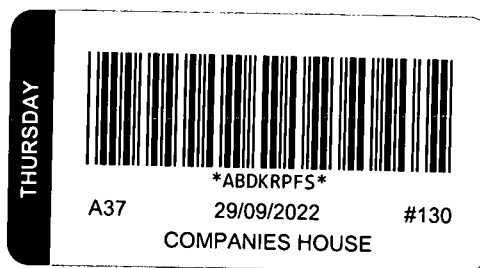


RF2M Ltd

Report and Financial Statements

For the year ended 31 December 2021

Registered Number: 06599432



RF2M Ltd

Directors and Advisors

Directors

I M Skiggs
R D Sorelle

Independent Auditors

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

Bankers

NatWest
Commercial & Private Banking
Amsterdam Place
Amsterdam Way
Norwich NR6 6JA

Registered Office

Fenner Road
South Denes
Great Yarmouth
Norfolk
NR30 3PX

RF2M Ltd

Registered No. 06599432

Strategic report

Principal activities and review of the business

The company is a holding company whose subsidiaries are engaged in the design, manufacture and sale of electronic microcircuits. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

There was a loss after tax for the year of £5k (2020: a profit of £2,994k).

The balance sheet shows the company's net assets at the end of the year were £3,113k (2020: £3,118k).

Development and performance of the business

The future of the business is dependent on the fortunes of the subsidiaries. In the past year steady progress has been made with the research and development programmes to enhance product offerings and broaden the sectors which the businesses serve, following discussions with existing customers and the market. The entities continued with the structured review process to appraise projects and their potential markets, risks and rewards and recruitment for particular skills consistent with those future targeted areas.

The profits of the underlying subsidiaries ensure that funding and liquidity is in place for meeting all liabilities. The subsidiaries' performance in 2021 represented consolidation on recent years of growth, with further development of sales reach and product diversity as a continuing target for 2022, and the longer term. During the year no dividends were declared from subsidiaries (2020: £3,000k).

Given the nature of the company's activities, being an investment holding company, the directors are of the opinion that analysis using key performance indicators is not applicable for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

RF2M Ltd is a holding company and as such reliant on the trading performance of its subsidiaries.

The key business risks and uncertainties affecting the Company's subsidiaries are considered to relate to budgetary restrictions in the aerospace and defence markets, particularly within Europe, and to some extent the United States. Work continues on expanding existing capabilities to broaden product offerings, research the application of existing product and technical knowledge to new sectors and develop our own Intellectual Property (IP).

Apprenticeship and graduate training schemes at the subsidiary companies are expected to mitigate any challenges in the recruitment of qualified and experienced staff that may be seen due to the UK exit from the European Union.

Financial risk management objectives and policies

The company makes use of various financial instruments including loans and cash, as necessary. Management of these financial instruments is directed to providing adequate liquidity for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are currency risk, cashflow and liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

Currency risk

Currently the company has no exposure to translation and transaction foreign exchange risk. It would be the directors' decision not to formally hedge against currency risk and wherever possible natural hedging is used, however the directors will continue to monitor the company's exposure to currency fluctuations.

RF2M Ltd

Strategic report (continued)

Cash flow and liquidity risk

Interest bearing assets include cash balances which earn interest at a floating rate. In order to ensure stability of cash out flows and hence manage interest rate risk, the company has access to fixed interest rate loans from its ultimate parent undertaking, and regularly forecasts cash flows several months forward to monitor outflows and troughs in balances. The company utilises its relationship with its subsidiary companies to manage its cash needs through inter-company funding.

Interest rate risk

During the year, internal debt with the ultimate parent company has existed on a fixed rate basis. The company's policy is to actively manage interest rate risk on long-term and short-term borrowings while ensuring that the exposure to fixed rates remains within an acceptable range.

The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Future developments

The sub-group, of which RF2M Ltd is the holding company, will continue to be involved with the design, development and manufacture of microelectronic technologies and componentry, supplying a diverse range of customers in aerospace, defence, oil & gas and other industrial markets.

On behalf of the Board

DocuSigned by:

Ian Skiggs

RF2M Skiggs

Director

27 September 2022

RF2M Ltd

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Results and dividends

The results for the year are shown in the statement of comprehensive income.

During the year, the directors proposed no dividends (2020: proposed dividends of £3,000,000). No further dividends are proposed.

Directors

The directors who served the company during the year and up to the date of the report were as follows:

T Hahn	(resigned 29 November 2021)
I M Skiggs	
R D Sorelle	(appointed 29 November 2021)

Going concern

RF2M Ltd is a holding company and as such reliant on the trading performance of its subsidiaries. In determining that the Company's financial statements should be prepared on a going concern basis, the Directors considered all the factors likely to affect the future development, performance and financial position including funding and the risks and uncertainties applicable to its business and manufacturing activities and assessed the company's forecasts and projections, taking account of reasonably possible changes in trading performance.

The company continues to see core defence related contracts being updated and renewed in line with national defence programmes. However certain relatively small and less significant market segments for the group, including commercial aerospace and petrochemicals have been adversely affected by the Covid-19 pandemic. The Directors do not expect the pandemic to have a material impact upon the accounts.

The company has received confirmation from API Holdings II Corp., the company's intermediate parent company, that financial support will be provided for a period of twelve months from the date of approval of these financial statements such as to enable the company to meet its obligations as they fall due.

Having regard to the company's financial position, its forecast and after making enquiries about the parent company's financial position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

Financial instruments

Details of the financial risk management objectives and exposure to risk are included within the strategic report.

Indemnity cover

Indemnity cover was provided for the Directors, through an insurance policy taken out by the US parent company. This was in place at year end and throughout the year and up to the date of signing of the financial statements.

RF2M Ltd

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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), including Financial Reporting Standard FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, 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 appropriate to presume that the company will not 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 company 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.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board

DocuSigned by:

92161CE39A0E407...
I M Skiggs
Director
27 September 2022

RF2M Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RF2M LTD

Opinion

We have audited the financial statements of RF2M Ltd for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 13, 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 company's affairs as at 31 December 2021 and of its loss 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

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 12 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. 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.

RF2M Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RF2M LTD (continued)

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 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 the 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 the 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 directors' report have 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 strategic report or 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 5, 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.

RF2M Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RF2M LTD (continued)

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.

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 the Companies Act 2006, the Financial Reporting Standard 102, the United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations and GDPR.
- We understood how the company is complying with those frameworks by making enquiries of management and senior finance personnel and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and finance personnel. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We audited the risk of management override of controls, including through testing certain non-standard manual journal entries and other adjustments for appropriateness.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included obtaining and reading management meeting minutes and relevant approval documents, enquiries of senior finance personnel and management and agreement of samples of transactions throughout the audit to supporting source documentation. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable reporting requirements.

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.

RF2M Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RF2M LTD (continued)

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.

DocuSigned by:

Ernst & Young LLP

C84CFF54E3F34A4...

Farzin Radfar (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

Date: 28 September 2022

RF2M Ltd

Statement of comprehensive income

for the year ended 31 December 2021

		<i>Year ended 31 December 2021</i>	<i>Year ended 31 December 2020</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Administrative expenses		(8)	(8)
Operating loss	5	(8)	(8)
Income from shares in group undertakings		-	3,000
(Loss)/Profit before taxation		(8)	2,992
Tax on profit	6	3	2
(Loss)/Profit for the financial year		(5)	2,994
Other comprehensive income		-	-
Total comprehensive income for the financial year		(5)	2,994

All amounts were derived from continuing operations.

RF2M Ltd

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

	Share capital £'000	Share premium £'000	Profit & loss account £'000	Total shareholders funds £'000
At 31 December 2019	3,002	10	112	3,124
Profit for the financial year	-	-	2,994	2,994
Dividends	-	-	(3,000)	(3,000)
At 31 December 2020	3,002	10	106	3,118
Loss for the financial year	-	-	(5)	(5)
Dividends	-	-	-	-
At 31 December 2021	<u>3,002</u>	<u>10</u>	<u>101</u>	<u>3,113</u>

RF2M Ltd

Balance sheet

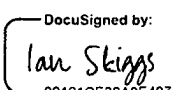
at 31 December 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Intangible assets	7	-	-
Investments	8	2,746	2,746
		<u>2,746</u>	<u>2,746</u>
Current assets			
Debtors	9	547	1,385
		<u>547</u>	<u>1,385</u>
Creditors: amounts falling due within one year	10	(180)	(1,013)
Net current assets		<u>367</u>	<u>372</u>
Total assets less current liabilities		<u>3,113</u>	<u>3,118</u>
Net assets		<u>3,113</u>	<u>3,118</u>
Capital and reserves			
Called up share capital	11	3,002	3,002
Share premium account	12	10	10
Profit and loss account	12	101	106
Total shareholders' funds		<u>3,113</u>	<u>3,118</u>

The financial statements were approved by the board of directors, signed and authorised for issue on 27 September 2022.

On behalf of the Board of RF2M Ltd:

Registered No. 06599432

DocuSigned by:

 IM SKIGGS
 Director

RF2M Ltd

Notes to the financial statements

for the year ended 31 December 2021

1. General information

RF2M Ltd is an intermediate holding company, owning investments in entities designing, manufacturing and producing RF (radio frequency) and microwave products and providing engineering design consultancy.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is shown on page 1.

2. Statement of compliance

The individual financial statements of RF2M Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS102") and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 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 in note 4.

Going concern

RF2M Ltd is a holding company and as such reliant on the trading performance of its subsidiaries. In determining that the Company's financial statements should be prepared on a going concern basis, the Directors considered all the factors likely to affect the future development, performance and financial position including funding and the risks and uncertainties applicable to its business and manufacturing activities and assessed the company's forecasts and projections, taking account of reasonably possible changes in trading performance.

The company continues to see core defence related contracts being updated and renewed in line with national defence programmes. However certain relatively small and less significant market segments for the group, including commercial aerospace and petrochemicals have been adversely affected by the Covid-19 pandemic. The Directors do not expect the pandemic to have a material impact upon the accounts.

The company has received confirmation from API Holdings II Corp., the company's intermediate parent company, that financial support will be provided for a period of twelve months from the date of approval of these financial statements such as to enable the company to meet its obligations as they fall due.

Having regard to the company's financial position, its forecast and after making enquiries about the parent company's financial position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

RF2M Ltd

Notes to the financial statements

for the year ended 31 December 2021

3. Accounting policies (continued)

Exemptions for qualifying entities under FRS 102

The company has taken advantage of certain disclosure exemptions under FRS 102, as it believes the conditions for the exemptions have been complied with. As such the company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its intermediate parent company, API Technologies (UK) Limited, includes the company's cash flows in its consolidated financial statements.
- ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements mentioned in i).
- iii) from disclosing transactions with other wholly-owned members of the Group under Section 33.7 of FRS 102.
- iv) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Consolidated Results

The company is a wholly owned subsidiary of API Technologies (UK) Limited. It is included in the consolidated financial statements of API Technologies (UK) Limited, which are publicly available. Therefore the company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The consolidated financial statements are available from the registered office address on page 1.

Foreign currency

The company's functional and presentational currency is Pounds Sterling (£).

Foreign currency transactions are translated into the functional currency using the spot exchange rate on the date of the transaction.

At each period end foreign currency monetary items are translated using a closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gain and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Notes to the financial statements

for the year ended 31 December 2021

3. Accounting policies (continued)

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity, respectively.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

ii) Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- | | | |
|----------------------|---|--------------|
| i) Computer licences | - | 3 to 5 years |
|----------------------|---|--------------|

Amortisation is charged to administrative expenses in the profit and loss account. Assets would be reviewed for impairment if any factors indicated that the carrying amount may be impaired.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

Provisions and contingencies

i) Provisions

Provisions are recognised when the company has a present, legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the likely cost can be estimated reliably.

ii) Contingencies

Contingent liabilities are not recognised. These arise as a result of past events when 1) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or 2) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised, but are disclosed in the financial statements when an inflow of economic benefits is probable.

RF2M Ltd

Notes to the financial statements

for the year ended 31 December 2021

3. Accounting policies (continued)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is recognised in the profit or loss account.

ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest method.

Preference shares, which result in fixed returns to the holder, or are mandatorily redeemable on a specific date, or event, are classified as liabilities.

iii) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or earlier. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

If there is a decrease in an impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary share or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to shareholders are recognised as an asset, or liability as appropriate, in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

RF2M Ltd

Notes to the financial statements

for the year ended 31 December 2021

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and reviewed based on historical experience and other factors, including expectations of future events that are believed to be reasonably foreseen from current circumstances.

Estimates and assumptions

The company makes estimates and assumptions concerning future events. The resulting accounting estimates can, by definition, only be our best assessment of likely out-turns and will seldom equal the corresponding results.

i) Impairment of investments

The company reviews the recoverable value of its investments in subsidiaries, when there is reason to believe, whether through market, economic or other factors, that the value of an investment might be impaired. When considering the valuation of the investment, management considers the future prospects of the underlying entities, sector risks, investment needs and likely results.

5. Operating loss

This is stated after charging:

	<i>Year ended 31 December 2021 £000</i>	<i>Year ended 31 December 2020 £000</i>
Auditors' remuneration – audit fees	6	6
Management fees	-	-

The company had no employees in the year (2020: Nil).

The directors received no remuneration for their services to RF2M Ltd in the year (2020: Nil).

RF2M Ltd

Notes to the financial statements

for the year ended 31 December 2021

6. Tax on profit

(a) Tax on profit/(loss) for year

The tax credit is made up as follows:

	<i>Year ended 31 December 2021 £000</i>	<i>Year ended 31 December 2020 £000</i>
Current tax:		
UK corporation tax (credit) on the result for the year	(3)	(3)
Total current tax credit for the year	<u>(3)</u>	<u>(3)</u>
Deferred tax (note 6(c))		
Origination and reversal of timing differences	1	1
Effect of changes in tax rates	(1)	-
Total deferred tax	<u>-</u>	<u>1</u>
Tax credit on profit for year (note 6(b))	<u><u>(3)</u></u>	<u><u>(2)</u></u>

(b) Factors affecting the tax credit for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19.0% (2020 – 19.0%). The differences are explained below:

	<i>Year ended 31 December 2021 £000</i>	<i>Year ended 31 December 2020 £000</i>
(Loss)/Profit before taxation	<u>(8)</u>	<u>2,992</u>
(Loss)/Profit multiplied by standard rate of corporation tax in the UK of 19.0% (2020 – 19.0%)	(2)	568
Effects of:		
Income not subject to tax	-	(570)
Tax rate changes	(1)	-
Tax credit for the year (note 6(a))	<u><u>(3)</u></u>	<u><u>(2)</u></u>

RF2M Ltd

Notes to the financial statements

for the year ended 31 December 2021

6. Tax on profit (continued)

(c) Deferred taxation

The movement in the deferred tax account during the year was as follows

	<i>Year ended 31 December 2021 £000</i>
At 31 December 2020 – asset	5
Charged to statement of income and retained earnings during the year - note 6(a)	-
At 31 December 2021	<u>5</u>

The amounts recognised for deferred taxation are set out below

	<i>2021 £000</i>	<i>2020 £000</i>
Depreciation in excess of capital allowances	5	5
Deferred tax asset	<u>5</u>	<u>5</u>

There are no amounts of unprovided deferred tax.

(d) Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end. Deferred taxes on the balance sheet have been measured at 25% (2020 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

7. Intangible assets

	<i>Computer Licences £000</i>
Cost	
At 31 December 2020 and 31 December 2021	<u>168</u>
Accumulated amortisation	
At 31 December 2020 and 31 December 2021	<u>168</u>
Net book amount	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

RF2M Ltd

Notes to the financial statements

for the year ended 31 December 2021

8. Investments

*Shares in
subsidiaries
£000*

Cost

At 31 December 2020 and 31 December 2021

2,746

Net book amount

At 31 December 2020 and 31 December 2021

2,746

Subsidiaries	Country of incorporation	Class of capital	Proportion of shares and voting rights
API Microelectronics Limited	United Kingdom	Ordinary shares of £1 each	100%
API Microwave Limited	United Kingdom	Ordinary shares of £1 each	100%

Registered Offices

The Registered Office for the two entities above, and RF2M Ltd itself, is and was:

Fenner Road, South Denes, Great Yarmouth, NR30 3PX.

9. Debtors

	2021 £000	2020 £000
Amounts owed by subsidiary undertakings:	540	1,377
Corporation tax	2	3
Deferred tax asset	5	5
	<u>547</u>	<u>1,385</u>

Amounts owed by group undertakings are unsecured, and have no fixed date of repayment and are repayable on demand.

The corporation tax balance relates to £2k (2020: £3k) due from group undertakings in respect of corporation tax group relief.

10. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to parent undertakings	170	1,000
Accruals and deferred income	10	13
	<u>180</u>	<u>1,013</u>

RF2M Ltd

Notes to the financial statements

for the year ended 31 December 2021

11. Called up share capital

		2021		2020
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	1,000	1	1,000	1

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The company paid no dividends in the year (2020: £3,000 per share, making in total £3,000,000).

		2021		2020
<i>Allotted and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Redeemable preference shares of £1 each	3,000,000	3,000	3,000,000	3,000
Preference shares of £1 each	1,000	1	1,000	1
		<u>3,001</u>		<u>3,001</u>

The 3,000,000 £1 redeemable preference shares are redeemable at the discretion of the company. The preference shares and redeemable preference shares have no voting rights and are not entitled to any dividend.

12. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

The profit and loss account holds the retained earnings of the company, after the deduction of any dividends paid in the period.

13. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking at 31 December 2021 was API Technologies (UK) Limited, which owns 100% of the issued share capital of RF2M Ltd.

The ultimate parent undertaking and controlling party is considered to be API Holdings I Corp, a company incorporated in Delaware, USA. This is the largest group into which the results of RF2M Ltd are consolidated.

RF2M Ltd results are incorporated into the consolidated financial statements of API Technologies (UK) Limited, the ultimate UK-domiciled entity; this is the smallest group to consolidate these financial statements. Copies of these are available from the registered address on page 1.