

Company Registration No. 02691211 (England and Wales)

UAV ENGINES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UAV ENGINES LIMITED

COMPANY INFORMATION

Directors Mr S Sarid
Mr N Yarden
Mr E Sayag
Mr R Applegate

Secretary Mr C J Biddulph

Company number 02691211

Registered office Lynn Lane
Shenstone
Lichfield
Staffordshire
WS14 0EA

Auditor Edwards
34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ

Business address Lynn Lane
Shenstone
Lichfield
Staffordshire
WS14 0EA

UAV ENGINES LIMITED

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UAV ENGINES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

As anticipated by the directors, the company reported an increase in turnover for the year ended 31 December 2017. With this increase in activity and continued close control over costs, the company was again able to improve the gross profit margin to 34%, an increase of 6%, and was also able to report an operating profit of £1,672,190. This was in line with the expectations of management.

The results for the year and the financial position at the year end reflect current market conditions with many governments actively spending in all the company's market sectors in light of current global affairs. The company moves into 2018 with a healthy order-book and more than adequate liquidity.

Principal risks and uncertainties

The level of conflict in the world does have a bearing on the company's market activity, however the company has, over the years, developed strong after-sales spares and support business. This, together with its highly respected research and development capability, the company has great confidence in its ability to react positively and profitably to all market conditions.

Research and development

The company continues to commit significant resource and time to the development of new engines and product enhancements that reinforce the competitive edge of the company's range of engines. R&D spend for 2018 will remain at similar levels to 2017.

Key performance indicators

Key performance indicators are used to measure and evaluate company performance against targets and monitor various activities throughout the company. The main key performance indicators employed by the company are:

- Turnover levels (by product and market)
- Profit levels (gross and net)
- Staff productivity
- Cash flows

On behalf of the board

Mr E Sayag

Director

17 July 2018

UAV ENGINES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Directors

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

Mr S Sarid
Mr N Yarden
Mr E Sayag
Mr R Applegate

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

The company finances its operations through retained profits and the use of operational bank accounts.

The company makes use of financial instruments principally through its operational bank accounts and group loans. The directors' objectives are to retain sufficient liquid funds to enable the company to meet its day to day requirements as they fall due and to maximise returns on surplus funds. The directors also seek to minimise the company's exposure to foreign exchange movements through the operation of foreign currency bank accounts.

The company's funds are held primarily in short term deposit accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and allows them to take advantage of changing conditions in finance markets as they arise.

Auditor

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

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.

On behalf of the board

Mr E Sayag
Director
17 July 2018

UAV ENGINES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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;
- 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 ENGINES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UAV ENGINES LIMITED

Opinion

We have audited the financial statements of UAV Engines Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 2017 and of its profit 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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 ENGINES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF UAV ENGINES 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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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.

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.

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.

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

19 July 2018

Chartered Accountants
Statutory Auditor

34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ

UAV ENGINES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	£
Turnover	3	9,511,788	8,280,613
Cost of sales		(6,294,552)	(5,976,373)
Gross profit		3,217,236	2,304,240
Administrative expenses		(1,545,046)	(1,542,416)
Operating profit	4	1,672,190	761,824
Interest receivable and similar income	6	104,883	88,367
Profit before taxation		1,777,073	850,191
Taxation	7	188,986	(190,457)
Profit for the financial year		1,966,059	659,734
Retained earnings at 1 January		6,830,463	6,170,729
Retained earnings at 31 December		<u>8,796,522</u>	<u>6,830,463</u>

The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

UAV ENGINES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	8		229,369		321,455
Current assets					
Stocks	9	1,496,400		1,817,539	
Debtors	10	5,184,371		3,287,439	
Cash at bank and in hand		3,306,466		2,771,482	
		<u>9,987,237</u>		<u>7,876,460</u>	
Creditors: amounts falling due within one year	11	<u>(1,107,584)</u>		<u>(1,054,952)</u>	
Net current assets			<u>8,879,653</u>		<u>6,821,508</u>
Total assets less current liabilities			<u><u>9,109,022</u></u>		<u><u>7,142,963</u></u>
Capital and reserves					
Called up share capital	14	312,500		312,500	
Profit and loss reserves		<u>8,796,522</u>		<u>6,830,463</u>	
Total equity			<u><u>9,109,022</u></u>		<u><u>7,142,963</u></u>

The financial statements were approved by the board of directors and authorised for issue on 17 July 2018 and are signed on its behalf by:

Mr E Sayag
Director

Company Registration No. 02691211

UAV ENGINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

UAV Engines Limited is a company limited by shares incorporated in England and Wales. The registered office is Lynn Lane, Shenstone, Lichfield, Staffordshire, WS14 0EA.

The principal activity of the company continued to be that of the design, manufacture and sale of high performance rotary engines for unmanned air vehicles.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel and disclosure of related party transactions and balances.

The financial statements of the company are consolidated in the financial statements Elbit Systems Limited. These consolidated financial statements are available from its website; www.elbitsystems.com.

1.2 Going concern

At the time of approving the financial statements, the directors have 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 ENGINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Research and development expenditure

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the lease term
Plant and machinery	10 - 20% straight line
Fixtures, fittings & equipment	10% straight line
Computer equipment	33.3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

1.7 Stocks

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

UAV ENGINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial assets

Short term trade debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, less any impairment.

Basic financial liabilities

Short term trade creditors are measured at transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost.

1.9 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Retirement benefits

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

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

UAV ENGINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

3 Turnover and other revenue

Turnover is wholly attributable to the company's principal activity. Segmental analysis of turnover has not been given because the directors consider that such disclosure would be seriously prejudicial to the commercial interest of the company.

4 Operating profit

2017

2016

£

£

Operating profit for the year is stated after charging/(crediting):

Research and development costs	244,500	249,614
Fees payable to the company's auditors for the audit of the company's annual accounts	14,750	14,300
Depreciation of owned tangible fixed assets	181,032	213,865
Profit on disposal of tangible fixed assets	(3,500)	-
Cost of stocks recognised as an expense	4,264,333	3,925,292
Operating lease charges	99,769	100,191
	<u> </u>	<u> </u>

UAV ENGINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Employees

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

	2017 Number	2016 Number
Administration	5	5
Manufacturing	26	26
	<u>31</u>	<u>31</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,203,101	1,107,157
Social security costs	136,896	121,867
Pension costs	55,947	63,740
	<u>1,395,944</u>	<u>1,292,764</u>

6 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	630	1,494
Other interest income	104,253	86,873
	<u>104,883</u>	<u>88,367</u>

UAV ENGINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	199,962	193,969
Adjustments in respect of prior periods	(388,948)	(3,512)
Total current tax	<u>(188,986)</u>	<u>190,457</u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	<u>1,777,073</u>	<u>850,191</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	342,087	170,038
Tax effect of expenses that are not deductible in determining taxable profit	3,620	1,590
Adjustments in respect of prior years	(388,948)	(3,512)
Research and development tax credit	(71,060)	-
Depreciation in excess of capital allowances	15,375	22,341
Patent box deduction	(90,060)	-
Taxation for the year	<u>(188,986)</u>	<u>190,457</u>

The adjustments in respect of prior years relate to claims made by the company during 2017 for R&D tax credits and patent box relating to previous accounting periods.

Factors that may affect future tax charges:

The Finance Act 2016, which was passed on 15 September 2016, provided that the main UK corporation tax rate was reduced to 19% from 1 April 2017 and will be reduced to 17% from 1 April 2020.

UAV ENGINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost					
At 1 January 2017	914,101	1,148,617	158,493	947,011	3,168,222
Additions	16,483	9,284	-	63,179	88,946
Disposals	-	(21,695)	-	-	(21,695)
At 31 December 2017	930,584	1,136,206	158,493	1,010,190	3,235,473
Depreciation and impairment					
At 1 January 2017	847,577	1,030,493	145,114	823,583	2,846,767
Depreciation charged in the year	22,355	50,239	3,556	104,882	181,032
Eliminated in respect of disposals	-	(21,695)	-	-	(21,695)
At 31 December 2017	869,932	1,059,037	148,670	928,465	3,006,104
Carrying amount					
At 31 December 2017	60,652	77,169	9,823	81,725	229,369
At 31 December 2016	66,524	118,124	13,379	123,428	321,455

9 Stocks

	2017 £	2016 £
Raw materials and consumables	1,331,854	1,550,541
Work in progress	164,546	266,998
	1,496,400	1,817,539

10 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,758,171	1,533,801
Amount due from parent and group undertakings	3,191,810	1,495,795
Other debtors	71,248	94,692
Prepayments and accrued income	163,142	163,151
	5,184,371	3,287,439

Trade debtors disclosed above are measured at amortised cost.

UAV ENGINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	274,543	326,894
Amounts due to parent and group undertakings	-	58,259
Corporation tax	179,500	160,273
Other taxation and social security	47,880	41,313
Other creditors	246,306	240,840
Accruals and deferred income	359,355	227,373
	<u>1,107,584</u>	<u>1,054,952</u>

12 Deferred taxation

A deferred tax asset of £40,770 (2016 - £26,671) has not been recognised in respect of decelerated capital allowances as, in the opinion of the directors, it is not probable that the asset will be recovered in the foreseeable future.

13 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>55,947</u>	<u>63,740</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.

The amount included in other creditors at 31 December 2017 arising from the company's obligations in respect of its defined contribution scheme is £11,406 (2016: £5,811).

14 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
312,500 Ordinary shares of £1 each	<u>312,500</u>	<u>312,500</u>
	<u>312,500</u>	<u>312,500</u>

UAV ENGINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	103,213	105,777
Between two and five years	185,350	288,562
	<u>288,563</u>	<u>394,339</u>

16 Controlling party

The company is a subsidiary undertaking of Elbit Systems Limited, a company incorporated in Israel, which is the ultimate parent undertaking and controlling party. The company's immediate parent undertaking is Elbit Systems UK Limited.

Elbit Systems Limited is the largest and smallest group for which group financial statements are prepared. The group financial statements of this group are available to the public and may be obtained from www.elbitsystems.com.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.