

Lockman Properties Limited

Annual report and financial statements  
for the year ended 31 December 2021

Registered number 05982952



Lockman Properties Limited  
Annual report and financial statements  
for the year ended 31 December 2021

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# **Lockman Properties Limited**

## **Directors' report for the year ended 31 December 2021**

This report has been prepared taking advantage of the small companies' exemption in accordance with section 415A of the Companies Act 2006.

The directors have pleasure in submitting their report, together with the audited financial statements of Lockman Properties Limited (the Company) for the year ended 31 December 2021. The Company is a private company limited by shares and is incorporated, registered and domiciled in England, number 05982952. The address of the registered office of the Company is Tringham House, 580 Deansleigh Road, Bournemouth, Dorset, England, BH7 7DT.

The Company is a wholly owned subsidiary within the AI Convoy (Luxembourg) S.à r.l group; hereafter referred to as 'the Group'. The Group comprises AI Convoy (Luxembourg) S.à r.l and its direct and indirect subsidiaries, details of which can be found in the consolidated financial statements which can be obtained from the registered office at 2-4 rue Beck, Luxembourg, LU 1222.

The Company's name was changed from Flight Refuelling Limited to Lockman Properties Limited on 22 December 2020.

The principal activity of the company is the provision of finance related services to the Group.

### **Results**

The Company's results for the year are set out in the income statement on page 8 showing a profit for the financial year after tax of €6,427,000 (2020: €265,000). At 31 December 2021, the Company had net assets of €112,686,000 (2020: €258,221,000).

### **Future developments and events after the balance sheet date**

Subsequent to the reporting date, a number of countries in which the Cobham Group operates have imposed sanctions against Russia and Belarus. The Group does not have any operations in, or significant trading relationships with either of these countries.

### **Directors**

The following directors held office during the year and up to the date of signing these financial statements:

S E Lewis	-	appointed 9 February 2021
G J Bagwell		
S Doherty	-	resigned 1 June 2021

The directors benefited from a Directors' and Officers' liability insurance policy which was in place during the financial year and at the date of this report.

# **Lockman Properties Limited**

## **Directors' report for the year ended 31 December 2021 (continued)**

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company.

During the year, the directors have followed the financial risk management policies of the Group, as set by the board of directors of AI Convoy (Luxembourg) S.à r.l. The Group has a written treasury policy and risk management programme that seeks to limit the adverse effects on the financial performance of the Group, which is applied by the Company. This includes the use of foreign currency financial instruments, debt and other instruments. The Company does not trade in financial instruments.

The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

#### *Credit risk*

The Company performs appropriate credit checks before any agreements are signed. The Company also monitors existing intercompany loans and other receivables on an ongoing basis and takes appropriate action where necessary to minimise any potential credit risk.

#### *Liquidity risk*

The Company retains sufficient cash to ensure it has available funds for operations and planned expansions, and has access to overdraft facilities under a group banking arrangement as required. The Company also has access to longer term funding from its parent undertaking if required.

#### *Foreign currency exchange rate risk*

The Company has a policy to minimise foreign currency exchange rate risk through the regular monitoring of foreign currency flows and putting in place where appropriate forward currency exchange rate contracts with its parent undertaking.

### **Streamlined Energy and Carbon Reporting (SECR)**

The Company is exempt from the Streamlined Energy and Carbon Reporting (SI 2018 No. 1155) regulations as total energy use was less than 40,000 MWh over the reporting period.

### **Going concern**

The World Health Organization declared the outbreak of COVID-19 a global pandemic on 11 March 2020. Whilst the Company is an investment holding company and has no employees the directors have reacted in accordance with the guidance provided by the Government, NHS and Public Health England when considering the AI Convoy (Luxembourg) S.à r.l group as a whole and continue to monitor the situation on a daily basis. The Group has implemented a series of prevention and protection measures and is constantly monitoring compliance with decisions and recommendations from local public authorities.

COVID-19 reinforces uncertainties in the global economic context and markets; the long term impact for the Group and Company is difficult to assess and will depend on the magnitude, duration and geographic extent of the pandemic. The directors have reviewed forecast profits and cash flows, which include the impacts of the COVID-19 pandemic, and examined the funding available to the Group and its subsidiary undertakings. At the year end, the Group has considerable financial resources with liquidity available on the Balance Sheet from its cash resources, with \$190m cash balances net of overdrafts. The Group also has unused credit facilities of \$350m and its debt repayment profile is heavily biased to the medium term.

# Lockman Properties Limited

## Directors' report for the year ended 31 December 2021 (continued)

### Going concern (continued)

The directors have also referred to the Group's financial and strategic plan and the Group's stress testing on forecasts to 31 December 2023 with a focus on its cash position. The stress tests have included assuming a severe but plausible scenario with a 25% reduction in operational cash flow over the period to 31 December 2023. In these cases the Group would be able to continue to operate and settle liabilities as they fall due for a year until at least 31 December 2023.

The Company has a substantial net asset position, as well as access to considerable financial resources which include funding from AI Convoy (Luxembourg) S.à r.l. The Company has also received a letter of support from AI Convoy (Luxembourg) S.à r.l. Therefore, the directors have considered the going concern position of the Group which is well placed to manage its business risks successfully despite the current uncertain economic outlook.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until at least 31 December 2023. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### Section 172 Statement

As the Company provides finance related services to the Group, the Company's success is dependent on the ability of fellow Group undertakings to generate and preserve value. Therefore, during the year, the directors have had regard to the best long term interests of the Group as a whole when making decisions for the Company.

The directors of the Company perform their duties in accordance with s172 of the Companies Act 2006, acting in good faith to promote the success of the company as well as the Group as a whole for the benefit of its members as a whole and having regard to the following matters:

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

#### *Customers, suppliers and employees*

The Company is now non-trading. As such it has no employees, no customers external to the Group and only a small number of external suppliers. However, the Company continues to engage with the Group undertakings and adheres to the Group policies with regards to engagement with key stakeholders including customers, suppliers and employees of the Group.

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101) 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 year.

# Lockman Properties Limited

## Directors' report for the year ended 31 December 2021 (continued)

### Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

### Independent auditors

Ernst & Young LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.


### Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the board



S E Lewis  
**Director**

23 May 2022

# **Independent auditor's report to the members of Lockman Properties Limited**

## **Opinion**

We have audited the financial statements of Lockman Properties Limited (the 'company') for the year ended 31 December 2021 which comprise the Income statement and statement of comprehensive income, Balance sheet and the Statement of changes in equity and the related notes 1 to 14, 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 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 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 provisions available for smaller entities, in the circumstances set out in the financial statements, 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 19 months from when the financial statements are authorised for issue to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

# **Independent auditor's report to the members of Lockman Properties Limited (continued)**

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

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 3 and 4, 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.

## ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.



## **Independent auditor's report to the members of Lockman Properties Limited (continued)**

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct tax compliance regulation in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

*Ernst & Young LLP*

Carl Stone (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading

23 May 2022

## Lockman Properties Limited

### Income statement and statement of comprehensive income for the year ended 31 December 2021

	Note	2021 €000	2020 €000
<b>Operating profit</b>		-	-
Finance income	3	7,952	327
Finance costs	4	(17)	-
<b>Profit before taxation</b>		7,935	327
Tax on profit	5	(1,508)	(62)
<b>Profit after taxation for the year and total comprehensive income</b>		6,427	265


The Company's activities are classed as continuing in the current year and the comparative year.

# Lockman Properties Limited

## Balance sheet as at 31 December 2021

	Note	2021 €000	2020 €000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in financial assets	8	4,359	-
		<b>4,359</b>	-
<b>Current assets</b>			
Cash and cash equivalents		658	3,053
Trade and other receivables	9	109,239	258,283
		<b>109,897</b>	261,336
<b>Current liabilities</b>			
Trade and other payables	10	(1,570)	(3,115)
<b>Net assets</b>		<b>112,686</b>	258,221
<b>Equity</b>			
Share capital	11	-	-
Share premium	11	-	254,991
Capital contribution reserve	11	4,485	4,485
Translation reserve		(337)	(337)
Accumulated profits / (losses)		108,538	(918)
<b>Total equity</b>		<b>112,686</b>	258,221

The financial statements on pages 8 to 18 have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime, and were approved by the board and signed on its behalf by:



S E Lewis  
Director

23 May 2022

# Lockman Properties Limited

## Statement of changes in equity for the year ended 31 December 2021

	Share capital €000	Share premium €000	Capital contrib- ution reserve €000	Trans- lation reserve €000	Accum- ulated (losses)/ profits €000	Total equity €000
Total equity at 1 January 2020	-	-	4,485	(79)	(1,183)	3,223
Profit after taxation for the year	-	-	-	-	265	265
Other comprehensive expense for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	265	265
Change of reporting currency exchange differences	-	-	-	(258)	-	(258)
Issue of shares (note 11)	-	254,991	-	-	-	254,991
Total equity at 31 December 2020	-	254,991	4,485	(337)	(918)	258,221
<b>Profit after taxation for the year</b>	-	-	-	-	6,427	<b>6,427</b>
<b>Other comprehensive expense for the year</b>	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	6,427	<b>6,427</b>
<b>Share premium reduction (note 11)</b>	-	(254,991)	-	-	254,991	-
<b>Dividends paid (note 7)</b>	-	-	-	-	(151,962)	<b>(151,962)</b>
<b>Total equity at 31 December 2021</b>	-	-	<b>4,485</b>	<b>(337)</b>	<b>108,538</b>	<b>112,686</b>

# **Lockman Properties Limited**

## **Notes to the financial statements for the year ended 31 December 2021**

### **1. Statement of accounting policies**

#### **Basis of preparation**

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

The financial statements have been prepared on the going concern basis, under the historical cost convention unless as otherwise stated and in accordance with the Companies Act 2006 as applicable to companies applying FRS 101. As noted in the Directors' Report on page 1, the functional currency of the Company and the presentation currency used in these accounts changed from Pounds Sterling to Euro during the year. In translating the underlying Pounds Sterling accounting records to Euro for presentation purposes, all Balance Sheet items have been translated at the exchange rate of ruling at the balance sheet date, and items in the Income Statement and Statement of Comprehensive Income have been translated at the average exchange rate for the year.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

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

- a cash flow statement and related notes (IAS 7, Statement of Cash Flows and paragraphs 10(d) and 111 of IAS 1, Presentation of Financial Statements);
- Paragraph 38 of IAS 1, Presentation of Financial Statements comparative period reconciliations in respect of paragraph 79(a)(iv) of IAS 1 (number of shares outstanding);
- additional comparative information as required by paragraphs 38A to 38D of IAS 1, Presentation of Financial Statements
- capital management disclosures required by paragraphs 134 to 136 of IAS 1;
- the requirements of paragraphs 30 and 31 of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors concerning the effects of new but not yet effective IFRSs;
- details of compensation of key management personnel required by paragraphs 17 and 18A of IAS 24, Related Party Disclosures; and
- the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a Group.

In addition, as the consolidated financial statements of AI Convoy (Luxembourg) S.à r.l include the equivalent disclosures, the following exemption under FRS 101 has also been taken:

- Financial instrument information required by IFRS 7, Financial Instruments: Disclosures and paragraphs 91 to 99 of IFRS 13, Fair value measurement except those which are relevant for the financial instruments which are held at fair value and are neither held as part of a trading portfolio or derivatives.

The financial statements contain information about Lockman Properties Limited as an individual company and do not contain consolidated financial information as the parent undertaking of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertakings, are included by full consolidation in the consolidated financial statements of AI Convoy (Luxembourg) S.à r.l, which can be obtained from 2-4 rue Beck, Luxembourg, LU 1222.

# **Lockman Properties Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **1. Statement of accounting policies (continued)**

#### **Going concern**

The World Health Organization declared the outbreak of COVID-19 a global pandemic on 11 March 2020. Whilst the Company is an investment holding company and has no employees the directors have reacted in accordance with the guidance provided by the Government, NHS and Public Health England when considering the AI Convoy (Luxembourg) S.à r.l group as a whole and continue to monitor the situation on a daily basis. The Group has implemented a series of prevention and protection measures and is constantly monitoring compliance with decisions and recommendations from local public authorities.

COVID-19 reinforces uncertainties in the global economic context and markets; the long term impact for the Group and Company is difficult to assess and will depend on the magnitude, duration and geographic extent of the pandemic. The directors have reviewed forecast profits and cash flows, which include the impacts of the COVID-19 pandemic, and examined the funding available to the Group and its subsidiary undertakings. At the year end, the Group has considerable financial resources with liquidity available on the Balance Sheet from its cash resources, with \$190m cash balances net of overdrafts. The Group also has unused credit facilities of \$350m and its debt repayment profile is heavily biased to the medium term.

The directors have also referred to the Group's financial and strategic plan and the Group's stress testing on forecasts to 31 December 2023 with a focus on its cash position. The stress tests have included assuming a severe but plausible scenario with a 25% reduction in operational cash flow over the period to 31 December 2023. In these cases the Group would be able to continue to operate and settle liabilities as they fall due for a year until at least 31 December 2023.

The Company has a substantial net asset position, as well access to considerable financial resources which include funding from AI Convoy (Luxembourg) S.à r.l. The Company has also received a letter of support from AI Convoy (Luxembourg) S.à r.l. Therefore, the directors consider the going concern position of the Group to be well placed to manage its business risks successfully despite the current uncertain economic outlook.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until at least 31 December 2023. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Management judgement and estimation uncertainty**

The preparation of financial statements requires the use of judgements and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses.

These judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The current economic conditions have been considered when evaluating accounting judgements and estimates, including the application of the going concern basis of preparation. Although estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### **Significant judgements in applying accounting policies**

There were no significant judgements, apart from those involving estimations, that the directors made in the process of applying the Company's accounting policies which require separate disclosure in these financial statements.

# **Lockman Properties Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **1. Statement of accounting policies (continued)**

#### **Management judgement and estimation uncertainty (continued)**

##### Assumptions and estimation uncertainties

At the balance sheet date there were no key assumptions concerning the future or other major sources of estimation uncertainty which had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

#### **Significant accounting policies**

The principal accounting policies, which have been applied consistently throughout the year are set out below.

#### **Presentation currency**

The Company's functional currency as well as presentation currency for statutory reporting purposes is Euro.

#### **Interest**

Interest is recognised using the effective interest method.

#### **Current taxation**

Tax is charged or credited to the income statement except when it relates to items recognised in other comprehensive income (OCI) or directly in equity, in which case the tax is also recognised in OCI or directly in equity respectively.

Current tax is provided at the amounts expected to be paid using rates that have been enacted or substantively enacted at the balance sheet date.

Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

#### **Foreign currencies**

Monetary assets and liabilities denominated in non-functional currencies are retranslated at the exchange rate of ruling at the balance sheet date.

Non-monetary items (such as investments) that are measured in terms of historical cost in a non-functional currency are translated using the exchange rate as at the date of the initial transaction.

All other exchange differences are dealt with in administrative expenses, finance income or finance costs, as appropriate, in the income statement.

#### **Financial instruments**

Financial instruments are accounted for in accordance with IFRS 9, Financial Instruments and are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value at trade date. All financial assets and liabilities are classified as current or non-current dependent upon the maturity date of the instruments. Financial assets and liabilities are presented on an offset basis when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis.

# Lockman Properties Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1. Statement of accounting policies (continued)

#### Significant accounting policies (continued)

##### Financial assets

On initial recognition, financial assets are classified as being subsequently measured at either amortised cost or fair value dependent upon the Company's business model for managing the asset and its cash flow characteristics. Financial assets are not reclassified following initial recognition unless the Company changes its business model for managing financial assets.

Financial assets are deemed to be held under one of three business models:

1. Hold to collect – where the business objective is to hold the asset to collect the contractual cash flows;
2. Hold to collect and sell - where the business objective is to hold the asset to collect the contractual cash flows and to sell the financial assets; and
3. Other

Unless specifically designated to be held at fair value through profit or loss, a financial asset is measured at amortised cost if it is held within a hold to collect business model and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have any financial assets held within a hold to collect and sell business model.

All other financial assets are held at fair value through profit or loss.

Amortised cost is measured using the effective interest method. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

##### Impairment of financial assets

The Company recognises a loss allowance against financial assets for expected credit losses taking into account changes in the level of credit risk. Where credit risk is considered to be low, the loss allowance is limited to expected losses arising from default events that are possible within 12 months from the balance sheet date.

Impairments are charged to administrative expenses in the Income Statement.

##### Financial liabilities

Subsequent to initial recognition, financial liabilities are classified as measured at fair value through profit or loss, or at amortised cost using the effective interest method.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with an original maturity of three months or less.

##### Trade and other receivables

Trade and other receivables are stated at their amortised cost, net of impairment loss allowances. Where there is clear evidence that the receivable will not be recovered, and generally where receivables are in excess of 12 months old, the balance is written off in full.



# Lockman Properties Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1. Statement of accounting policies (continued)

#### Significant accounting policies (continued)

##### Trade and other payables

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

### 2. Auditors remuneration

Fees payable to the Company's auditors, Ernst & Young LLP, for the audit of the Company's financial statements were €11,626 (2020: €3,993).

### 3. Finance income

	2021 €000	2020 €000
Interest receivable from fellow subsidiary undertakings	7,144	219
Interest receivable from immediate parent undertaking	664	64
Exchange differences	144	44
	<b>7,952</b>	<b>327</b>

### 4. Finance costs

	2021 €000	2020 €000
Interest payable to immediate parent undertaking	17	-

# Lockman Properties Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 5. Tax on profit on ordinary activities

	2021 €000	2020 €000
<b>Current tax:</b>		
UK corporation tax on profit for the year	1,508	62
<b>Tax on profit</b>	<b>1,508</b>	<b>62</b>

The tax on profit on ordinary activities can be reconciled to the accounting profit as follows:

	2021 €000	2020 €000
<b>Profit on ordinary activities before taxation</b>	<b>7,935</b>	<b>327</b>
Profit at the standard rate in the UK of 19% (2020: 19%)	1,508	62
<b>Total tax on profit on ordinary activities</b>	<b>1,508</b>	<b>62</b>

The tax rate for the current year is 19%.

### 6. Directors' emoluments and employee costs

The directors in office at the year end are employed by, and receive their emoluments from, another Group undertaking. No other amounts have been paid or are owed at 31 December 2021 (2020: €nil) in respect of services supplied by the directors to the Company, since their services are incidental to their services to the group as a whole.

The Company had no employees during 2021 or 2020.

### 7. Dividends

	2021 €000	2020 €000
Interim dividends paid for the current year	151,962	-

In March 2021 the first interim dividend of €32,313,500 per share was voted and paid. In November 2021 the second interim dividend of €43,667,500 per share was voted and paid.

# Lockman Properties Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8. Investments in financial assets

#### Financial assets measured at amortised cost

	2021 €000	2020 €000
Convertible bonds	4,359	-

The investment in 421,475 Convertible bonds of €10 par value each issued by D-Orbit S.p.A. accrue 8% simple interest per annum and the bonds will mature on 30 April 2026. At maturity the Company will receive the nominal amount of €4,214,750 plus a bullet payment for the accrued simple interest of €1,618,464. The effective interest rate of these cash flows is 6.96%. The conversion of the bonds is subject to D-Orbit entering into a qualifying capital injection or initial public offering transaction. The option of conversion does not vest in the Company, nor is the conversion price or ratio contractually stipulated. The bonds are held by the Company within a business model whose objective is to collect their contractual cash flows which are solely payments of principle and interest on the principle amount outstanding. Hence the convertible bonds are classified at amortised cost.

### 9. Trade and other receivables

	2021 €000	2020 €000
Amounts owed by fellow subsidiary undertakings	104,888	200,219
Amounts owed by immediate parent undertaking	4,351	58,064
	109,239	258,283

Amounts owed by fellow subsidiary undertakings are repayable on demand and interest is charged at 4%.

### 10. Trade and other payables

	2021 €000	2020 €000
Corporation tax	1,570	62
Amounts owed to immediate parent undertaking	-	3,053
	1,570	3,115

# Lockman Properties Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 11. Share capital and reserves

Share capital – authorised, allotted, called up and fully paid

	2021 €	2020 €
2 (2020: 2) Ordinary share(s) of £1	2	2

#### Share premium

On 22 December 2020 the Company allotted 1 share with a nominal value of £1 for total consideration of €254,991,407. €254,991,406 had been recognised as share premium.

On 10 February 2021 the Company resolved to cancel the share premium account and transferred the balance to distributable reserves. €254,991,406 of share premium was transferred to accumulated earnings.

#### Capital contribution reserve

The capital contribution reserve of €4,485,000 is a permanent contribution to the capital of the Company, by way of a gift, received from the immediate parent undertaking.

### 12. Contingent liabilities

The Company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the Company has issued an unlimited guarantee to support these group facilities.

### 13. Immediate and ultimate parent undertakings

The Company's immediate parent undertaking is Cobham Limited.

The Company's intermediate parent undertaking is AI Convoy (Luxembourg) S.à r.l, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of the AI Convoy (Luxembourg) S.à r.l consolidated financial statements can be obtained from the registered office at 2-4 rue Beck, Luxembourg, LU 1222.

At the date of approval of these accounts, the ultimate holding company is AI Convoy (Cayman) Limited and the ultimate controlling party is Advent Funds GPE IX.

### 14. Events after the balance sheet date

Subsequent to the reporting date, a number of countries in which the Cobham Group operates have imposed sanctions against Russia and Belarus. The Group does not have any operations in, or significant trading relationships with either of these countries.