Royce Holdings plc group current expectations of future trading) and a severe but plausible downside scenario (which envisages a "stress" or "downside") to evaluate the potential impact of COVID-19 on the Rolls-Royce Holdings plc group future financial performance and cash flows. Further details of the base case and downside scenarios modelled by the Rolls-Royce Holdings plc group are included in Note 1 to the published results which are publicly available ([www.rolls-royce.com](http://www.rolls-royce.com)).

After considering the basis of preparation of the Rolls-Royce Holdings plc group interim financial statements, the Directors are satisfied that it remains appropriate to prepare the Company financial statements on a going concern basis. However, the inherent uncertainties outlined in the Rolls-Royce Holdings plc group financial statements represent material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. These financial statements do not contain any adjustments that would arise if the financial statements were not drawn up on a going concern basis.

#### Post-balance sheet events

In March 2020, COVID-19 began causing significant financial market downturn and social dislocation. The situation is dynamic and the UK government continues to implement measures to address the outbreak.

Subsequently, Rolls-Royce Holdings plc released Trading Updates and the Half Year results for 2020. These outlined the measures taken by the Rolls-Royce Holdings plc group including how people, business and communities have been safeguarded, the liquidity and financial position of the Rolls-Royce Holdings plc group and the year to date trading impact of COVID-19. The Directors of the Company are monitoring the impact of COVID-19 measures that the Rolls-Royce Holdings plc group is taking.

Post year end, the Company has assessed the subsequent conditions on the balance sheet as at 31 December 2019 and as part of this review the carrying value of its investment in Rolls-Royce Power Systems AG ('RRPS'). The RRPS group provides power solutions to customers and therefore has not been significantly impacted by COVID-19. An assessment of the value-in-use of the RRPS group has been performed in June 2020 and this has indicated no impairment in the carrying value of the Company's investment. Accordingly, as required by IAS 10, we have not reflected these subsequent conditions in the recoverable value of investments held as at 31 December 2019.

#### *Disposal of Trigno Energy Srl*

On the 7 May 2020, the Company's investment in Trigno Energy Srl was sold to Pilkington Italia S.p.A for a cash consideration of €6,100 thousand.

#### *Loan with Kamewa Holdings AB*

On the 9 July 2020, the Company extended the repayment date of its loan of SEK 1,713,965 thousand from Kamewa Holdings AB to 31 December 2020.



## Vinters International Limited

### Directors' Report for the Year Ended 31 December 2019 (continued)

#### Independent auditors

The 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.

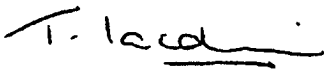
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

#### 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 on 9 September 2020 and signed on its behalf by:



T Iacolino  
Director

## Vinters International Limited

### Independent Auditors' Report to the members of Vinters International Limited

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

##### Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### 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.

##### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Going Concern section included within the "Significant accounting policies" to the financial statements concerning the Company's ability to continue as a going concern.

The Company is reliant on its parent company for ongoing support, including not seeking repayment of existing intercompany loans and to repay any amounts deposited by the Company as part of the parent company's cash pool sweeping arrangements. Rolls-Royce Holdings plc, the ultimate parent company, in its published results for the six-month period ended 30 June 2020, included material uncertainties on going concern in relation to the severity, extent and duration of the disruption caused by the COVID-19 pandemic and the timing of recovery of commercial aviation to pre-crisis levels, along with the availability of sufficient funding. Accordingly, there can be no certainty that the support required by the Company will in fact be made available.

These conditions, along with the other matters explained in the Going Concern section included within the "Significant accounting policies" note to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

## Vinters International Limited

### Independent Auditors' Report to the members of Vinters International Limited (continued)

#### **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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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 set out on page 7, 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 International Limited**

**Independent Auditors' Report to the members of Vinters International Limited  
(continued)**

*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.

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.

*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 received 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.



.....  
Rachel Cletheroe (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

10 September 2020

**Vinters International Limited**

**Income Statement for the Year Ended 31 December 2019**

	Note	2019 £ 000	2018 £ 000
Administrative expenses		-	(205)
<b>Operating loss</b>		-	(205)
(Impairment)/Reversal of investments	9	(35,696)	26,524
Profit on disposal of assets held for sale	3	251,853	-
Impairment of assets held for sale	3	-	(157,246)
<b>Profit/(loss) before financing and taxation</b>		216,157	(130,927)
Income from shares in group undertakings		426,454	25,173
Finance income	4	7,362	99
Finance costs	5	(28,594)	(32,261)
<b>Profit/(loss) before taxation</b>		621,379	(137,916)
Tax on Profit/(Loss)	8	4,020	6,125
<b>Profit/(loss) for the financial year</b>		<u>625,399</u>	<u>(131,791)</u>

All amounts relate to continuing operations for both financial years.

The notes on pages 15 to 31 form an integral part of these financial statements.

**Vinters International Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2019**

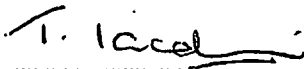
	<b>2019</b> <b>£ 000</b>	<b>2018</b> <b>£ 000</b>
Profit/(loss) for the financial year	<u>625,399</u>	<u>(131,791)</u>
<b>Total comprehensive income/(expense) for the year</b>	<u><u>625,399</u></u>	<u><u>(131,791)</u></u>

The notes on pages 15 to 31 form an integral part of these financial statements.

**Vinters International Limited**  
**(Registration number: 00542021)**  
**Balance Sheet as at 31 December 2019**

	Note	2019 £ 000	2018 £ 000
<b>Non-current assets</b>			
Investments	9	2,398,941	2,434,637
<b>Current assets</b>			
Trade and other receivables	11	11,118	50,210
Cash and cash equivalents	10	304	832
Assets held for sale		-	86,031
		<u>11,422</u>	<u>137,073</u>
<b>Total assets less current liabilities</b>		<b>2,410,363</b>	<b>2,571,710</b>
<b>Creditors: Amounts falling due after more than one year</b>			
Loans and borrowings	12	<u>(2,082,656)</u>	<u>(2,869,402)</u>
<b>Net assets/(liabilities)</b>		<b><u>327,707</u></b>	<b><u>(297,692)</u></b>
<b>Equity</b>			
Called up share capital	13	230,125	230,125
Share premium		42,862	42,862
Retained earnings/(Accumulated losses)		<u>54,720</u>	<u>(570,679)</u>
<b>Total equity</b>		<b><u>327,707</u></b>	<b><u>(297,692)</u></b>

The financial statements on page 11 to 31 were approved and authorised for issue by the Board on 9 September 2020 and signed on its behalf by



T Iacolino  
 Director

**Vinters International Limited**  
**Statement of Changes in Equity for the Year Ended 31 December 2019**

	Called up share capital £ 000	Share premium £ 000	(Accumulated losses)/retained earnings £ 000	Total equity £ 000
At 1 January 2019	230,125	42,862	(570,679)	(297,692)
Profit for the financial year	-	-	625,399	625,399
Total comprehensive income	-	-	625,399	625,399
At 31 December 2019	<u>230,125</u>	<u>42,862</u>	<u>54,720</u>	<u>327,707</u>
	Called up share capital £ 000	Share premium £ 000	Accumulated losses £ 000	Total equity £ 000
At 1 January 2018	230,125	42,862	(438,888)	(165,901)
Loss for the financial year	-	-	(131,791)	(131,791)
Total comprehensive expense	-	-	(131,791)	(131,791)
At 31 December 2018	<u>230,125</u>	<u>42,862</u>	<u>(570,679)</u>	<u>(297,692)</u>

The notes on pages 15 to 31 form an integral part of these financial statements.  
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## **Vinters International Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

#### **1 General information**

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

The principal activity of the Company is a holding company.

The address of its registered office is:

Moor Lane  
Derby  
Derbyshire  
DE24 8BJ  
England

#### **2 Significant accounting policies**

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

##### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, 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:

- A Cash Flow Statement and related notes;
- The requirements of IAS 24 Related Party Transactions and has, therefore, not disclosed transactions between the Company and its wholly owned subsidiaries;
- The requirements of IFRS 7 Financial Instruments: Disclosures; and
- Disclosures in respect of the compensation of key management personnel.

## Vinters International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Significant accounting policies (continued)

##### Going concern

The Directors of the Company have prepared the financial statements on a going concern basis which assumes the Company will be able to meet its future obligations as they fall due and the Company will settle all payments within the agreed terms.

The Directors have received written confirmation from Rolls-Royce plc, the parent undertaking of the smallest group to consolidate the Company's financial statements and the principal trading company of the Rolls-Royce Holdings plc group, of its intention to support the Company with financial and other resources as necessary such that the Company can meet its financial obligations as they fall due. Furthermore, the parent undertaking has confirmed that it will not seek the repayment of amounts advanced to the Company by the parent and/or other members of the parent's group unless adequate financing has been secured by the Company and it will repay cash deposited by the Company as part of the parent's cash pool sweeping arrangements. This written support is available for at least the next twelve months from the date of approval of these financial statements.

Rolls-Royce Holdings plc, the ultimate parent company of Rolls-Royce plc and the ultimate parent undertaking to consolidate the Company's financial statements, in its published results for the six-month period ended 30 June 2020 included a material uncertainty on going concern in relation to the severity, extent and duration of the disruption caused by the COVID-19 pandemic and the timing of recovery of commercial aviation to pre-crisis levels, along with the availability of sufficient funding. As the Company is reliant on the support of the parent undertaking as stated above, the material uncertainty also applies to the Company's assessment of the going concern basis for the preparation of its financial statements.

The Rolls-Royce Holdings plc group has considered the forecast cash flows of the Group and the liquidity available over an eighteen-month period to 28 February 2022 when assessing their going concern. Particular attention has been paid to the impact of the COVID-19 outbreak on the Rolls-Royce Holdings plc group's Civil Aerospace and ITP Aero businesses. An assessment was performed on both a base case scenario (which reflects the Rolls-Royce Holdings plc group current expectations of future trading) and a severe but plausible downside scenario (which envisages a "stress" or "downside") to evaluate the potential impact of COVID-19 on the Rolls-Royce Holdings plc group future financial performance and cash flows. Further details of the base case and downside scenarios modelled by the Rolls-Royce Holdings plc group are included in Note 1 to the published results which are publicly available ([www.rolls-royce.com](http://www.rolls-royce.com)).

After considering the basis of preparation of the Rolls-Royce Holdings plc group interim financial statements, the Directors are satisfied that it remains appropriate to prepare the Company financial statements on a going concern basis. However, the inherent uncertainties outlined in the Rolls-Royce Holdings plc group financial statements represent material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. These financial statements do not contain any adjustments that would arise if the financial statements were not drawn up on a going concern basis.

## Vinters International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Significant accounting policies (continued)

##### 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below:

##### Critical accounting estimates and assumptions

###### *Key estimate - Carrying value of investments*

The carrying value of investments is assessed on an annual basis by either comparing the carrying value of the investment against the net assets of the subsidiary undertaking or comparing the carrying value of the investment against the estimate of future cash flows arising from the subsidiaries' operations. The assessment of whether investments are impaired is dependent on the present value of the future cash flows expected to be generated by the relevant subsidiary.

Assumptions made in the discounted cash flow calculation, in particular the pre-tax discount rate applied to cash flow projections and the growth rate used to extrapolate projected cash flows beyond the five year forecasts are considered to be significant estimates. Further details have been included in note 9.

The key assumptions which drive the expected cashflows do not include the impact of COVID-19 as this is considered to be a post balance sheet event. The assumptions and sensitivities reflect the position as at 31 December 2019. The impact of COVID-19 has been considered in note 15.

##### New standards, amendments and IFRIC interpretations

IFRS 16 Leases is a new accounting standard that is effective for the year ended 31 December 2019. On transitioning to the new accounting standard, the Directors have evaluated the impact on the financial statements and considered that there is no financial impact on adoption of the standard as the Company has no lease arrangements at either 1 January 2019 or 31 December 2019. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a financial impact on the Company's financial statements.

##### Investments

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

##### Assets held for sale

Non-current assets are reclassified as current when they meet the held for sale criteria in IFRS 5. A current asset held for sale is measured initially at the lower of its carrying amount or fair value less costs to sell, any impairment is recognised through the Income Statement.

##### Impairment of non-current assets

Impairment of non-current assets is considered in accordance with IAS 36 *Impairment of Assets* and 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.

## Vinters International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Significant accounting policies (continued)

##### Exemption from preparing group accounts

The financial statements contain information about Vinters International Limited 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 Annual Report of a group parent, Rolls-Royce plc, a company incorporated in United Kingdom, which is publicly available. The address of the parent company's registered office is set out in note 16.

#### Financial instruments

##### Derivatives

Forward exchange derivative contracts are initially recognised at fair value at the date of inception of the contract and are subsequently remeasured to their fair value at each reporting date. Changes in fair value are recognised in the income statement as finance income/(costs).

The fair value of derivative financial instruments is determined using valuation techniques that utilise observable inputs (Level 2). The key assumptions used in valuing forward foreign exchange contracts are the forward exchange rates relating to the relevant currency pairs and maturity dates.

The Company does not apply hedge accounting for forward exchange derivative contracts in accordance with IFRS 9 Financial Instruments.

##### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the income statement as finance income/(costs).

##### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax changes or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

## Vinters International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Significant accounting policies (continued)

##### Trade and other receivables

Trade and other receivables consist of amounts due from fellow group undertakings. The Company makes an estimate of the recoverable value of trade and other receivables. 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 Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

##### Cash and cash equivalents

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

##### Loans and borrowings

All borrowings are initially recorded at fair value, net of transaction costs incurred. 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.

##### Functional and presentational currency

The functional and presentational currency of the Company is Pound Sterling.

##### Rounding of amounts

All amounts in the financial statements and notes have been rounded to the nearer thousand Pounds Sterling unless otherwise stated.

##### 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 International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 3 Profit on disposal of assets held for sale

The analysis of the Company's other gains and losses for the year is as follows:

	2019 £ 000
Profit on disposal of assets held for sale	<u>251,853</u>

On 1 April 2019 the Rolls-Royce Holdings plc group completed the sale of its Commercial Marine business to KONGSBERG. The disposal of all the Rolls-Royce Holdings plc group's Commercial Marine entities completed for a total cash consideration of £544,026 thousand.

Prior to the disposal of the Commercial Marine business, the Company held a carrying value of £86,031 pertaining to assets held for sale, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, in respect of its 100% shareholding in Rolls-Royce Marine AS and Rolls-Royce Oy AB, two of the companies included within the Commercial Marine disposal. No impairment of assets held for sale (2018: £157,246 thousand) to bring to its carrying value.

The profit on disposal of £251,853 thousand is derived thus:

	£ 000
Consideration received in respect of shareholdings disposed	337,884
Less:	
Carrying value of Rolls Royce Marine AS disposed	(63,186)
Carrying value of Rolls-Royce Oy AB disposed	(22,845)
<b>Profit on disposal</b>	<u><u>251,853</u></u>

#### 4 Finance Income

	2019 £ 000	2018 £ 000
Interest receivable	13	99
Foreign exchange gain	429	-
Gains on derivatives	<u>6,920</u>	-
	<u><u>7,362</u></u>	<u><u>99</u></u>

The Company enters into forward exchange derivative contracts to mitigate the exchange risk for certain foreign currency receivables. During the year, the Company entered into a contract to sell €500,000 thousand in exchange for a fixed sterling amount. There was a gain resulting from this transaction of £6,920 thousand (2018: £nil). At 31 December 2019 the Company does not have any outstanding forward foreign exchange derivative contracts (2018: nil).

## Vinters International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 5 Finance Costs

	2019 £ 000	2018 £ 000
Interest payable	28,594	31,550
Foreign exchange loss	-	711
	<u>28,594</u>	<u>32,261</u>

#### 6 Auditors' remuneration

The fees for the audit of the Company financial statements were £27 thousand (2018 - £7 thousand) and were paid on its behalf by Rolls-Royce plc. £Nil (2018: £Nil) was paid to the Company's auditors for non audit services.

#### 7 Employees and Directors costs

The Company has no employees in either the current or prior financial year.

All Directors fees or emoluments were paid by Rolls-Royce plc 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 years for the services of Directors.

**Vinters International Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

**8 Tax on profit/(loss)**

Tax credited in the income statement

	<b>2019</b>	<b>2018</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	(4,034)	(6,125)
UK corporation tax adjustment to prior periods	14	-
	<b>(4,020)</b>	<b>(6,125)</b>

The tax on profit/(loss) for the year is lower than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are explained below:

	<b>2019</b>	<b>2018</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit/(loss) before taxation	621,379	(137,916)
Corporation tax at standard rate	118,062	(26,204)
Increase in current tax from adjustment for prior periods	14	-
(Income not taxable)/ Expenses not deductible	(122,096)	20,079
Total tax credit	(4,020)	(6,125)

**Factors that may affect future tax charges**

The 2020 Budget announced that the UK corporation tax rate will no longer reduce to 17% from 1 April 2020 and will remain at 19%.



## Vinters International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 9 Investments

Subsidiaries	£ 000
<b>Cost</b>	
At 1 January 2019	<u>3,464,142</u>
At 31 December 2019	<u>3,464,142</u>
<b>Accumulated provisions</b>	
At 1 January 2019	1,029,505
Impairment Charge	<u>35,696</u>
At 31 December 2019	<u>1,065,201</u>
<b>Net book value</b>	
At 31 December 2019	<u>2,398,941</u>
At 31 December 2018	<u>2,434,637</u>

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying value of the Company's investment in Rolls-Royce Power Systems AG has been assessed by reference to value in use. These have 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 equipment deliveries, pricing achieved and cost escalation) are based on current and known future programmes, estimates of capture of market share and long-term economic forecasts;
- cash flows beyond the five-year forecasts are assumed to grow at 1.0% (2018: 1.8%); and
- pre-tax discount rate 11% (2018: 12%).

The Directors do not consider that any reasonably possible changes in the key assumptions would cause the value in use to fall below its investments carrying value.

The Directors consider the Company's investment in Kamewa Holdings AB to be impaired on the basis that this Company is to be dissolved during 2020 with little or no proceeds expected. Accordingly, an impairment charge of £35,696 thousand has been made during the year.

Vinters International Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Investments (continued)

The following were subsidiary undertakings / participating interest of the Company as at 31 December 2019:  
\*indicates a direct shareholding by the Company.

Company name	Share class	Address	% Holding 2019
Bergen Engines AS	Ordinary	125 Hordvikneset, N-5108 Hordvik, Bergen, 1201, Norway	100%
Bergen Engines Bangladesh Private Limited	Ordinary	Green Grandeur, 6th Floor, Plot n.58E, Kamal Ataturk Avenue Banani, C/A Dhaka, 1213, Bangladesh	100%
Bergen Engines BV	Ordinary	Werfdijk 2, 3195HV Pernis, Rotterdam, Netherlands	100%
Bergen Engines Denmark A/S	Ordinary	Ostre Halnepromenade 349000, Alborg, Denmark	100%
Bergen Engines India Private Limited	Ordinary	52-b 2nd Floor, Okhla Industrial Estate, Phase 3, New Delhi 110-020, India	100%
Bergen Engines Limited	Ordinary	Moor Lane, Derby, Derbyshire, DE24 8BJ, England	100%
Bergen Engines Property Co AS	Ordinary	125 Hordvikneset, N-5108 Hordvik, Bergen, 1201, Norway	100%
Bergen Engines SL	Social Participation	Calle Dinamarca, s/n (esquina Calle Alemania) Poligono, Industrial de Constanti, 43120 Constanti, Tarragona, Spain	100%
Bergen Engines SRL	Social Capital	13 Via Castel Morrone, 16161, Genoa, Italy	100%
Kamewa AB (In liquidation)	Ordinary	Box 1010, S-68129, Kristinehamn, Sweden	100%
Kamewa Holding AB (In liquidation)	Ordinary	Box 1010, S-68129, Kristinehamn, Sweden	100%

Vinters International Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Investments (continued)

Karl Maybach-Hilfe GmbH	Capital Stock	Maybachplatz 1, 88045, Friedrichshafen, Germany	100%
MTU Africa (Proprietary) Limited	Capital Stock	36 Marconi Street, Montague Gardens, Cape Town, 7441, South Africa	100%
MTU America Inc.	Ordinary	Corporation Service Company, 251 Little Falls Drive, Wilmington Delaware 19808, United States	100%
MTU Asia Pte Ltd	Ordinary	10 Tukang Innovation Drive, Singapore 618302	100%
MTU Benelux BV	Ordinary	Merwedestraat 86, 3313 CS, Dordrecht, Netherlands	100%
MTU China Company Limited	Ordinary	Room 1803, 18/F Ascendas Plaza, No. 333 Hanyao Qiao Road, Xuhai District, Shanghai, 200030, China	100%
MTU Do Brasil Limitada	Ordinary	Via Anhanguera, KM 29203, 05276-000 Sao Paulo SP Brazil	100%
MTU Engineering (Suzhou) Co Limited	Ordinary	9 Long Yun Rd, Suzhou Industrial Park, Suzhou 215024 Jiang Su, China	100%
MTU France SAS	Ordinary	Immeuble Colorado, 8/10 Rue Rosa Luxembourg-Parc des Bellevues, 95610 Eragny-sur-Oise, France	100%
MTU Friedrichshafen GmbH	Capital Stock	1 Maybachplatz, 88045 Friedrichshafen, Germany	100%
MTU Hong Kong Ltd	Ordinary	Room 1006, 10/F, Hang Seng Tsimshatsui Building, 18 Carnarvon Road, Tsimshatsui, Kowloon, Hong Kong	100%
MTU Iberica Propulsion Y Energia SL	Ordinary	Calle Copernico 26-28, 28823 Coslada, Madrid, Spain	100%

Vinters International Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Investments (continued)

MTU India Private Limited	Ordinary	H6th Floor, RM2 Galleria S/Y No. 144 Bengalura, Bangalore, Kamataka 560064, India	100%
MTU Israel Limited	Ordinary	4 Ha'Alon Street, South Building, Third Floor, 4059300 Kfar Neter, Israel	100%
MTU Italia SRL	Capital Stock	Via Aurelia Nord, 328, 19021 Arcola (SP), Italy	100%
MTU Japan Co Limited	Ordinary	Resortrust Building 4-14-3, Nishitenma Kita-ku, Osaka, Japan	100%
MTU Korea Limited	Ordinary	22nd Floor, Olive Tower, 41 Sejongdaero 9 gil, Junggo, 100-737, Seoul, Republic of Korea	100%
MTU Middle East FZE	Ordinary	S3B5SR06 , Jebel Ali Free Zone, P.O. Box 61141 Dubai, United Arab Emirates	100%
MTU Motor Turbin Sanayi Ve Ticaret. A.S.	Ordinary	Hatira Solak, No. 5, Omerli Mahellesi, 34555 Arnavutköy, Istanbul, Turkey	100%
MTU Onsite Energy GmbH	Capital Stock	Dasinger Strasse 11, 86165, Augsburg, Germany	100%
MTU Onsite Energy Systems GmbH	Capital Stock	8 Rotthofer Straße, 94099 Ruhstorf a.d. Rott, Germany	100%
MTU Polska Sp. Zoo	Ordinary	Ul. Slaska, Nr 9. Raum, Stargard Szczecinski, 73-110, Potsdam Stargard Szczecinski, Poland	100%
MTU Reman Technologies GmbH	Capital Stock	Friedrich-List-Strasse 8, 39122 Magdeburg, Germany	100%
MTU RUS LLC	Ordinary	Shabolovka Street 2, 119049, Moscow, Russian Federation	100%

Vinters International Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Investments (continued)

MTU South Africa (Pty) Ltd	Ordinary	36 Marconi Street, Montague Gardens, Cape Town, 7441 South Africa	100%
MTU UK Limited	Ordinary	Moor Lane, Derby, Derbyshire, England, DE24 8BJ	100%
PT MTU Indonesia	Ordinary	Secure Building Blok B, Jl. Raya Protokol Halim, Perdanakusuma Jakarta, 13610, Indonesia	100%
Rolls-Royce Japan Co, Ltd*	Ordinary	31 Floor, Kasumigaseki building, Chiyoda-Ku, Tokyo 100-6031, Japan	100%
Rolls-Royce Power Systems AG*	Ordinary	1 Maybachplatz, 88045, Friedrichshafen, Germany	100%
Trigno Energy SRL	Ordinary	Zona Industriale, San Salvo, 66050, Italy	100%
MTU South Africa PTY Limited	Ordinary	36 Marconi Street, Montague Gardens, Cape Town 7441 South Africa	100%
MTU Power Systems SND BDH Malaysia	Ordinary	Level 10 Menara LGB, 1 Jalan wan Kadir Taman Tun Dr Ismail, 6000 Kuala Lumpur, Malaysia	100%

**Vinters International Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

**9 Investments (continued)**

**Joint ventures**

Details as at 31 December 2019 are as follows:

Company name	Class of shares	Address	Proportion of ownership interest and voting rights held 2019
Mest Co. Limited	Normal	97 Bukjeonggongdan 2-gil, Yangsan-si, Gyeongsangnom-do, 50571, Republic of Korea	46.8%
Shanxi North MTU Diesel Co Ltd	Ordinary	No.97 Daqing West Rd, Datong City, Shanxi Province, China	49%
ForceMTU Power Systems Private Limited	Capital Stock	Mumbai Pune Road, Maharashtra 411035, India	49%
MTU Yuchai Power Company Limited	Capital Stock	No 7 Danan Road, Yuchou, Yulin, Guangxi, China, 537005	50%
EPIX Power Systems LLC	Ordinary	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, United States	50%

## Vinters International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 10 Cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash at bank	<u>304</u>	<u>832</u>

#### 11 Trade and other receivables

	2019 £ 000	2018 £ 000
Amounts owed by group undertakings	<u>11,118</u>	<u>50,210</u>

Amounts owed by group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

#### 12 Loans and borrowings

	2019 £ 000	2018 £ 000
Non-current loans and borrowings		
Amounts due to group undertakings	<u>2,082,656</u>	<u>2,869,402</u>

The Company holds a £2,900,000 thousand intercompany loan facility due to Rolls-Royce plc at an interest rate of 0.35% plus base rate as prescribed by the Bank of England and the loan maturity date is 25 May 2031. During the year the Company drew down £31,000 thousand and repaid capital amounting to £911,480 thousand along with interest of £32,187 thousand. Further interest of £28,222 thousand was accrued during the year. At 31 December 2019 capital amounts drawn were £1,914,372 thousand (2018: £2,837,852 thousand) and interest accrued at 31 December 2019 was £27,585 thousand (2018: £31,550 thousand).

Following the disposal of the Commercial Marine business, a further loan facility was set up with a fellow group company. The liability at 31 December 2019 was 1,713,965 thousand SEK with interest accrued at 4,588 thousand SEK at an interest rate of STIBOR of 0.0517% plus margin of 0.3%. The liability in pounds sterling at 31 December 2019 was £140,699 thousand which includes £372 thousand accrued interest. The maturity date of the loan was 31 March 2020 which has subsequently been extended to 31 December 2020.

## Vinters International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 13 Called up share capital

##### Allotted and fully paid shares

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>230,125</u>	<u>230,125</u>	<u>230,125</u>	<u>230,125</u>

#### 14 Contingent liabilities

In January 2017, after full cooperation, other companies within the Rolls-Royce plc group concluded deferred prosecution agreements ('DPA') with the SFO and the US Department of Justice ('DoJ') and a leniency agreement with the MPF, the Brazilian federal prosecutors. Following the expiry of its term, the DPA with the US DoJ was dismissed by the US District Court on 19 May 2020. Other 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 relating against those other companies within the Rolls-Royce plc group or individuals. In addition, we could still be affected by actions from customers and customers' financiers. The Directors are not currently aware of any matter 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.

#### 15 Post balance sheet events

In March 2020, COVID-19 began causing significant financial market downturn and social dislocation. The situation is dynamic and the UK government continues to implement measures to address the outbreak.

Subsequently, Rolls-Royce Holdings plc released Trading Updates and the Half Year results for 2020. These outlined the measures taken by the Rolls-Royce Holdings plc group including how people, business and communities have been safeguarded, the liquidity and financial position of the Rolls-Royce Holdings plc group and the year to date trading impact of COVID-19. The Directors of the Company are monitoring the impact of COVID-19 measures that the Rolls-Royce Holdings plc group is taking.

Post year end, the Company has assessed the subsequent conditions on the balance sheet as at 31 December 2019 and as part of this review the carrying value of its investment in Rolls-Royce Power Systems AG ('RRPS'). The RRPS group provides power solutions to customers and therefore has not been significantly impacted by COVID-19. An assessment of the value-in-use of the RRPS group has been performed in June 2020 and this has indicated no impairment in the carrying value of the Company's investment. Accordingly, as required by IAS 10, we have not reflected these subsequent conditions in the recoverable value of investments held as at 31 December 2019.

##### *Disposal of Trigno Energy Srl*

On the 7 May 2020, the Company's investment in Trigno Energy Srl was sold to Pilkington Italia S.p.A for a cash consideration of €6,100 thousand.

##### *Loan with Kamewa Holdings AB*

On the 9 July 2020, the Company extended the repayment date of its loan of SEK 1,713,965 thousand from Kamewa Holdings AB to 31 December 2020.



## **Vinters International Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **16 Parent and ultimate parent undertaking**

The Company's immediate parent is Vinters Engineering 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.