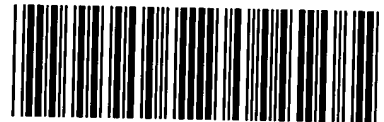


Company Registration No. 03162437 (England and Wales)

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

COMPANY INFORMATION

Directors

D Wear
J Lowinger
A Jenkins (Appointed 2 August 2021)
T Chester (Appointed 3 June 2022)
M Luxton (Appointed 3 June 2022)

Secretary

A Jenkins
B Wirbs (Resigned 25 October 2021)
M Luxton (Appointed 3 June 2022)

Company number

03162437

Registered office

AFC House
Honeycrook Lane
Salfords
Redhill
Surrey
RH1 5LA

Auditor

RSM UK Audit LLP
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Bankers

National Westminster Bank PLC
18 Cromwell Place
London
SW7 2LB

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

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CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present the strategic report and financial statements for the year ended 30 September 2021.

Review of the business

Cubic Surface Transportation Systems Limited focuses on road projects, primarily in the London area. As such, it is currently providing services to a single client, Transport for London, across three contracts. These services include the maintenance of traffic lights, tunnel signage and supporting elements of the London Cycle Hire scheme. The latter is contracted via its subsidiary company, Cubic Transportation Systems Limited.

Although recently reduced in scope, the traffic light and tunnel signage maintenance contracts have been successfully retained by the company since their original award over a decade ago. Recognizing that these activities are becoming less specialized, the company continues to examine where it can differentiate itself from the competition and offer greater added value and innovation.

The company continues to explore opportunities to grow into adjacent markets and services and develop the means of growing the scale of the existing contracts, including supporting development of London Cycle Superhighways.

Principal risks and uncertainties

Business risks

The Company prepares and presents financial statements based on a prudent assessment of risks inherent within its contracts; these include risks associated with schedule, quality and resources, which are common to works undertaken on a contract or project by project basis.

Key clients and customer concentration

The Company provides its services to a small client base and greater than 10% of revenue originates from a single customer. The impact of losing a customer or contract could be quite significant but is mitigated by longstanding customer relations and the long term nature of the contracts.

Operational risk and business disruption due to COVID-19

The company continues to monitor developments which may affect its sites and customers, taking the necessary and practicable steps to mitigate the disruption to business.

Competitive risks

The nature of the industry is such that contracts are awarded through the process of competitive tender, which is inherently risky. However, the Company considers that its exposure to competitive risk is low due to the strength of its reputation in the industry.

Liquidity risks

The Company's strategy to managing liquidity risk is to ensure that the Company has sufficient funds to meet all its actual and contingent liabilities as they fall due.

Key Performance Indicators

The Company monitors the development, performance and position of the business using key performance indicators relating to turnover and operating profit as a percentage of turnover.

Turnover represents a key performance indicator for the value of work completed and progress made within the financial period. Turnover for the year ended 30 September 2021 was £12,194,472 which represents an increase of 42% on the turnover for the year ended 30 September 2020 which was £8,598,268.

Operating profit as a percentage of turnover represents the return achieved on projects completed during the financial year, or a proportion of expected returns on long-term contracts progressed during the year. Operating profit for the year ended 30 September 2021 was £2,723,255 compared with the year ended 30 September 2020 which was £364,970.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Section 172(1) Statement

Section 172(1) of the Companies Act 2006 stipulates that a director of a company must act in the way they consider in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- (a) the likely consequences of any decision in the long term
- (b) the interests of the company's employees
- (c) the need to foster the company's business relationships with suppliers, customers and others
- (d) the impact of the company's operations on the community and the environment
- (e) the desirability of the company maintaining a reputation for high standards of business conduct
- (f) the need to act fairly as between members of the company

During the financial reporting period for the year ended 30 September 2021, the board of directors consider, both individually and together, that they have acted in accordance with section 172(1)(a) to (f) of the Companies Act 2006.

In light of the above reporting requirements, this Section 172(1) Statement summarises the actions taken by the directors to demonstrate how they:

- have had regard to the matters set out in section 172(1)(a) to (f) when acting to promote the success of the Company
- have engaged with the Company's employees, contractors, suppliers, customers, partners and others during the financial year
- have had regard to employee interest, the need to foster the Company's business relationships with its key stakeholders, and the effect of that regard on the principal decisions taken by the Company during the financial year

Demonstrating our longstanding commitment to corporate responsibility, Cubic implemented a comprehensive Environmental, Social and Governance (ESG) strategy. Our ESG framework is designed to better understand and disclose social and operational exposures while making meaningful improvements in several priority areas including environment, social capital, human capital, business innovation, leadership and governance. Cubic established a foundational baseline to achieve a "best-in class" status among our industry groups. To reinforce the ESG strategy, Cubic recently joined the globally recognized United Nations Global Compact (UNGC), the oldest and largest sustainability framework in the world.

The board of directors is pivotal in implementing and executing the company's core values which sit alongside our long term company strategy to provide the foundation for Cubic's business culture. These aim to ensure that our management teams operate the business in a responsible manner and all employees strive for the highest standards of business conduct and good governance.

Cubic Values

Our Purpose - our teams innovate to make a positive difference in people's lives.

Our Mission - be a technology-driven, market-leading global provider of innovative, mission-critical solutions that reduces congestion and increase operational readiness and effectiveness through superior situational understanding.

Our Vision - be the market leader by Winning the Customer and Living One Cubic.

Our Values - at Cubic, we create excellence:

- **T**ogether. Through teamwork and collaboration, we will find the best solutions and achieve excellence.
- **E**thics are the foundation of our business and we're committed to acting with openness and integrity.
- **A**bsolute customer focus in the way we approach work and set our priorities.
- **M**eet our commitments to customers, employees and shareholders.
- **S**uccess through innovation in technology, processes and services delivery is both our proud history and our calling for the future.

Cubic Code of Business Conduct

The Cubic Code of Business Conduct and Code of Conduct for Third Parties expresses the standards and expectations for how we do business. It covers many subjects, but the core principle throughout can be described this way: we will not lie, cheat, steal, or tolerate those who do.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Every individual is held accountable for their actions and decisions, and to uphold the principles and standards expressed in our Code of Business Conduct. Employees receive regular training and messaging regarding company expectations, and are encouraged to speak up when they see or hear something that isn't right.

Strategic Plan

Cubic implements a rolling 5 year strategic plan which is distributed to all employees globally and is used to drive annual goal setting objectives.

The key priorities are:

1. Winning the customer
2. Support public transportation rebound
3. Expand internationally
4. Rapidly grow surface transportation management
5. Evolve to NextCity 2.0

All business decisions and focus are undertaken in line with these key objectives.

Employee Involvement

Consultative procedures enable management and employees to discuss matters of mutual interest, including health and safety. Through these procedures, department channels, notice boards and the operation of a suggestion scheme, employees are kept involved with company affairs.

In addition, the company receives feedback through the Employee Forum, which meets regularly and is made up of staff members and representatives of the company's management team. The Company also conduct quarterly Employee Surveys to monitor employee engagement. The results and analysis of the results are distributed to managers, department heads and Company wide.

During FY20 onwards, regular company wide 'All Hands Meetings' have been undertaken for each geographical region, business entity and at a Corporate level to promote the distribution and discussion of company developments and information. This includes a Q&A opportunity open to all employees should they wish to raise issues, comments or concerns.

Cubic publishes an annual gender pay gap report which showed that over the reference period to 5th April 2021, our gender pay gap reduced from 0.76% to 0.09%. It is Cubic's strategic goal to ensure that at least 30% of our global workforce are women by 2025 (currently 16%). One of the steps that Cubic took during 2021 to increase the number of women in the business was to join forces with STEM Returners. The STEM Returners programme aims to minimize the gender imbalance within science, technology, engineering and mathematics (STEM). It enables highly qualified and experienced candidates who have had a career break to re-start their career whilst helping employers recruit, develop and retain the best available talent.

Cubic continues to partner with the Women's Engineering Society and to fund membership of the Society for all of our female engineers and women in technical roles or from a STEM background. Additionally, mobilise our Employee Representation Groups to focus on supporting the growth and development of women within our business.

Diversity & Inclusion

Cubic is committed to an inclusive workplace where everyone is respected, empowered and supported and has the same resources and opportunities to contribute equally. In support of this commitment, Cubic actively seeks to increase its diverse employee population and supplier base to positively drive innovation, recruiting, talent development and corporate responsibility initiatives to benefit our employees, customers and stakeholders.

Cubic has developed a 5 year D&I strategic plan, in co-ordination with the Chief Human Resources & Diversity Officer and the Diversity & Inclusion (D&I) Committee, which places emphasis on strategy and leadership, talent lifecycle and engaging the workforce. All employees are required to undertake D&I training as creating the best environment helps Cubic capitalize on the diverse mix of employees and further the inclusion of ideas and solutions to meet the needs of its global customer base. A number of employee resource groups have been founded including OPEN (Cubic Out and Proud Employee Network), C-Green (Cubic Green) and FUSION (supporting employees across all ethnicities and cultures).

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

During March 2021, Cubic launched its Allyship program and encouraged its employees to take the Ally Pledge. In this, employees commit to learning and reflecting on the ways they contribute to an equitable workplace. Allyship at Cubic is intended to engage and inspire employees to learn about the actions they can take to achieve greater workplace equity by supporting and amplifying the voices of marginalized groups, proactively building inclusion, furthering understanding through education and awareness.

Environment and Community

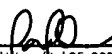
The Company is mindful of its impact on and its responsibilities for the communities in which it operates. This is particularly relevant for our responsibility to our government customer and to the broader community. Cubic remain vigilant for new avenues to attract talent and improve diversity in our workplace. As part of these tandem initiatives, during 2021 Cubic announced its participation in the UK STEM returners program which facilitates a supported return to work for individuals from science, technology, engineering and mathematics backgrounds.

Cubic further helps the community though donating money to local foodbanks and running a campaign for employees to donate items from their home to vulnerable families and the local hospital. It also runs a charitable donation scheme that matches any money raised by employees for reputable charities.

In May 2021, Cubic donated towards the Reigate and Banstead Junior Citizen project, the purpose of which is to raise children's awareness of threats and dangers in a fun, interactive and enjoyable way. The cause covers topics such as: personal safety, internet safety, anti-bullying, water safety, gas and electricity safety, railway safety, drug & alcohol awareness, anti-social behaviour, crime reduction, road safety, safety at home, fire safety, healthy living (the importance of physical activity and the consequences of taking too much sugar) and first aid.

Further to the above, Cubic maintains ISO 14001 certification concerning environmental management. The key objectives include managing product lifecycles including recycling to reduce wastage of raw materials and energy, preparing for and responding to potential and actual emergency situations to minimise the impact on the environment, and monitoring and reporting on our environmental performance, both internally and externally to differentiate us from the competition.

On behalf of the board


David Wear (Jul 25, 2022 13:45 GMT+1)

D Wear

Director

25 July 2022

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and financial statements for the year ended 30 September 2021.

Results and dividends

The results for the period are set out on page 11.

The profit for the period after taxation amounted to £2,206,405 (2020: profit £50,294,094).

Dividends of £Nil were paid in the year (2020: £50,000,000) and the directors do not recommend a final dividend (2020: £50,000,000).

Directors

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

D Wear

A Aga

(Resigned 2 August 2021)

L Eskenazi

(Resigned 18 December 2020)

H Hageman

(Resigned 2 August 2021)

J Lowinger

A Jenkins

(Appointed 2 August 2021)

R Williams

(Appointed 2 August 2021 and resigned 3 June 2022)

T Chester

(Appointed 3 June 2022)

M Luxton

(Appointed 3 June 2022)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DB).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 18 days purchases, based on the average daily amount invoiced by suppliers during the year.

Post reporting date events

In June 2022, the directors declared, authorised and paid a dividend of £30,000,000.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Energy and carbon report

The company has taken advantage of the exemption under the Environmental Reporting Guidelines under which a subsidiary is not obliged to report their energy and carbon information if:

- They are a subsidiary undertaking at the end of the relevant financial year;
- They are included in the group Report (whether a group Directors' Report or a group Energy and Carbon Report) of a parent undertaking;
- That group Report is prepared for a financial year of the parent that ends at the same time as, or before the end of, the subsidiary's financial year; and
- The group Report complies with the relevant obligations on the parent to report energy and carbon information for themselves and their subsidiaries; but this provision does not apply where the group Report relies on the seriously prejudicial option.

Information regarding the Energy and Carbon Report is included in the consolidated financial statements of Cubic (U.K.) Limited which are available, see note 22.

Statement of directors' responsibilities

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.

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.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Going Concern

A going concern review for the period to 30th September 2023 has been undertaken, during which no material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. The company's business activities, together with any factors likely to affect its future development and position, are set out in the Review of the Business section above. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company is also the holding company of Cubic Transportation Systems Limited. It is able to benefit from this position in the event that operational performance persists below expectations. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern.

The Directors continue to monitor developments relating to COVID-19 which may affect its sites and customers, taking the necessary and practicable steps to mitigate the disruption to business.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Cubic Corporation, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the board


David Wear (Jul 25, 2022 13:45 GMT+1)

D Wear
Director

25 July 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

Opinion

We have audited the financial statements of Cubic Surface Transportation Systems Limited (the 'company') for the year ended 30 September 2021 which comprise statement of comprehensive income, statement of financial position, 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 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance UK 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.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CUBIC SURFACE TRANSPORTATION 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 set out on page 6, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

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 frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- 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 inspecting correspondence with tax authorities.

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 included, but were not limited to, testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates applied in the contract revenue recognition, including the estimated stage of completion at the reporting date.

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.



Geoff Wightwick (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP

Chartered Accountants

Portland

25 High Street

Crawley

West Sussex

RH10 1BG

25 July 2022

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021	2020
	Notes	£	£
Revenue	3	12,194,472	8,598,268
Cost of sales		(9,300,053)	(8,098,948)
Gross profit		2,894,419	499,320
Administrative expenses		(171,164)	(134,350)
Operating profit	4	2,723,255	364,970
Investment income	6	-	50,000,000
Profit before taxation		2,723,255	50,364,970
Tax on profit	7	(516,850)	(70,876)
Total comprehensive income for the financial year		2,206,405	50,294,094

The income statement has been prepared on the basis that all operations are continuing operations.

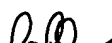
CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Non-current assets			
Intangible assets - goodwill	9	2,056,178	2,056,178
Current assets			
Inventories	12	1,030,430	700,406
Deferred tax asset	16	8,712	4,556
Trade and other receivables	13	11,915,217	10,125,283
Cash and cash equivalents		1,449	3,239
		12,955,808	10,833,484
Current liabilities			
Trade and other payables	15	7,450,457	7,796,689
Taxation and social security		968,517	706,366
		8,418,974	8,503,055
Net current assets		4,536,834	2,330,429
Total assets less current liabilities		6,593,012	4,386,607
Net assets		6,593,012	4,386,607
Equity			
Share capital	18	1,000	1,000
Retained earnings		6,592,012	4,385,607
Total equity		6,593,012	4,386,607

The financial statements were approved by the board of directors and authorised for issue on 25 July 2022 and are signed on its behalf by:


David Wear (Jul 25, 2022 13:45 GMT+1)

D Wear
Director

Company Registration No. 03162437

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 October 2019		1,000	4,091,513	4,092,513
Year ended 30 September 2020:				
Profit and total comprehensive income for the year		-	50,294,094	50,294,094
Transactions with owners - Dividends	8	-	(50,000,000)	(50,000,000)
Balance at 30 September 2020		1,000	4,385,607	4,386,607
Year ended 30 September 2021:				
Profit and total comprehensive income for the year		-	2,206,405	2,206,405
Balance at 30 September 2021		1,000	6,592,012	6,593,012

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

Cubic Surface Transportation Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is AFC House, Honeycrock Lane, Salfords, Redhill, Surrey, RH1 5LA. The company's principal activities and nature of its operations are disclosed in the directors' report.

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 have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 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 ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Cubic Surface Transportation Systems Limited is a wholly owned subsidiary of Cubic (U.K.) Limited and the results of Cubic Surface Transportation Systems Limited are included in the consolidated financial statements of Cubic (U.K.) Limited which are available, see note 22.

1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due over the 12 months following the signing of the accounts. The company has net current assets of £4.5 million and net assets of £6.6 million. The company meets its day to day working capital requirements through its cash reserves and operational cash generation.

The Directors continue to monitor developments relating to COVID-19 which may affect its sites and customers, taking the necessary and practicable steps to mitigate the disruption to business.

The company's financial forecasts, taking into consideration the current environment, show that the company is expected to remain profitable and generate positive cash flows giving the company the ability to continue to operate for the foreseeable future. The company is also the holding company of Cubic Transportation Systems Limited. It is able to benefit from this position in the event that operational performance persists below expectations.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

In view of the circumstances referred to above, the directors are satisfied that the company will continue in operational existence for the foreseeable future. Accordingly, the directors of the company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

1.3 Revenue

Revenue 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. Sales are classified as products or services in the Income Statement based on the attributes of the underlying contracts.

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.

We generate revenue from the sale of integrated solutions such as mass transit fare collection systems. A portion of our revenues are generated from long-term fixed-price contracts with customers that require us to design, develop, manufacture, modify, upgrade, test and integrate complex systems according to the customer's specifications. We also generate revenue from services we provide, such as the operation and maintenance of surface systems for mass transit customers.

We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

To determine the proper revenue recognition method, we evaluate each contractual arrangement to identify all performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The majority of our contracts have a single performance obligation because the promise to transfer the individual good or service is not separately identifiable from other promises within the contract and is therefore, not distinct. These contractual arrangements either require the use of a highly specialised engineering, development and manufacturing process to provide goods according to customer specifications or represent a bundle of contracted goods and services that are integrated and together represent a combined output, which may include the delivery of multiple units.

Some of our contracts have multiple performance obligations, primarily (i) related to the provision of multiple goods or services or (ii) due to the contract covering multiple phases of the product lifecycle (for instance: development and engineering, production, maintenance and support). For contracts with more than one performance obligation, we allocate the transaction price to the performance obligations based upon their relative standalone selling prices. For such contracts we evaluate whether the stated selling prices for the products or services represent their standalone selling prices. In cases where a contract requires a customised good or service, our primary method used to estimate the standalone selling price is the expected cost plus a margin approach. In cases where we sell a standard product or service offering, the standalone selling price is based on an observable standalone selling price.

The majority of our sales are from performance obligations satisfied over time. Sales are recognised over time when control is continuously transferred to the customer during the contract or the contracted good does not have alternative use to us. Our contracts with our customers contain termination for convenience clauses, or we have a legally enforceable right to receive payment for costs incurred and a reasonable profit for products or services that do not have alternative uses to us.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

For those contracts for which control transfers over time, revenue is recognised based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. For our design and build type contracts, we generally use the cost-to-cost measure of progress because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Contract costs include material, labour and subcontracting costs, as well as an allocation of indirect costs, and are generally expensed as incurred for these contracts.

Sales from performance obligations satisfied at a point in time are typically for standard goods and are recognised when the customer obtains control, which is generally upon delivery and acceptance. Costs of sales are recorded in the period in which revenue is recognised.

Sales under service contracts are generally recognised as services are performed or value is provided to our customers. We measure the delivery of value to our customers using a number of metrics including ridership, units of work performed, and costs incurred. We determine which metric represents the most meaningful measure of value delivery based on the nature of the underlying service activities required under each individual contract. In certain circumstances we recognise revenue based on the right to bill when such amounts correspond to the value being delivered in a billing cycle. Certain of our transportation systems service contracts contain service level penalties or bonuses, which we recognise in each period incurred or earned. These contract penalties or bonuses are generally incurred or earned on a monthly basis; however, certain contracts may be based on a quarterly or annual evaluation. Sales under service contracts that do not contain measurable units of work performed are recognised on a straight-line basis over the contractual service period, unless evidence suggests that the revenue is earned, or obligations fulfilled, in a different manner. Costs incurred under these service contracts are generally expensed as incurred.

Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. It is common for our long-term contracts to contain bonuses, penalties, transactional variable based fees, or other provisions that can either increase or decrease the transaction price. These variable amounts generally are incurred or earned upon certain performance metrics, program milestones, transactional based activities and other similar contractual events. We estimate variable consideration at the most likely amount to which we expect to be entitled. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us.

For fixed-price and cost-reimbursable contracts, we present revenues recognised in excess of billings as contract assets on the balance sheet. Amounts billed and due from our customers under both contract types are classified as receivables on the balance sheet.

Investment income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Dividend income is shown separately from turnover in the Income Statement.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.4 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS goodwill is not amortised. Consequently, the company does not amortise goodwill, but it reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.5 Intangible assets other than goodwill

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets relate to those acquired from Cubic Transportation Systems (ITMS) Limited as part of the business transfer and are customer relationships and backlog, agreements with the seller, intellectual property and non-compete agreements. They are being amortised using a combination of straight-line and accelerated methods based on the expected cash flows from the assets, over a weighted average useful life of two years from the date of acquisition.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, 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:

Computer equipment	10% - 33% straight line
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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 recognised in the income statement.

1.7 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.8 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.11 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit and loss (FVTPL), are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 income statement, 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.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

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

1.17 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 property, plant and equipment, apart from those that meet the definition of investment property.

Other than the short term leases and leases of low value assets, the company holds no right-of-use assets or associated lease liabilities.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

Short term leases and leases of low value assets

The company has elected to apply the short-term lease recognition exemption to its leases of machinery and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It has also elected to apply the lease of low-value assets recognition exemption to leases of equipment and motor vehicles that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.18 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 in the period are included in profit or loss.

2 Critical accounting estimates and judgements

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

3 Revenue

An analysis of the company's revenue is as follows:

	2021	2020
	£	£
Sale of goods	6,822,793	3,901,585
Sale of services	5,371,679	4,696,683
	<u>12,194,472</u>	<u>8,598,268</u>

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 Revenue (Continued)

Geographical market

	2021 £	2020 £
United Kingdom	12,194,472	8,598,268

4 Operating profit

	2021 £	2020 £
Profit for the year is stated after charging:		
Fees payable to the company's auditors for the audit of the company's financial statements	22,000	20,000
Staff costs	3,044,466	3,022,622

5 Employees

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

	2021 Number	2020 Number
Direct	63	59
Indirect	-	2
Total	63	61

	2021 £	2020 £
Wages and salaries	2,535,486	2,520,311
Social security costs	272,378	270,061
Pension costs	236,602	232,250
	3,044,466	3,022,622

The directors who held office during the year are remunerated by the subsidiary undertaking, Cubic Transportation Systems Limited. No recharge is made for their services and as such no disclosure has been made in these financial statements.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

6 Investment income

	2021 £	2020 £
Income from fixed asset investments		
Income from shares in group undertakings	-	50,000,000

7 Taxation

	2021 £	2020 £
Current income tax		
UK corporation tax	521,032	69,741
Adjustments in respect of prior periods	(26)	317
	<u>521,006</u>	<u>70,058</u>
Deferred tax		
Origination and reversal of temporary differences	(2,065)	824
Effect of change in UK corporation tax rate	(2,091)	-
Adjustment in respect of prior periods	-	(6)
	<u>(4,156)</u>	<u>818</u>
Tax charge for the period	<u>516,850</u>	<u>70,876</u>

The tax expense in the income statement for the year is equal to the effective rate of corporation tax in the UK of 19% (2020: 19%). There are no differences as shown below;

	2021 £	2020 £
Profit before taxation	<u>2,723,255</u>	<u>50,364,970</u>
Tax charge/(credit) based on a corporation tax rate of 19% (2020: 19%)	517,418	9,569,344
Expenses not deductible in determining taxable profit	1,549	1,220
Income not taxable	-	(9,500,000)
Adjustment in respect of prior years	(26)	312
Effect of change in UK corporation tax rate	(2,091)	-
Tax charge for the period	<u>516,850</u>	<u>70,876</u>

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

(Continued)

7 Taxation

Factors that may affect future tax charges

In the Spring 2021 Budget, it was announced that the main rate of corporation tax would remain at 19% but rise to 25% from April 2023. As the higher rate was enacted by the balance sheet date, it has been reflected in these financial statements in accordance with IAS 12.

8 Dividends	2021 per share	2020 per share	2021 £	2020 £
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Amounts recognised as distributions to equity holders:

Ordinary

Dividend paid	-	50,000	-	50,000,000
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9 Intangible fixed assets

	Goodwill £	Other intangibles £	Total £
Cost			
At 30 September 2020	2,056,178	351,586	2,407,764
Disposals	-	(351,586)	(351,586)
At 30 September 2021	2,056,178	-	2,056,178
Amortisation and impairment			
At 30 September 2020	-	351,586	351,586
Eliminated on disposals	-	(351,586)	(351,586)
At 30 September 2021	-	-	-
Carrying amount			
At 30 September 2021	2,056,178	-	2,056,178
At 30 September 2020	2,056,178	-	2,056,178

The goodwill and other intangibles relate to those acquired from Cubic Transportation Systems (ITMS) Limited on 30 September 2016. The other intangibles relate to customer relationships and backlog, agreements with seller, intellectual property and non-compete agreements. The main balance relates to backlog and customer relationships which totals £295,000, which was being amortised using the sum of digits accelerated method.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 Property, plant and equipment

	Plant and machinery £
Cost	
At 30 September 2020	2,457
Disposals	(2,457)
At 30 September 2021	-
Accumulated depreciation and impairment	
At 30 September 2020	2,457
Eliminated on disposal	(2,457)
At 30 September 2021	-
Carrying amount	
At 30 September 2021	-
At 30 September 2020	-

11 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Owernership & voting power (%)
Cubic Transportation Systems Ltd	England and Wales	Transportation Systems	100
Cubic Transportation Systems Nordic	Sweden	Defence services	100
Cubic Transportation Systems (Australia)	Australia	Transportation Systems	100

12 Inventories

	2021 £	2020 £
Materials and spare parts	1,102,522	716,515
Provision for obsolete and slow moving stock	(72,092)	(16,109)
	<u>1,030,430</u>	<u>700,406</u>

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

13 Trade and other receivables

	2021 £	2020 £
Trade receivables	815,016	214,344
Amounts due from contract customers	1,034,983	1,029,893
Other receivables	35,275	17,430
Amounts due from fellow group undertakings	9,803,973	8,665,803
Prepayments	225,970	197,813
	<u>11,915,217</u>	<u>10,125,283</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Amounts due from fellow group undertakings relate to intercompany trading and are repayable on demand with no interest charged.

14 Trade receivables - credit risk

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The nature of the group's customers, being large, nationally significant transport operators and construction contractors, means that the group's expected credit losses are minimal, and no material impairment loss is generally expected. Accordingly, no charge has been recognised in these financial statements.

Concentration risk

Management have considered concentration risk by looking at factors such as customer base and the industry in which it operates. Although a significant portion of revenue is derived from one customer, that customer is a key national organisation which is government supported.

The total amount of trade receivable outstanding at the year end from this customer was Nil (2020: Nil). Cubic have not experienced any historical collection issues and there are no anticipated future recoverability issues.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

15 Trade and other payables

	2021 £	2020 £
Trade payables	446,047	538,911
Amounts owed to fellow group undertakings	6,627,135	6,628,915
Accruals	352,117	523,287
Other payables	25,158	105,576
	<u>7,450,457</u>	<u>7,796,689</u>

Amounts due to fellow group undertakings relate to intercompany trading and are repayable on demand with no interest charged.

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.

	ACAs £	Unpaid pension contributions £	Total £
Deferred tax asset at 1 October 2019	(1,919)	(3,455)	(5,374)
Deferred tax movements in prior year			
Charge/(credit) to profit or loss	347	477	824
Other	(6)	-	(6)
Deferred tax asset at 1 October 2020	<u>(1,578)</u>	<u>(2,978)</u>	<u>(4,556)</u>
Deferred tax movements in current year			
Charge/(credit) to profit or loss	(1,469)	(596)	(2,065)
Effect of change in tax rate - profit or loss	(963)	(1,128)	(2,091)
Deferred tax asset at 30 September 2021	<u>(4,010)</u>	<u>(4,702)</u>	<u>(8,712)</u>

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

CUBIC SURFACE TRANSPORTATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

17 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	236,602	232,250

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.

18 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	1,000	1,000	1,000	1,000

19 Reserves

The nature and purpose of each of the reserves within shareholders' equity is explained below:

Profit and loss account - the cumulative gains and losses recognised in the statement of comprehensive income together with other items which are required to be taken direct to equity.

20 Other leasing information

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2021	2020
	£	£
Expense relating to leases of low-value assets	155,600	184,557

21 Events after the reporting date

In June 2022, the directors declared, authorised and paid a dividend of £30,000,000.

22 Controlling party

The Company's immediate parent undertaking is Cubic US Holdings LLC, a company incorporated in the United States of America. The company's ultimate parent undertaking and controlling party is Veritas Capital Fund Management L.L.C, a company incorporated in the United States of America.

Cubic (U.K.) Limited is both the smallest and largest group in which the results of Cubic Surface Transportation Systems Limited are consolidated. Copies of the group financial statements of Cubic (U.K.) Limited are available from AFC House, Honeycrock Lane, Salfords, Redhill, Surrey RH1 5LA.