

Company Registration No. 05241591 (England and Wales)

**ELBIT SYSTEMS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

# ELBIT SYSTEMS UK LIMITED

## COMPANY INFORMATION

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|                  |   |  |
|------------------|---|--|
| <b>Directors</b> | Mr J Gaspar<br>Mr B Machlis<br>Mr M C S J Fausset<br>Mr D A Hook CBE<br>Mr R R Goldsmid | (Appointed 15 February 2019)<br>(Appointed 15 February 2019) |
|------------------|---|--|

|                       |          |
|-----------------------|----------|
| <b>Company number</b> | 05241591 |
|-----------------------|----------|

|                          |   |
|--------------------------|---|
| <b>Registered office</b> | 2 Temple Back East<br>Temple Quay<br>Bristol<br>BS1 6EG |
|--------------------------|---|

|                |  |
|----------------|--|
| <b>Auditor</b> | Edwards<br>34 High Street<br>Aldridge<br>Walsall<br>West Midlands<br>WS9 8LZ |
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# **ELBIT SYSTEMS UK LIMITED**

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# **ELBIT SYSTEMS UK LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their annual report and financial statements for the year ended 31 December 2019.

### **Principal activities**

The principal activity of the company continued to be that of an intermediate parent undertaking.

### **Directors**

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

|                    |                              |
|--------------------|------------------------------|
| Mr J Gaspar        |                              |
| Mr D Block-Temin   | (Resigned 15 February 2019)  |
| Mr B Machlis       |                              |
| Mr R Kril          | (Resigned 15 February 2019)  |
| Mr M C S J Fausset |                              |
| Mr Y Ramon         | (Resigned 15 February 2019)  |
| Mr D A Hook CBE    | (Appointed 15 February 2019) |
| Mr R R Goldsmid    | (Appointed 15 February 2019) |

### **Results and dividends**

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

Ordinary dividends were paid amounting to £11,500,000. The directors do not recommend payment of a final dividend.

### **Post reporting date events**

On 11 March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the company, the economy and the general population. We have an appropriate response plan in place, and we will continue to monitor and assess the ongoing development and respond accordingly.

### **Auditor**

The auditor, Edwards, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **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 R R Goldsmid

**Director**

28 December 2020

## **ELBIT SYSTEMS UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

# ELBIT SYSTEMS UK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ELBIT SYSTEMS UK LIMITED

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#### Opinion

We have audited the financial statements of Elbit Systems UK Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, the statement of financial position 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 2019 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.

# **ELBIT SYSTEMS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ELBIT SYSTEMS UK LIMITED**

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

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

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

We have nothing to report in respect of the following matters 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; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

#### **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.

## **ELBIT SYSTEMS UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ELBIT SYSTEMS UK LIMITED**

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#### **Use of our report**

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

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

28 December 2020

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

34 High Street  
Aldridge  
Walsall  
West Midlands  
WS9 8LZ



# ELBIT SYSTEMS UK LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2019

|  | Notes    | 2019<br>£    | 2018<br>£  |
|--|----------|--------------|------------|
| <b>Turnover</b>                        |          | 5,383,356    | -          |
| Cost of sales                          |          | (5,383,356)  | -          |
| <b>Gross profit</b>                    |          | -            | -          |
| Administrative expenses                |          | (317,163)    | (19,905)   |
| <b>Operating loss</b>                  | <b>3</b> | (317,163)    | (19,905)   |
| Interest receivable and similar income | <b>4</b> | 10,176,505   | 9,751,714  |
| Interest payable to group undertakings | <b>5</b> | (58,303)     | (41,817)   |
| <b>Profit before taxation</b>          |          | 9,801,039    | 9,689,992  |
| Tax on profit                          | <b>6</b> | (230,472)    | (275,943)  |
| <b>Profit for the financial year</b>   |          | 9,570,567    | 9,414,049  |
| Retained earnings brought forward      |          | 35,345,118   | 25,931,069 |
| Dividends                              | <b>7</b> | (11,500,000) | -          |
| Retained earnings carried forward      |          | 33,415,685   | 35,345,118 |

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

# ELBIT SYSTEMS UK LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

|   | Notes | 2019<br>£                | £ | 2018<br>£                | £ |
|---|-------|--------------------------|---|--------------------------|---|
| <b>Fixed assets</b>                                   |       |                          |   |                          |   |
| Tangible assets                                       | 8     | 1,328,037                |   | 362,644                  |   |
| Investments   | 9     | 17,381,562               |   | 17,381,562               |   |
|   |       | <u>18,709,599</u>        |   | <u>17,744,206</u>        |   |
| <b>Current assets</b>                                 |       |                          |   |                          |   |
| Stocks  | 12    | 246,538                  |   | 137,474                  |   |
| Debtors falling due after more than one year          | 13    | 11,426,822               |   | 12,523,507               |   |
| Debtors falling due within one year                   | 13    | 6,503,656                |   | 3,919,328                |   |
| Cash at bank and in hand                              |       | 3,405,300                |   | 4,506,878                |   |
|   |       | <u>21,582,316</u>        |   | <u>21,087,187</u>        |   |
| <b>Creditors: amounts falling due within one year</b> | 14    | <u>(6,806,104)</u>       |   | <u>(3,482,434)</u>       |   |
| <b>Net current assets</b>                             |       | <u>14,776,212</u>        |   | <u>17,604,753</u>        |   |
| <b>Total assets less current liabilities</b>          |       | <u>33,485,811</u>        |   | <u>35,348,959</u>        |   |
| <b>Provisions for liabilities</b>                     | 15    | <u>(70,125)</u>          |   | <u>(3,840)</u>           |   |
| <b>Net assets</b>                                     |       | <u><u>33,415,686</u></u> |   | <u><u>35,345,119</u></u> |   |
| <b>Capital and reserves</b>                           |       |                          |   |                          |   |
| Called up share capital                               | 17    | 1                        |   | 1                        |   |
| Profit and loss reserves                              |       | 33,415,685               |   | 35,345,118               |   |
| <b>Total equity</b>                                   |       | <u><u>33,415,686</u></u> |   | <u><u>35,345,119</u></u> |   |

The financial statements were approved by the board of directors and authorised for issue on 28 December 2020 and are signed on its behalf by:

Mr R R Goldsmid  
Director

Company Registration No. 05241591

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

Elbit Systems UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 Temple Back East, Temple Quay, Bristol, BS1 6EG.

#### **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.

The financial statements of the company are consolidated in the financial statements of Elbit Systems Limited. These consolidated financial statements are available from [www.elbitsystems.com](http://www.elbitsystems.com).

The company has taken advantage of the exemption under section 401 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.

#### **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.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Development contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date and the anticipated profit at the end of the contract.

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets 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:

|                                  |                           |
|----------------------------------|---------------------------|
| Land and buildings leasehold     | 10% straight line         |
| Fixtures, fittings and equipment | 12.5% - 20% 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.

#### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

#### 1.7 Stocks

Stocks 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 stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 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 statement of financial position 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.

##### **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 using the effective interest method, less any impairment.

##### **Basic financial liabilities**

Short term trade creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### 1.9 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.

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### **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 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.

#### **1.10 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

#### **1.11 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 income statement for the period.

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 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.

#### Valuation of investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### Long-term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

### 3 Operating loss

|   | 2019<br>£      | 2018<br>£     |
|---|----------------|---------------|
| Operating loss for the year is stated after charging:                                     |                |               |
| Fees payable to the company's auditor for the audit of the company's financial statements | 12,500         | 7,350         |
| Depreciation of owned tangible fixed assets   | 72,732         | 43,380        |
| Operating lease charges   | 197,004        | -             |
|   | <u>282,236</u> | <u>50,730</u> |

### 4 Interest receivable and similar income

|  | 2019<br>£         | 2018<br>£        |
|--|-------------------|------------------|
| <b>Interest income</b>                   |                   |                  |
| Interest receivable from group companies | 1,649,755         | 1,502,051        |
| <b>Other income from investments</b>     |                   |                  |
| Dividends received                       | 8,526,750         | 8,249,663        |
| Total income                             | <u>10,176,505</u> | <u>9,751,714</u> |

## ELBIT SYSTEMS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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**5 Interest payable and similar expenses**

|  | <b>2019</b>   | <b>2018</b>   |
|--|---------------|---------------|
|  | <b>£</b>      | <b>£</b>      |
| Interest payable to group undertakings | 58,303        | 41,817        |
|  | <u>58,303</u> | <u>41,817</u> |

**6 Taxation**

|  | <b>2019</b>    | <b>2018</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| <b>Current tax</b>                                   |                |                |
| UK corporation tax on profits for the current period | 183,422        | 282,002        |
| Adjustments in respect of prior periods              | (19,235)       | (3,301)        |
|  | <u>164,187</u> | <u>278,701</u> |
| <b>Deferred tax</b>                                  |                |                |
| Origination and reversal of timing differences       | 66,285         | (2,758)        |
|  | <u>66,285</u>  | <u>(2,758)</u> |
| <b>Total tax charge</b>                              | <u>230,472</u> | <u>275,943</u> |



# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Taxation

(Continued)

The actual 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:

|  | 2019<br>£   | 2018<br>£   |
|--|-------------|-------------|
| Profit before taxation   | 9,801,039   | 9,689,992   |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 1,862,197   | 1,841,098   |
| Under/(over) provided in prior years   | (7,339)     | (3,301)     |
| Dividends received not taxable   | (1,620,083) | (1,567,436) |
| Other timing differences   | (4,303)     | 5,582       |
| Taxation charge for the year   | 230,472     | 275,943     |

### 7 Dividends

|              | 2019<br>£  | 2018<br>£ |
|--------------|------------|-----------|
| Interim paid | 11,500,000 | -         |

### 8 Tangible fixed assets

|                                    | Land and buildings<br>leasehold<br>£ | Fixtures, fittings<br>and equipment<br>£ | Total<br>£ |
|------------------------------------|--------------------------------------|--|------------|
| <b>Cost</b>                        |                                      |  |            |
| At 1 January 2019                  | -                                    | 483,444                                  | 483,444    |
| Additions                          | 944,232                              | 93,893                                   | 1,038,125  |
| Disposals                          | -                                    | (50,145)                                 | (50,145)   |
| At 31 December 2019                | 944,232                              | 527,192                                  | 1,471,424  |
| <b>Depreciation and impairment</b> |                                      |  |            |
| At 1 January 2019                  | -                                    | 120,800                                  | 120,800    |
| Depreciation charged in the year   | 24,317                               | 48,415                                   | 72,732     |
| Eliminated in respect of disposals | -                                    | (50,145)                                 | (50,145)   |
| At 31 December 2019                | 24,317                               | 119,070                                  | 143,387    |
| <b>Carrying amount</b>             |                                      |  |            |
| At 31 December 2019                | 919,915                              | 408,122                                  | 1,328,037  |
| At 31 December 2018                | -                                    | 362,644                                  | 362,644    |

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Fixed asset investments

|                               | Notes | 2019<br>£         | 2018<br>£         |
|-------------------------------|-------|-------------------|-------------------|
| Investments in subsidiaries   | 10    | 17,381,412        | 17,381,412        |
| Investments in joint ventures | 11    | 150               | 150               |
|                               |       | <u>17,381,562</u> | <u>17,381,562</u> |

#### Movements in fixed asset investments

|                                      | Shares in group<br>undertakings<br>and<br>participating<br>interests<br>£ |
|--------------------------------------|---|
| <b>Cost or valuation</b>             |   |
| At 1 January 2019 & 31 December 2019 | <u>17,381,562</u>   |
| <b>Carrying amount</b>               |   |
| At 31 December 2019                  | <u>17,381,562</u>   |
| At 31 December 2018                  | <u>17,381,562</u>   |

### 10 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

| Name of undertaking and country of incorporation or residency | Nature of business                         | Class of shareholding | % Held Direct |
|---|--|-----------------------|---------------|
| Ferranti Technologies (Group) Limited                         | England and Wales<br>Aerospace and defence | Ordinary              | 100.00        |
| Elite KL Limited  | England and Wales<br>Defence contractor    | Ordinary              | 100.00        |
| UAV Tactical Systems Limited                                  | England and Wales<br>Defence contractor    | Ordinary              | 51.00         |
| UAV Engines Limited   | England and Wales<br>Aerospace and defence | Ordinary              | 100.00        |
| Intro Precision Limited                                       | England and Wales<br>Defence contractor    | Ordinary              | 100.00        |
| Endomedix BV Limited  | Netherlands<br>Defence contractor          | Ordinary              | 100.00        |

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 11 Joint ventures

The company's investments in joint ventures at 31 December 2019 represent 50% interests in the ordinary share capital of Affinity Flying Training Services Limited, Affinity Flying Services Limited and Affinity Capital Works Limited. All three companies are defence contractors and are registered at Hill Park Court, Springfield Drive, Leatherhead, Surrey KT22 7NL.

### 12 Stocks

|                  | 2019<br>£ | 2018<br>£ |
|------------------|-----------|-----------|
| Work in progress | 246,538   | 137,474   |

### 13 Debtors

|  | 2019<br>£  | 2018<br>£  |
|--|------------|------------|
| <b>Amounts falling due within one year:</b>                                    |            |            |
| Trade debtors  | 376,145    | -          |
| Amounts owed by group undertakings   | 4,242,933  | 3,192,121  |
| Amounts owed by undertakings in which the company has a participating interest | 1,884,578  | 683,342    |
| Prepayments and accrued income   | -          | 43,865     |
|  | 6,503,656  | 3,919,328  |
| <b>Amounts falling due after more than one year:</b>                           |            |            |
| Amounts owed by undertakings in which the company has a participating interest | 11,426,822 | 12,523,507 |
| <b>Total debtors</b>   | 17,930,478 | 16,442,835 |

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

|                                    | 2019<br>£ | 2018<br>£ |
|------------------------------------|-----------|-----------|
| Trade creditors                    | 144,797   | -         |
| Amounts owed to group undertakings | 4,616,681 | 2,219,154 |
| Corporation tax                    | 454,033   | 515,522   |
| Other taxation and social security | 315,600   | -         |
| Accruals and deferred income       | 1,274,993 | 747,758   |
|                                    | 6,806,104 | 3,482,434 |

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 15 Provisions for liabilities

|                          | Notes | 2019<br>£     | 2018<br>£    |
|--------------------------|-------|---------------|--------------|
| Deferred tax liabilities | 16    | 70,125        | 3,840        |
|                          |       | <u>70,125</u> | <u>3,840</u> |

### 16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|                                | Liabilities<br>2019<br>£ | Liabilities<br>2018<br>£ |
|--------------------------------|--------------------------|--------------------------|
| <b>Balances:</b>               |                          |                          |
| Accelerated capital allowances | 70,125                   | 3,840                    |
|                                | <u>70,125</u>            | <u>3,840</u>             |
| <b>Movements in the year:</b>  |                          | 2019<br>£                |
| Liability at 1 January 2019    |                          | 3,840                    |
| Charge to profit or loss       |                          | 66,285                   |
| Liability at 31 December 2019  |                          | <u>70,125</u>            |

### 17 Share capital

|                                    | 2019<br>£ | 2018<br>£ |
|------------------------------------|-----------|-----------|
| <b>Ordinary share capital</b>      |           |           |
| <b>Issued and fully paid</b>       |           |           |
| 1,491 Ordinary shares of 0.1p each | 1         | 1         |
|                                    | <u>1</u>  | <u>1</u>  |

## ELBIT SYSTEMS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

#### 18 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:

|                            | 2019<br>£        | 2018<br>£      |
|----------------------------|------------------|----------------|
| Within one year            | 217,750          | 217,750        |
| Between two and five years | 1,424,745        | 471,792        |
| In over five years         | 1,226,184        | -              |
|                            | <u>2,868,679</u> | <u>689,542</u> |

#### 19 Related party transactions

The company has taken advantage of the exemption conferred within FRS102 section 33.1A not to disclose transactions between wholly owned members of the same group.

The company owns 50% of the share capital of Affinity Flying Training Services Limited ("AFTSL") and Affinity Capital Works Limited ("ACWL"). The company also owns 51% of UAV Tactical Systems Limited ("UTACS").

During the year, the company charged interest of £1,604,315 (2018 - £1,486,441) to AFTSL in relation to loans advanced. The company received dividends of £1,200,000 (2018 - £Nil) from AFTSL. At 31 December 2019, included within debtors is an amount of £13,311,400 (2018 - £13,206,849) due from AFTSL.

During the year, the company received dividends of £3,501,750 (2018 - £8,249,663) from ACWL.

During the year, the company received dividends of £3,825,000 (2018 - £Nil) from UTACS.

#### 20 Ultimate 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.

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](http://www.elbitsystems.com).

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