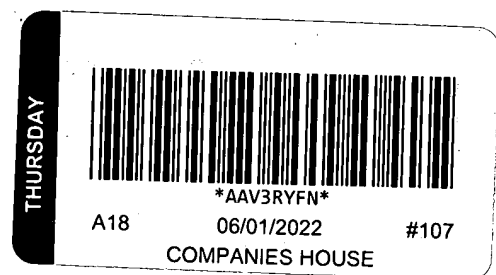


# Easat Radar Systems Limited

Annual Report and Financial Statements

Registered number 2044226

30 April 2021



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## Directors' Report

The Directors' Report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

### Principal activity

The principal activity of the Company is the supply of radar systems.

### Business model

Easat Radar Systems builds bespoke high-performance radar systems for the global market of major defence contractors, civil aviation authorities and border security agencies. Value is created by innovative design and assembly, using bought-in or engineered in-house components.

### Review of the year

The Company has incurred a pre-tax loss of £351,642 (2020: pre-tax loss of £949,001). This was not what the board expected to deliver at the beginning of the year, but the delay in the placement of new orders has resulted in reduced activity. With the Covid-19 situation crippling the aviation industry, it has simply not been possible for the Company to deliver the performance it was anticipating. Covid-19 travel restrictions have impeded progress as, whilst all equipment was shipped to the respective sites, the commissioning of two radar systems was achieved but one is being commissioned in the second quarter of the new year.

Going forward the Directors are confident of the niche, high barrier to entry, complex product offering that Easat can now deliver globally, on an internationally competitive basis, will deliver increasingly good performance year on year. The focus of the business will be on new airport infrastructure in the Far East, with other projects expected to be picked up along the way. Over the next twelve months the business will start building a decent order book that should continue to grow, this should start to generate material profitability the following financial year.

### Proposed dividend

During the year, the Company paid an interim dividend of £Nil (2020: £Nil). The Directors do not recommend the payment of a final dividend (2020: £Nil).

### Directors

The Directors who held office during the year were as follows:

R.S. Goodwin	(Chairman)
M.R. Jackson	(Director and General Manager)
T.J.W. Goodwin	
R.J. Gamston	
J. Holdcroft	
A. Jurin	

The Company carries indemnity insurance on behalf of its Directors.

### Political contributions

The Company made no political donations nor incurred any political expenditure during the current or prior year.

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Directors' Report** *(continued)*

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

By order of the Board



**R.S. Goodwin**  
*Chairman*

Ivy House Foundry  
Hanley  
Stoke-on-Trent  
ST1 3NR

16 September 2021

## **Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements**

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting, unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Easat Radar Systems Limited**

### **Opinion**

We have audited the financial statements of Easat Radar Systems Limited (the 'Company') for the year ended 30 April 2021 which comprise the profit and loss account, the statement of comprehensive income, 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 FRS 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 30 April 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

## **Independent auditor's report to the members of Easat Radar Systems Limited** *(continued)*

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

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

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

### **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 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Directors' report.

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 3, 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Company operates in and how the Company is complying with the legal and regulatory framework;

## **Independent auditor's report to the members of Easat Radar Systems Limited** *(continued)*

- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, and review of any correspondence in the year with tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to manufacturing and operational regulations. We performed audit procedures to inquire of management and those charged with governance whether the Company is in compliance with these law and regulations and inspected correspondence with regulatory authorities, if any.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in considering the risk of management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the valuation of investments. For revenue recognition our procedures included performance of test of details, substantive analytical review and assessment of compliance with relevant accounting standards.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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.

*Rsm UK Audit LLP*

Ian Wall (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
*Chartered Accountants*

16 September 2021

Festival Way  
Festival Park  
Stoke-on-Trent  
ST1 5BB

**Profit and Loss Account**  
*for the year ended 30 April 2021*

	<i>Note</i>	<b>2021</b> £	2020 £
<b>Turnover</b>	3	<b>6,769,260</b>	10,290,124
Cost of sales		<b>(5,307,431)</b>	(9,509,855)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,461,829</b>	780,269
Administrative expenses		<b>(1,615,066)</b>	(1,591,287)
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(153,237)</b>	(811,018)
Interest payable and similar expenses	7	<b>(198,405)</b>	(137,983)
		<hr/>	<hr/>
<b>Loss before taxation</b>	4	<b>(351,642)</b>	(949,001)
Tax credit on loss	8	<b>66,697</b>	172,957
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<b>(284,945)</b>	(776,044)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 25 form part of these financial statements.

**Statement of Comprehensive Income**  
**for the year ended 30 April 2021**

	2021 £	2020 £
<b>Loss for the year</b>	<b>(284,945)</b>	<b>(776,044)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to the profit and loss account:</b>		
Effective portion of changes in fair value of cash flow hedges	<b>190,756</b>	405,058
Ineffectiveness in cash flow hedges transferred to profit and loss	<b>(175,367)</b>	-
Change in fair value of cash flow hedges transferred to the profit and loss account	<b>(107,163)</b>	(1,783)
Effective portion of changes in fair value cost of hedging	<b>22,365</b>	(178,837)
Ineffectiveness in cost of hedging transferred to profit and loss	<b>155,081</b>	-
Change in fair value cost of hedging transferred to the profit and loss account	<b>81,936</b>	(12,759)
Tax charge on items that may be reclassified subsequently to the profit and loss account	<b>(31,846)</b>	(40,512)
<b>Other comprehensive income for the year, net of income tax</b>	<b>135,762</b>	<b>171,167</b>
<b>Total comprehensive expense for the year</b>	<b>(149,183)</b>	<b>(604,877)</b>

The notes on pages 11 to 25 form part of these financial statements.

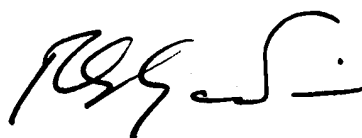
**Balance Sheet**  
**at 30 April 2021**

	Note	2021	2020
		£	£
<b>Fixed assets</b>			
Tangible assets	9	569,828	474,775
Investments	10	1,560,555	1,560,555
		<hr/>	<hr/>
		<b>2,130,383</b>	2,035,330
<b>Current assets</b>			
Stocks	11	5,532,812	8,976,339
Debtors: amounts falling due within one year	12	3,584,010	2,550,299
Debtors: amounts falling due after more than one year	12	12,619	240,950
Cash at bank and in hand		1,927	11,407
		<hr/>	<hr/>
		<b>9,131,368</b>	11,778,995
<b>Creditors: amounts falling due within one year</b>	13	<b>(10,028,496)</b>	(12,555,779)
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(897,128)</b>	(776,784)
<b>Total assets less current liabilities</b>		<b>1,233,255</b>	1,258,546
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(15,584)</b>	(18,152)
<b>Provisions for liabilities and charges</b>	15	<b>(181,027)</b>	(54,567)
		<hr/>	<hr/>
<b>Net assets</b>		<b>1,036,644</b>	1,185,827
<b>Capital and reserves</b>			
Called up share capital	17	10,000	10,000
Cash flow hedge reserve		253,912	328,249
Cost of hedging reserve		65,197	(144,902)
Profit and loss account		707,535	992,480
		<hr/>	<hr/>
<b>Shareholders' funds</b>		<b>1,036,644</b>	1,185,827
		<hr/> <hr/>	<hr/> <hr/>

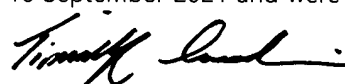
The notes on pages 11 to 25 form part of these financial statements.

These financial statements were approved by the Board of Directors on 16 September 2021 and were signed on its behalf by:

R.S. Goodwin  
Chairman



T.J.W. Goodwin  
Director



Company registered number: 2044226

## Statement of Changes in Equity

	Called up share capital £	Cash flow hedge reserve £	Cost of hedging reserve £	Profit and loss account £	Total equity £
<b>Balance at 1 May 2020</b>	10,000	1,635	10,545	1,768,524	1,790,704
Loss for the period	-	-	-	(776,044)	(776,044)
Other comprehensive income	-	326,614	(155,447)	-	171,167
<b>Balance at 30 April 2020</b>	<b>10,000</b>	<b>328,249</b>	<b>(144,902)</b>	<b>992,480</b>	<b>1,185,827</b>
<b>Balance at 1 May 2020</b>	10,000	328,249	(144,902)	992,480	1,185,827
Loss for the period	-	-	-	(284,945)	(284,945)
Other comprehensive income	-	(74,337)	210,099	-	135,762
<b>Balance at 30 April 2021</b>	<b>10,000</b>	<b>253,912</b>	<b>65,197</b>	<b>707,535</b>	<b>1,036,644</b>

The notes on pages 11 to 25 form part of these financial statements.

## **Notes**

*(forming part of the financial statements)*

### **1. Accounting policies**

Easat Radar Systems Limited (the "Company") is a private limited company incorporated and domiciled in England and Wales.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Goodwin PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Goodwin PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company's website: [www.goodwin.co.uk](http://www.goodwin.co.uk) and from the Company's Registered Office: Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR.

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;
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- Disclosures in respect of transactions with wholly-owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Goodwin PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the certain disclosures required by IFRS 13 Fair Value Measurement, the disclosures required by IFRS 7 Financial Instrument Disclosures and certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company.

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

Judgements made by the Directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis, except where the measurement of balances is required at fair value.

#### **1.2 Going concern**

Notwithstanding net current liabilities of £897,128 as at 30 April 2021, and a loss for the year then ended of £284,945 the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Company participates in the Group's centralised treasury arrangements and so, able to call upon the treasury facilities.

## **Notes** *(continued)*

### **1. Accounting policies** *(continued)*

#### **1.2 Going concern** *(continued)*

The Directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the limited impact of Covid-19 on its operations and financial resources, the Company will have sufficient funds, through funding from its ultimate parent company, Goodwin PLC to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Goodwin PLC not seeking repayment of the amounts currently due to the Group, which at 30 April 2021 amounted to £7,795,889 and providing additional financial support during that period. The Directors of Goodwin PLC have indicated their intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **1.3 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account within operating profit.

#### **1.4 Non-derivative financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

##### *Trade and other debtors*

Trade debtors (including inter company balances) are measured initially at the transaction price. All other financial assets are measured at fair value, on initial recognition.

##### *Trade and other payables*

Trade and other payables (including inter company balances) are recognised initially at fair value and subsequently reported at amortised cost.

##### *Recognition and valuation of equity instruments*

Equity instruments are stated at par value. For ordinary share capital, the par value is recognised in share capital.

##### *Impairment*

The Company has elected not to measure loss allowances for trade debtors at an amount equal to lifetime expected credit losses (ECLs), on the basis that a measure based off ECL would be wholly immaterial. Specific impairments are made when there is a known impairment need.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.5 Derivative financial instruments and hedging

##### *Derivative financial instruments*

The derivative financial instruments are held by fellow group companies, where they are recognised at fair value. The fair value of forward exchange contracts is equal to the present value of the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

##### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Under the new general hedge accounting model in IFRS 9, the Company's hedge relationships are aligned with its risk management objectives and strategy, resulting in a more qualitative and forward-looking approach in ensuring hedge effectiveness.

For cash flow hedges, the associated cumulative gain or loss on the relevant derivative financial instrument is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects the profit and loss account. Any identified ineffective portion of the hedge is recognised immediately in the profit and loss account. Only the change in spot rate is designated as the hedging instrument, with the change in fair value relating to forward points being reported separately as deferred costs of hedging within other comprehensive income as permitted by IFRS 9.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the cash flow hedge transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

#### 1.6 Intangible assets

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line or reducing balance basis over the estimated useful lives of each asset. The depreciation rates are 10-25% for plant and machinery and 25% for other equipment.

#### 1.8 Investments

Investments in subsidiary undertakings are stated at cost less amounts written off for impairment.

#### 1.9 Government grants

Government grants relating to income are recognised in the profit and loss account as a deduction from the expenses that they are intended to compensate.

Unamortised government grants relating to assets are recognised in the balance sheet as a deferred creditor. Amortisation of such grants is credited to profit and loss in accordance with the useful lives of the assets to which they relate.

#### 1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### 1.11 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of an asset's fair value less costs to sell or value in use.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

##### Reversals of impairment

In respect of assets other than goodwill, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.12 Pension costs

The Company contributes to a defined contribution pension scheme for employees under an Auto Enrolment Pension arrangement as required by Government legislation. The assets of the scheme are held in independently administered funds. Company pension costs are charged to the profit and loss account in the year for which contributions are payable.

Contributions to the schemes are made on a monthly basis, and at the end of the financial year one month's contributions were outstanding, which were paid in the following month.

#### 1.13 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Turnover is reduced for customer returns, rebates and other similar allowances. Turnover from the sale of goods is recognised in the profit and loss account when a customer obtains control of the goods or services i.e. upon the satisfaction of a performance obligation. Judgement is required to determine the timing of the transfer of control, and whether it is at a point in time or over time.

##### Standard inventory product lines and consumables

The revenue here relates to standard products manufactured for sale. The performance obligation is satisfied and revenue taken at the point when customers obtain control of the goods in accordance with the International Commercial (INCO) terms agreed or via a bill and hold arrangement.

##### Minimum period contracts for the provision of goods and services

Performance obligations are satisfied over time and revenue is recognised equally over the term of the contract.

##### Engineered bespoke products – performance obligations satisfied over time

This policy applies to sales orders which are customer bespoke, but permit the Company to claim profit earned to date if the customer were to trigger the cancel for convenience clause within the contract. In such cases, the performance obligations are treated as satisfied over time (i.e. as the contract progresses) and revenue is taken based on the percentage completion of the contract by the creation of a contract asset. Measuring progress requires judgement as to the stage of completion of each job, and the production of forecasts, which contain allowances for technical risks and inherent uncertainties.

##### Engineered bespoke products – performance obligations satisfied at a point in time

This policy covers sales orders which are customer bespoke, but permit the Company to claim only for costs in the event the customer triggers the cancel for convenience clause within the contract. In such cases, the performance obligation is deemed to be met and revenue taken as order lines are shipped in accordance with the relevant shipping terms or via a bill and hold arrangement.

Contract assets represent the Company's rights to consideration for work completed but not invoiced at the reporting date for bespoke products contracts. Contract assets are transferred to receivables when the rights to consideration become unconditional, which is generally when the Company invoices the customer. Where payments are received in advance and exceed the costs incurred in constructing the asset together with forecast margin earned, the balances are disclosed as contract liabilities.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.14 Leases

The Company has taken advantage of the following recognition exemptions available in IFRS 16:

Payments for short-term leases, lasting twelve months or less, without a purchase option, are reported as an operating expense on a straight-line basis over the term of the lease.

The cost of leasing low-value items are reported as an operating expense over the life of the lease.

#### 1.15 Financial expenses

Financial expenses comprise interest payable. Interest income and interest payable is recognised in the profit and loss account as it accrues.

#### 1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account 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 on the taxable income 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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### 2. Accounting estimates and judgements

The Directors make judgements and estimates in applying the Company's accounting policies, to prepare the financial statements.

#### Key estimate

##### *IFRS 15 Revenue Recognition*

The Directors consider that a key estimate, which may have a material impact on the financial statements, is in relation to IFRS 15 and, in particular, where we are mandated to account on a revenue over time basis on some of our mechanical engineering work in progress contracts. When reviewing the terms of contracts with customers, judgement is required to assess the number of performance obligations within the contracts and when to recognise contract provisions.

For contracts where revenue is recognised over time, there is a need to estimate the costs to complete on these contracts. The costs to complete estimates can be complex, as they need to consider several variable factors such as the impact of delays, cost overruns and also any variations to contract. Once complete, these estimates then drive the amount of revenue recognised. The estimates are prepared and reviewed by management with suitable experience and qualifications, and who endeavour to ensure the revenue mandated to be recognised prior to the completion of the contract is not overstated, based on possible technical risks and inherent uncertainties.

Whilst cost to complete estimates are based on management's best knowledge at the time, it is clear, due to the very nature of an estimate that the eventual outcomes may differ due to unforeseen events. The advanced stage of completion of a number of contracts reduces the risk of unforeseen events arising, however if a series of unforeseen events did arise it could potentially lead to a materially different outcome on the contracts.

## Notes (continued)

### 2. Accounting estimates and judgements (continued)

Whilst any estimates are based on management's best knowledge at the time, it is clear, due to the very nature of an estimate, that the eventual outcomes may differ from the estimates, due to unforeseen events. Any revisions arising from deviations in estimates are recognised in the period during which the revision arises or future periods, as appropriate.

#### Other estimates / judgements

Other than as reported above, the Directors do not consider there to be any key estimates or judgements in preparing the financial statements. The estimates and judgements outlined below formed the main areas of focus for the Directors throughout the year.

##### Stock provisions

The Directors regularly review the recoverability of their stated raw material, work in progress and finished goods balances, paying particular attention to net realisable value and stock obsolescence issues. The estimates are in relation to costs to complete and the expected level of future sales orders for slow moving stocks. Where it is judged that a provision is deemed necessary the appropriate adjustments are made at the time a shortfall is identified.

##### Trade debtor provisions

Whilst trade debtors are insured wherever possible, the Directors are able to exercise judgement in relation to non credit insured contracts. The Directors, in conjunction with the credit controllers, closely monitor the adherence to payment terms across all accounts (whether insured or not) and make provision for any losses that are likely to materialise. There is a requirement under IFRS 9 to consider the statistical likelihood of a bad debt based off previous experience. Historically, the Company's bad debt write offs have been negligible and the Company's results are not impacted by this requirement for a statistically based provision.

### 3. Turnover

Turnover represents the total sales for the year of radar products, including sales to group undertakings.

The geographical analysis of turnover by destination is as follows:

	2021 £	2020 £
UK	579,870	682,136
Rest of Europe	2,824,936	2,611,033
Rest of World	3,364,454	6,996,955
	<u>6,769,260</u>	<u>10,290,124</u>

The following table presents information about receivables and liabilities from contracts with customers.

	2021 £	2020 £
Trade receivables	1,382,043	648,044
Contract liabilities	(938,142)	(6,988,135)
	<u>443,901</u>	<u>(6,340,091)</u>

Contract liabilities is a defined term within the Accounting Standard IFRS 15 (Revenue from Contracts with Customers) and relates in the main to contracts where the customer has made advance payments to the Company in excess of

## Notes (continued)

### 3. Turnover (continued)

the period-end work in progress values. Revenue recognised in the year, which was included in the contract liability balance at the beginning of the period, totalled £2,784,640 (2020: £1,852,205).

### 4. Expenses and auditor's remuneration

Included in loss before taxation are the following (income) / expenses:

	2021 £	2020 £
Depreciation of tangible fixed assets	78,938	74,467
Amortisation of intangible fixed assets	-	67
Research and development costs	34,521	-
Government grants including Covid-19 support	(29,275)	(1,486)
	<u>          </u>	<u>          </u>

#### Auditor's remuneration:

	2021 £	2020 £
Audit of these financial statements	10,000	21,040
	<u>          </u>	<u>          </u>

### 5. Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
Weekly-paid staff	23	25
Monthly-paid staff	21	24
	<u>          </u>	<u>          </u>
	44	49
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2021 £	2020 £
Wages and salaries	1,726,611	1,862,923
Social security costs	162,128	178,262
Pension costs	48,946	69,857
	<u>          </u>	<u>          </u>
	1,937,685	2,111,042
	<u>          </u>	<u>          </u>

Of the total payroll costs, £789,333 (2020 £926,924) is reported in cost of sales and £1,148,352 (2020 £1,184,118) is reported in administrative expenses.

**Notes** *(continued)*

**6. Directors' remuneration**

	2021	2020
	£	£
Aggregate Directors' remuneration:		
Emoluments	<b>320,015</b>	399,916
Company contributions to defined contribution pension schemes	<b>9,456</b>	9,830
	<hr/> <b>329,471</b> <hr/>	<hr/> 409,746 <hr/>
 Number of Directors who are:		
Members of defined contribution pension schemes	<b>3</b>	4
	<hr/> <b>£</b> <hr/>	<hr/> £ <hr/>
Highest paid Director:		
Emoluments and benefits in kind	<b>128,908</b>	110,388
Company contributions to defined contribution pension schemes	<b>3,820</b>	3,270
	<hr/> <b>132,728</b> <hr/>	<hr/> 113,658 <hr/>

**7. Interest payable and similar expenses**

	2021	2020
	£	£
Intercompany interest payable to parent company – Goodwin PLC	<b>198,405</b>	137,983
	<hr/> <b>198,405</b> <hr/>	<hr/> 137,983 <hr/>

## Notes (continued)

### 8. Taxation

#### Recognised in the profit and loss account

	£	2021 £	£	2020 £
<i>Current tax</i>				
Current tax on loss for the year	<b>(161,980)</b>		(216,677)	
Adjustment in respect of prior years	<b>669</b>		635	
	<hr/>		<hr/>	
Total current tax		<b>(161,311)</b>		(216,042)
<i>Deferred taxation (see note 15)</i>				
Origination and reversal of timing differences	<b>95,219</b>		47,179	
Adjustment in respect of prior years	<b>(605)</b>		(297)	
Rate change to prior year	-		(3,797)	
	<hr/>		<hr/>	
Total deferred tax		<b>94,614</b>		43,085
		<hr/>		<hr/>
Tax on loss		<b>(66,697)</b>		(172,957)
		<hr/> <hr/>		<hr/> <hr/>

#### Reconciliation of effective tax rate

	2021 £	2020 £
Loss for the year	<b>(284,945)</b>	(776,044)
Total tax credit	<b>(66,697)</b>	(172,957)
	<hr/>	<hr/>
Loss excluding taxation	<b>(351,642)</b>	(949,001)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2020: 19%)	<b>(66,812)</b>	(180,310)
Non-deductible expenses	<b>51</b>	10,812
Under provided in previous years	<b>64</b>	338
Rate change to prior year	-	(3,797)
	<hr/>	<hr/>
Total tax credit	<b>(66,697)</b>	(172,957)
	<hr/> <hr/>	<hr/> <hr/>

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 16 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

**Notes** *(continued)*

**9. Tangible assets**

	<b>Plant and machinery</b>	<b>Other equipment</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 1 May 2020	1,272,515	135,245	1,407,760
Additions	169,763	4,228	173,991
Reclassification	(110,519)	110,519	-
Disposals	(276,772)	-	(276,772)
	1,054,987	249,992	1,304,979
	1,054,987	249,992	1,304,979
<b>Depreciation</b>			
At 1 May 2020	817,273	115,712	932,985
Charged in the year	68,479	10,459	78,938
Reclassification	(68,494)	68,494	-
Disposals	(276,772)	-	(276,772)
	540,486	194,665	735,151
	540,486	194,665	735,151
<b>Net book value</b>			
At 1 May 2020	455,242	19,533	474,775
	455,242	19,533	474,775
<b>At 30 April 2021</b>	<b>514,501</b>	<b>55,327</b>	<b>569,828</b>

**10. Fixed asset investments**

	£
<b>Cost and net book value</b>	
At the beginning and end of the year	1,560,555
	1,560,555

The Company owns 100% of the share capital of NRPL Aero Oy, a company registered in Finland, whose principal activity is engineering for radar systems. Its registered address is Koivupuistontie 34, Vantaa, 01510 Finland.

**Notes (continued)**

**11. Stocks**

	2021	2020
	£	£
Raw materials and consumables	593,959	658,123
Work in progress	4,014,535	6,723,379
Finished goods	924,318	1,594,837
	5,532,812	8,976,339
	5,532,812	8,976,339

The value of stocks written down during the year was £107,494 (2020: £326,980).

**12. Debtors**

	2021	2020
	£	£
<b>Amounts falling due within one year</b>		
Trade debtors	1,382,043	648,044
Amounts owed by group undertakings – fellow subsidiaries	444,387	1,480,569
Derivative financial assets held by group undertakings (note 16)	1,160,431	219,095
Other debtors	587,161	147,731
Corporation tax receivable	3,559	-
Prepayments and accrued income	6,429	54,860
	3,584,010	2,550,299
	3,584,010	2,550,299
<b>Amounts falling due after more than one year</b>		
Derivative financial assets held by group undertakings (note 16)	12,619	240,950
	12,619	240,950

**13. Creditors: amounts falling due within one year**

	2021	2020
	£	£
Contract liabilities	938,142	6,988,136
Trade creditors	891,752	2,297,269
Amounts owed to group undertakings – parent company	7,795,889	2,886,397
Amounts owed to group undertakings – fellow subsidiaries	23,879	49,224
Derivative financial liabilities held by group undertakings (note 16)	118,987	31,740
Other taxation and social security	85,795	101,845
Other creditors	17,904	29,631
Accruals and deferred income	156,148	171,537
	10,028,496	12,555,779
	10,028,496	12,555,779

**Notes (continued)**

**14. Creditors: amounts falling after more than one year**

	2021 £	2020 £
Deferred income – capital grants	<b>15,584</b>	18,152
	<u>                    </u>	<u>                    </u>

**15. Deferred tax liabilities**

	Tangible fixed assets £	Derivative financial instruments £	Other temporary differences £	Total £
At 1 May 2019	(30,903)	2,957	(1,084)	(29,030)
Movement in the year – recognised in profit and loss account	6,219	37,855	(989)	43,085
Movement in the year – recognised in equity	-	40,512	-	40,512
<b>At 30 April 2020</b>	<b>(24,684)</b>	<b>81,324</b>	<b>(2,073)</b>	<b>54,567</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
At 1 May 2020	(24,684)	81,324	(2,073)	54,567
Movement in the year – recognised in profit and loss account	7,131	87,102	381	94,614
Movement in the year – recognised in equity	-	31,846	-	31,846
<b>At 30 April 2021</b>	<b>(17,553)</b>	<b>200,272</b>	<b>(1,692)</b>	<b>181,027</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Notes (continued)**

**16. Derivative financial assets and liabilities**

The table sets out the fair values of derivative financial assets and liabilities.

	2021 £	2020 £
Derivative financial assets at fair value through the profit and loss account	<b>831,405</b>	239,840
Derivative financial assets designated as effective cash flow hedges	<b>341,645</b>	220,205
	<b>1,173,050</b>	460,045
	<b>1,173,050</b>	460,045
Derivative financial liabilities at fair value through the profit and loss account	<b>118,782</b>	31,740
Derivative financial liabilities designated as effective cash flow hedges	<b>205</b>	-
	<b>118,987</b>	31,740
	<b>118,987</b>	31,740

The Company does not have the capacity to take out forward contracts in its own name and so other group companies have taken out forward contracts on its behalf. An agreement is in place, whereby it is accepted that any mark to market positions, arising from placing these forward contracts, are to the account of the Company.

**17. Capital and reserves**

Share capital

	2021 £	2020 £
<b><i>Allotted, called up and fully paid</i></b>		
10,000 ordinary shares of £1 each	<b>10,000</b>	10,000
	<b>10,000</b>	10,000
	<b>10,000</b>	10,000

The holders of ordinary shares are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge instruments related to hedged transactions that have not yet occurred.

Cost of hedging reserve

The cost of hedging reserve deals with the costs associated with effective cash flow hedges such as forward point differentials and counterparty credit risk.

## Notes (continued)

### 18. Related parties

At 30 April 2021, the parent company, Goodwin PLC, held 77% of the share capital of the Company. During the year, the Company has transacted with the following fellow subsidiaries: NRPL Aero Oy, Goodwin International Limited, Goodwin Steel Castings Limited, Easat India Private Limited and Internet Central Limited.

	<b>2021</b>	2020
	<b>£</b>	£
<i>Sales of goods and services</i>		
Fellow subsidiaries	<b>531,791</b>	64,903
<i>Purchases of goods and services</i>		
Parent company	<b>90,672</b>	-
Fellow subsidiaries	<b>4,910,288</b>	4,700,420
<i>Rent</i>		
Parent company	<b>144,311</b>	256,960
Fellow subsidiaries	<b>274,140</b>	274,140
<i>Administrative expenses incurred</i>		
Parent company	<b>605,000</b>	605,000
<i>Interest expenses</i>		
Parent company	<b>198,405</b>	137,983
<i>Outstanding debtors</i>		
Fellow subsidiaries	<b>444,387</b>	1,480,569
<i>Outstanding creditors</i>		
Parent company	<b>7,795,889</b>	2,886,397
Fellow subsidiaries	<b>23,879</b>	49,224

### 19. Contingencies

On 30 April 2021, the Company had entered into performance bonds in the normal course of business, amounting to £2,840,468 (2020: £3,127,040) in respect of three contracts (2020: 4 contracts).

### 20. Subsequent events

There have been no significant events occurring after the reporting period.

### 21. Ultimate parent company

The Company is a subsidiary undertaking of Goodwin PLC, which is the ultimate parent company. Goodwin PLC is incorporated in England and Wales and its registered office is Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR.