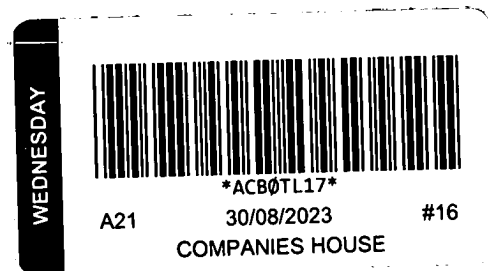


Company registration number 05241592 (England and Wales)

**UAV TACTICAL SYSTEMS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



# UAV TACTICAL SYSTEMS LIMITED

## COMPANY INFORMATION

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**Directors**

R Applegate  
S Stratton  
V Haimovich  
C Hindle (Appointed 11 February 2022)  
A Laing (Appointed 9 April 2023)  
Y Shmuely (Re-appointed 20 March 2023)

**Secretary**

Y Kastel

**Company number**

05241592

**Registered office**

Unit F Meridian East  
Meridian Business Park  
Braunstone Town  
Leicester  
Leicestershire  
LE19 1WZ

**Auditor**

Edwards  
34 High Street  
Aldridge  
Walsall  
West Midlands  
WS9 8LZ

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# UAV TACTICAL SYSTEMS LIMITED

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# UAV TACTICAL SYSTEMS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present the strategic report for the year ended 31 December 2022.

### Review of the business

The activities of the company comprise the design, development, manufacture and service provision of Intelligence, Surveillance and Reconnaissance capabilities as a defence electronics contractor in the Aerospace sector.

### Results and performance

The revenue generated by the company totalled £16,141,000 (2021 - £17,320,000) with a reported operating loss of £52,000 (2021 - £279,000).

The reduction in revenue was expected as the revenue has not been replaced by revenues from new business. The company goes into 2023 with an adequate order book and liquidity.

### Business environment

The UK and export sectors are highly competitive, particularly in the service provision sector. The continuous advancement of technology and the challenges of the end customer's needs means it is essential we keep abreast of advances, whilst working with our end customers to deliver their needs.

### Strategy

The company's success is dependent upon the proper selection and pricing of new business opportunities and ongoing management of its existing programmes. We believe it is important to maintain our share of the UK market, whilst pursuing export opportunities, for both design and build and service provision type programmes in a competitive arena.

We will continue to focus our UK programme on delivering high quality support, in addition to reducing the cost of ownership to our end customer. System reliability and end user satisfaction are a key focus.

### Key performance indicators

	2022	2021
	£000's	£000's
Revenue	16,140	17,320
Operating (loss)	(52)	(279)
Equity	3,372	3,409

### Principal risks and uncertainties

The company is exposed to uncertainties and risks in delivering its activities. The risks have been reviewed and measures put in place to address the threat and potential impact to the company. Such measures included adequate resource availability to deliver our programmes and contracts with our supply-chain to focus on meeting customer defined key performance indicators.

The procedures provide a framework and risk mitigation plans to ensure we have sufficient financial reserves to deliver our contractual obligations along with giving us the financial strength and capital adequacy to support the growth of the business.

**UAV TACTICAL SYSTEMS LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Future developments**

The company plans to strengthen its position in both the UK and export sectors, building on its expertise and agility to deliver complex solutions to our customers. It is anticipated that there will be opportunities from existing customers along with new customers, particularly in the export market.

On behalf of the board



.....  
C Hindle  
Director  
..... 24 August 2023  
.....

# UAV TACTICAL SYSTEMS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### **Matters covered in the strategic report**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report. These matters relate to principal activities, business review, key performance indicators, principal risks and uncertainties and future developments.

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £Nil (2021 - £Nil).

#### **Going concern**

The board of directors has considered the level of reserves and the financial resources available to UAV Tactical Systems Limited and considers that these are adequate to meet its operational needs for the foreseeable future.

In view of the above, the directors have continued to adopt the going concern basis in preparing the financial statements.

#### **Directors**

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

R Applegate	
E Awang	(Resigned 25 March 2022)
S Stratton	
V Haimovich	
P Campbell	(Appointed 25 March 2022 and resigned 26 February 2023)
Z Gofer	(Appointed 7 February 2022 and resigned 26 February 2023)
C Hindle	(Appointed 11 February 2022)
C Dunlop	(Resigned 11 February 2022)
A Laing	(Appointed 9 April 2023)
Y Shmueli	(Resigned 7 February 2022 and re-appointed 20 March 2023)

#### **Directors' liabilities**

The company has not granted any indemnity against liability to its directors during the year or at the date of approving the directors' report.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Edwards be reappointed as auditor of the company will be put at a General Meeting.

# UAV TACTICAL SYSTEMS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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On behalf of the board



.....  
C Hindle  
**Director**

Date: 24th August 2023  
.....

# **UAV TACTICAL SYSTEMS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They 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.



# UAV TACTICAL SYSTEMS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF UAV TACTICAL SYSTEMS LIMITED

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#### Opinion

We have audited the financial statements of UAV Tactical Systems Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# UAV TACTICAL SYSTEMS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF UAV TACTICAL SYSTEMS LIMITED

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

#### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, employment law and health & safety regulations compliance.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the following areas: the override of controls by management, revenue journals, inappropriate treatment of non-routine transactions and areas of estimation uncertainty specifically relating to revenue recognition under long term contracts and lease accounting. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, review and discussion of non-routine transactions, sample testing on the posting of journals and review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# UAV TACTICAL SYSTEMS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF UAV TACTICAL SYSTEMS LIMITED

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#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*P Tonks*

**Paul Tonks BSc (Econ) FCA (Senior Statutory Auditor)**  
For and on behalf of Edwards

.24 August 2023.....

**Chartered Accountants**  
**Statutory Auditor**

34 High Street  
Aldridge  
Walsall  
West Midlands  
WS9 8LZ

# UAV TACTICAL SYSTEMS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Notes	2022 £000's	2021 £000's
Turnover	3	16,141	17,320
Cost of sales		(14,124)	(15,286)
<b>Gross profit</b>		<b>2,017</b>	<b>2,034</b>
Administrative expenses		(2,086)	(2,378)
Other operating income		17	65
<b>Operating loss</b>	4	<b>(52)</b>	<b>(279)</b>
Interest receivable and similar income	7	7	6
Interest payable and similar expenses	8	(11)	(13)
<b>Loss before taxation</b>		<b>(56)</b>	<b>(286)</b>
Tax on loss	9	19	162
<b>Loss and total comprehensive income for the financial year</b>		<b>(37)</b>	<b>(124)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# UAV TACTICAL SYSTEMS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £000's	2021 £000's
<b>Fixed assets</b>			
Intangible assets	10	85	124
Tangible fixed assets	11	565	838
		<u>650</u>	<u>962</u>
<b>Current assets</b>			
Stocks	12	719	-
Debtors	13	4,894	4,560
Cash at bank and in hand		10,879	11,121
		<u>16,492</u>	<u>15,681</u>
<b>Creditors: amounts falling due within one year</b>	14	13,672	12,992
<b>Net current assets</b>		<u>2,820</u>	<u>2,689</u>
<b>Total assets less current liabilities</b>		<u>3,470</u>	<u>3,651</u>
<b>Creditors: amounts falling due after more than one year</b>			
Lease liabilities		98	242
<b>Net assets</b>		<u>3,372</u>	<u>3,409</u>
<b>Capital and reserves</b>			
Called up share capital	18	-	-
Profit and loss reserves		3,372	3,409
<b>Total equity</b>		<u>3,372</u>	<u>3,409</u>

The financial statements were approved by the board of directors and authorised for issue on 24 August 2023 and are signed on its behalf by:



.....  
C Hindle  
Director

Company Registration No. 05241592

# UAV TACTICAL SYSTEMS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Share capital £000's	Retained earnings £000's	Total £000's
<b>Balance at 1 January 2021</b>	-	3,533	3,533
<b>Year ended 31 December 2021:</b>			
Loss and total comprehensive income for the year	-	(124)	(124)
	<u>-</u>	<u>(124)</u>	<u>(124)</u>
<b>Balances at 31 December 2021</b>	-	3,409	3,409
	<u>-</u>	<u>3,409</u>	<u>3,409</u>
<b>Year ended 31 December 2022:</b>			
Loss and total comprehensive income for the year	-	(37)	(37)
	<u>-</u>	<u>(37)</u>	<u>(37)</u>
<b>Balances at 31 December 2022</b>	-	3,372	3,372
	<u>-</u>	<u>3,372</u>	<u>3,372</u>

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

---

### 1 Accounting policies

#### Company information

UAV Tactical Systems Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is Unit F Meridian East, Meridian Business Park, Braunstone Town, Leicester, Leicestershire, LE19 1WZ.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000's.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 - 136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of ISA 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91 - 99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

#### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

#### 1.3 Revenue recognition

The Company's principles of revenue recognition were the following:

##### **Unbundling of multiple performance obligations within a single contract**

Some contracts include the supply to the customer of distinct goods and services (for instance contracts combining build followed by operation and maintenance). In such situations, IFRS 15 requires the contract to be segmented into separate components ("performance obligations"), with each component being accounted for separately, with its own revenue recognition method and margin rate. The selling price is allocated to each performance obligation in proportion to the standalone selling price of the underlying goods and services. This allocation should reflect the share of the price to which the Company expects to be entitled in exchange for the supply of these goods or services. Options notified by the customer for the supply of distinct additional goods or services are generally accounted for separately.

##### **Evaluation of revenue allocated to performance obligations**

Revenue includes contractual income from claims only when it is highly probable that such claims will be accepted by the customer. Contractual amendments negotiated with customers are included in the selling price only when they become legally enforceable. Variable consideration included in the selling price is taken into account only to the extent that it is highly probable that a significant reversal in the amount of revenue already recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Penalties for late delivery or for the improper execution of a contract are recognised as a deduction from revenue. If the financing component is deemed significant, the selling price is adjusted to reflect a "cash" selling price for the goods and services provided. A financing component exists when either the Company or customer obtains a significant benefit of financing, through contractual terms.

##### **Recognition of revenue over time or at a point in time**

Revenue associated with each performance obligation identified within a contract is recognised when the obligation is satisfied, i.e. when the control of the promised goods or services is transferred to the customer. To demonstrate that the transfer of goods is progressive and revenue can be recognised over time, the following cumulative criteria are required:

- the goods sold have no alternative use, and
- the Company has an irrevocable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date, in the event of termination for reasons other than the Company's failure to perform as promised.

These criteria are fulfilled by the vast majority of the Company's contracts that include the design and delivery of complex goods. Revenue from the sale of goods with an alternative use, and/or for which the Company has no right to payment in case of termination for convenience by the customer, is recognised when the goods are delivered to the customer. Revenue from service contracts is generally recognised over time, as the customer simultaneously receives and consumes the benefits of these services provided by the Company.

The percentage of completion method generally used is expense-based, with revenue recognised based on the costs incurred to date in relation to the total costs expected upon completion. Bid costs are expensed as incurred under distribution costs in the statement of comprehensive income. Consequently, they are excluded from contract margin. Expected losses on contracts are fully recognised as soon as they are identified.



# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.4 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

#### 1.5 Intangible assets other than goodwill (software)

Software is measured initially at purchased cost and amortised on a straight-line basis over its estimated useful life of three years.

#### 1.6 Tangible fixed assets

Fixtures and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, if any, of each asset on a straight-line basis over its expected useful life, as follows:

Right of use assets	Over the term of the lease
Fixtures and fittings	7 years
Service equipment	3-5 years
Computer equipment	3 years

Residual values are calculated on current market prices, less costs to sell as if the asset was already of the age and in the condition expected at the end of its useful life.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Interest costs incurred in bringing assets to a state where they are ready to be used are capitalised as part of the costs of the asset.

#### 1.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

---

### 1 Accounting policies

(Continued)

#### 1.8 Impairment of tangible and intangible assets

At each reporting date the Company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

#### 1.9 Cash at bank and in hand

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

#### 1.10 Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### *Financial assets*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component, or for which the Company has applied the practical expedient, are measured at the transaction price.

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- financial assets at fair value through profit or loss.

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 1 Accounting policies

(Continued)

##### *Financial assets (continued)*

The Company has no financial assets measured at fair value through OCI with recycling of cumulative gains, or at fair value through OCI with recycling on derecognition, or at fair value through profit or loss.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets measured at amortised cost comprise amounts owed from Group undertakings and contract assets.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- financial liabilities at fair value through profit or loss
- financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 1.11 Trade debtors

Trade debtors are carried at amortised costs using the effective interest rate method, less any impairment (in the majority of cases this will equate to the original invoice amount less an estimate made for doubtful debtors based on a review of all outstanding amounts at the year-end). Bad debts are written off when identified.

#### 1.12 Trade creditors

Trade creditors are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.13 Stocks

Stocks, which is exclusively work in progress, is measured at the lower of cost or net realisable value. Cost includes direct labour and an attributable proportion of manufacturing overheads, including indirect labour, based on normal levels of activity.

##### 1.14 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity:

##### 1.15 Taxation

The tax charge/(credit) comprises current and deferred tax.

###### **Current tax**

The income tax expense/(credit) is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity. Current tax is the expected tax payable/(receivable) on the profit/(loss) for the year and any adjustments in respect of previous years using tax rates enacted or substantively enacted at the reporting date.

###### **Deferred tax**

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax is provided using rates of tax that have been enacted or substantively enacted at the reporting date or the date that the temporary differences are expected to reverse.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### 1.16 Provisions

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

##### 1.17 Employee benefits

The costs of short-term employee benefits are recognised in profit or loss in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

##### 1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.19 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

##### 1.20 Finance income

Finance income is recognised in the income statement and comprise interest earned on cash and cash equivalents and other interest bearing financial assets on a time basis, by reference to the principal outstanding and at the interest rate applicable, as well divided income from subsidiary companies and other companies in which the Company holds an investment which carries the right to receive dividends.

##### 1.21 Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the retranslation or settlement of monetary items, are included in profit or loss for the period.

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 2 Critical accounting estimates and judgements

The preparation of financial statements requires the Company to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets recognised in the financial statements are reviewed on a regular basis, and are listed below:

#### Revenue from contracts with customers

Revenue from contracts with customers is accounted for in accordance with IFRS 15. This requires judgements to estimate future expected costs to be incurred. Further details on revenue from contracts with customers are disclosed above in the Company's accounting policies.

The judgements and estimates regarding recognition are based on estimates of total expected contract revenue and costs, which are subject to revision as the contract progresses. Total expected revenue and costs on a contract reflect management's best estimate of the total contract value (including estimates of variable consideration) and obligations associated with the contract. Assumptions to calculate present and future obligations take into account current technology as well as the commercial and contractual positions, assessed on a contract-by-contract basis. The introduction of technologically advanced products exposes the Company to risks of product failure significantly beyond the terms of standard contractual warranties applying to the supply of equipment only.

In addition, obligations on contracts may expose the Company to penalties due to late completion of milestones or additional costs due to project modifications, suppliers' or subcontractors' failure to perform or delays caused by unexpected conditions or events.

Whilst the Company makes and regularly reviews assumptions relating to these inherent risks, there is a risk that the actual outcomes against these assumptions may differ materially with the result that financial performance already reported may need to be revised and estimates of future financial performance may also need to be revised.

#### Lease accounting

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

### 3 Turnover

	2022	2021
	£000's	£000's
<b>Turnover analysed by class of business</b>		
Revenue from construction contracts	5,060	4,426
Revenue from service contracts	11,081	12,894
	<u>16,141</u>	<u>17,320</u>

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 4 Operating loss

	2022 £000's	2021 £000's
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	-	(18)
Fees payable to the company's auditor for the audit of the company's financial statements	28	26
Depreciation of property, plant and equipment	410	642
Amortisation of intangible assets	52	25
	<u>          </u>	<u>          </u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Engineering	14	15
Operations	23	21
Programmes	22	21
Services	13	20
Support functions	9	11
	<u>          </u>	<u>          </u>
Total	81	88
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022 £000's	2021 £000's
Wages and salaries	4,235	4,508
Social security costs	467	472
Pension costs	239	267
	<u>          </u>	<u>          </u>
	4,941	5,247
	<u>          </u>	<u>          </u>

During the year, the company utilised the services of personnel seconded from the shareholders. The company incurred charges in respect of these secondees of £173,000 (2021 - £158,000), which are included within the above.



# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 6 Directors' remuneration

The Directors are paid by the parent companies and it has been assessed that the appropriate apportionment of their remuneration for services provided by these directors to the Company is £Nil (2021 - £Nil).

There are no long term incentive or retirement benefit schemes in relation to which the Directors are accruing benefits.

### 7 Interest receivable and similar income

	2022 £000's	2021 £000's
<b>Interest income</b>		
Interest on bank deposits	7	6
	<u>7</u>	<u>6</u>

### 8 Interest payable and similar expenses

	2022 £000's	2021 £000's
Interest on lease liabilities	11	13
	<u>11</u>	<u>13</u>

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 9 Taxation

	2022 £000's	2021 £000's
<b>Current tax</b>		
UK corporation tax on profits for the current period	(39)	(73)
Adjustments in respect of prior periods	(27)	(6)
<b>Total UK current tax</b>	<u>(66)</u>	<u>(79)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	47	(83)
<b>Total tax (credit)</b>	<u>(19)</u>	<u>(162)</u>

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2022 £000's	2021 £000's
Loss before taxation	<u>(56)</u>	<u>(286)</u>
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(11)	(54)
Adjustment in respect of prior years	27	(20)
Permanent capital allowances in excess of depreciation	(35)	(88)
<b>Taxation credit for the year</b>	<u>(19)</u>	<u>(162)</u>

#### Factors that may affect future tax charges

In October 2022, the UK Government announced that the proposed increase in the UK Corporation Tax rate to 25% will go ahead as planned starting 1 April 2023. As such, the actual deferred tax figure has been calculated at future tax rates based on the estimated timing of reversal.

There were no other factors that may affect future tax charges.

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 10 Intangible fixed assets

	Computer software and licences £000's
<b>Cost</b>	
At 31 December 2021	723
Additions	14
	<hr/>
At 31 December 2022	736
	<hr/>
<b>Amortisation and impairment</b>	
At 31 December 2021	599
Charge for the year	52
	<hr/>
At 31 December 2022	651
	<hr/>
<b>Carrying amount</b>	
At 31 December 2022	85
	<hr/> <hr/>
At 31 December 2021	124
	<hr/> <hr/>

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Tangible fixed assets

	Right of use assets £000's	Fixtures and fittings £000's	Service equipment £000's	Computer equipment £000's	Total £000's
<b>Cost</b>					
At 31 December 2021	789	3,068	713	648	5,218
Additions	-	64	-	73	137
Disposals	(17)	-	-	-	(17)
At 31 December 2022	772	3,132	713	721	5,338
<b>Accumulated depreciation and impairment</b>					
At 31 December 2021	408	2,993	428	551	4,380
Charge for the year	139	66	143	62	410
Eliminated on disposal	(17)	-	-	-	(17)
At 31 December 2022	530	3,059	571	613	4,773
<b>Carrying amount</b>					
At 31 December 2022	242	73	142	108	565
At 31 December 2021	381	75	285	97	838

### 12 Stocks

	2022 £000's	2021 £000's
Work in progress	719	-

The total carrying amount of work in progress at 31 December 2022 is £719,000 (2021: £Nil) and is free from any impairment or provision.

### 13 Debtors

	2022 £000's	2021 £000's
Corporation tax recoverable	268	185
VAT recoverable	-	130
Amounts owed by fellow group undertakings	3,974	3,510
Contract assets	91	124
Prepayments	106	109
Deferred tax asset	455	502
	4,894	4,560

The directors consider that the carrying amount of debtors approximates their fair value.

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 14 Creditors: Amounts falling due within one year

	Notes	Due within one year		Due after one year	
		2022 £000's	2021 £000's	2022 £000's	2021 £000's
Trade creditors		223	362	-	-
Amounts owed to fellow group undertakings		968	1,583	-	-
Accruals and deferred income		11,787	10,906	-	-
Taxation and social security		550	-	-	-
Lease liabilities	15	144	141	98	242
		<u>13,672</u>	<u>12,992</u>	<u>98</u>	<u>242</u>

### 15 Lease liabilities

At 31 December 2022, right of use assets capitalised on the statement of financial position totalled £772,000 (2021 - £789,000) with lease liabilities of £242,000 (2021 - £383,000) included in creditors. During the year ended 31 December 2022, the depreciation charge of right of use assets is £139,000 (2021 - £136,000) and interest on lease liabilities is £11,000 (2021 - £13,000).

When measuring lease liabilities, the company discounted lease payments using notional borrowing rates. For the year ended 31 December 2022, the weighted average notional borrowing rate was 2.51% (2021 - 2.51%).

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	Present value	
	2022 £000's	2021 £000's
Current liabilities	144	141
Non-current liabilities	98	242
	<u>242</u>	<u>383</u>

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £000's	Other timing differences £000's	Total £000's
Asset at 1 January 2021	(329)	(90)	(419)
<b>Deferred tax movements in prior year</b>			
Charge/(credit) to profit or loss	(42)	(41)	(83)
Asset at 1 January 2022	(371)	(131)	(502)
<b>Deferred tax movements in current year</b>			
Charge/(credit) to profit or loss	56	(9)	47
Asset at 31 December 2022	<u>(315)</u>	<u>(140)</u>	<u>(455)</u>

### 17 Retirement benefit schemes

	2022 £000's	2021 £000's
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	239	267
	<u>239</u>	<u>267</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

There were no outstanding pension payable by the company at 31 December 2022 (2021 - £Nil).

### 18 Share capital

	2022 £	2021 £
<b>Issued and fully paid</b>		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

# UAV TACTICAL SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 19 Related party transactions

During the year the company entered into transactions in the ordinary course of business with related parties other than its directors.

During the year, the company made sales amounting to £15,942,000 (2021: £15,958,000) to and purchases amounting to £6,381,000 (2021: £6,297,000) from various Thales group companies. At 31 December 2022, included within debtors is £3,893,000 (2021: £3,429,000) due from, and within creditors is £457,000 (2021: £432,000) due to these Thales group companies.

During the year, the company made purchases amounting to £2,901,000 (2021: £3,856,000) from various Elbit group companies. At 31 December, included within debtors is £81,000 (2021: £Nil) and included within creditors is £511,000 (2021: £1,151,000) due to these Elbit group companies.

No amounts due from related parties were written off during the period and no provision is held against outstanding balances.

#### 20 Controlling party

The company is owned 51% by Elbit Systems UK Limited, incorporated in the UK and 49% by Thales UK Limited. Elbit Systems UK Limited's ultimate parent undertaking is Elbit Systems Limited, incorporated in Israel. Thales UK Limited's ultimate parent undertaking is Thales S.A., incorporated in France. Copies of the financial statements of Elbit Systems Limited and Thales S.A. are available from [www.elbitsystems.com](http://www.elbitsystems.com) and [www.thalesgroup.com](http://www.thalesgroup.com), respectively.