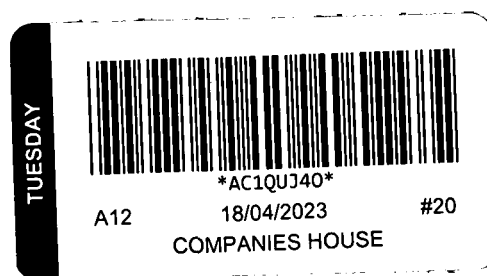


REGISTERED NUMBER: 06792266 (England and Wales)

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE PERIOD 4 JULY 2021 TO 2 JULY 2022
FOR
COOK DEFENCE SYSTEMS LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS
for the Period 4 July 2021 to 2 July 2022**

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COOK DEFENCE SYSTEMS LIMITED

COMPANY INFORMATION
for the Period 4 July 2021 to 2 July 2022

DIRECTORS:	W J Cook C D Seymour
SECRETARY:	M K Hodgson FCA
REGISTERED OFFICE:	Parkway Avenue Sheffield South Yorkshire S9 4UL
REGISTERED NUMBER:	06792266 (England and Wales)
INDEPENDENT AUDITOR:	Mazars LLP Chartered Accountants and Statutory Auditor 5th Floor, 3 Wellington Place Leeds LS1 4AP
BANKERS:	The Royal Bank of Scotland plc 2 Whitehall Quay Leeds LS1 4HR
SOLICITORS:	Gordons LLP Riverside West Whitehall Road Leeds LS1 4AW

STRATEGIC REPORT
for the Period 4 July 2021 to 2 July 2022

The directors present their strategic report for the period 4 July 2021 to 2 July 2022.

REVIEW OF BUSINESS

During the period under review, the nature of the company's business activities has continued to be the design, sale and distribution of track systems and associated items for armoured vehicles.

Turnover decreased to £23,620,581 in the period ended 2 July 2022 from £25,312,030 in the period ended 3 July 2021. A reduction of 6.7%.

Gross profit was £6,533,056 in 2022 compared with £6,964,939 in 2021. The gross profit margin was largely unchanged between the two periods, being 27.7% (2021: 27.5%).

Normal operating expenses were £5,361,366 compared with £5,207,909 in the prior period.

The operating profit for the period amounted to £1,171,690 (2021: £1,757,030).

The profit for the period ended 2 July 2022 was £830,938 (2021: £1,814,907).

Balance sheet

The directors present financial statements showing shareholder's funds of £10,798,928 as at 2 July 2022 compared to £10,467,990 as at 3 July 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The most significant risks to the company's profitability are:

- Increased costs of raw materials and energy
- Reduced demand from the company's main markets
- Any impediments to access to the Single European Market

The board has strategies to manage these risks and remains confident of the continued success of the company.

ON BEHALF OF THE BOARD:



M K Hodgson FCA - Secretary

6 April 2023

DIRECTORS' REPORT
for the Period 4 July 2021 to 2 July 2022

The directors present their report with the financial statements of the company for the period 4 July 2021 to 2 July 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the design, sale and distribution of track systems and associated items for armoured vehicles.

RESULTS

The profit for the period was £830,938 (2021: £1,814,907 - profit).

DIVIDENDS

An interim dividend for the period ended 2 July 2022 was paid to the sole shareholder on 1 July 2022 in the sum of £500,000 (period ended 3 July 2021: £3 million).

FUTURE DEVELOPMENTS

The conflict in Ukraine and wider geopolitical instability has increased global usage of armoured vehicles. The Company's position as the world's leading independent designer and supplier of track systems for armoured vehicles positions it well to take advantage of this increased demand.

The Company continues to invest in the development of new products for an ever-wider range of customers.

EVENTS SINCE THE END OF THE PERIOD

After the year end the following events have occurred:

Capital Reduction

On 8 July 2022 the company exercised a formal reduction of capital from £9,120,001 divided into 9,120,001 ordinary shares of £1.00 each to £5,000,000 divided into 5,000,000 ordinary share of £1.00 by the cancellation of 4,120,001 ordinary shares of £1.00 each.

Dividend

A dividend of £3 million was paid to the sole shareholder on 15 July 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 4 July 2021 to the date of this report.

W J Cook

C D Seymour

DIRECTORS' INDEMNITY PROVISIONS

The directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

DIRECTORS' REPORT
for the Period 4 July 2021 to 2 July 2022

WITHDRAWAL OF THE UK FROM THE EU

The directors have considered the potential impact of the Brexit process on the following key areas of the company's business: the potential loss of staff, loss of customers and disruption to the supply chain.

The company is not considered to be significantly exposed to risk of the loss of key staff as very few employees are EU nationals.

The company generates a significant amount of business with customers based in the EU and as a result, the directors are conscious of the company's exposure as a result of Brexit. £7,343,000 of current period and £6,673,000 of prior period turnover was generated from customers based in the EU. However, as the end customer for the majority of this business is based in the UK it is not considered a major risk. The directors have continued to engage constructively with our EU trading partners throughout the Brexit and post-transition periods and are confident that these relationships can be maintained.

The company is reliant upon suppliers based in the EU, but is developing secondary suppliers in the UK and elsewhere outside the EU in order to mitigate the risks arising from Brexit.

The directors will continue to monitor the situation and adapt their plans appropriately to minimise disruption.

EMPLOYEES

It is the policy of the Group to employ disabled persons wherever circumstances permit and provide normal opportunities for their training, promotion and career developments.

The company considers it important that employees are well informed on all aspects of its affairs as far as the needs of communication and financial confidentiality will allow.

GOING CONCERN

Despite the majority of legal coronavirus (Covid-19) restrictions ending by March 2022, the residual impact of the pandemic continues to have a significant detrimental impact on the overall economy. One major consequence of the pandemic has been inflation, which has risen throughout the period partly as a result of the disruption to global supply chains. This has been exacerbated by the conflict in the Ukraine which has impacted energy prices leading to significant price increases.

Notwithstanding the ongoing challenges of the economic climate and living with Covid-19 the directors continue to monitor the market dynamics on an ongoing basis and given the Group had significant cash of over £12m, net current assets of over £21m and no external debt beyond related parties as at 2 July 2022, the directors consider the Group and the company are well placed to manage the risks associated with these continuing difficult economic conditions.

The company has the strong support of its parent company and fellow subsidiaries, both financially and operationally. In these circumstances the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt a going concern basis of accounting in preparing the financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each 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 auditor is aware of that information.

DIRECTORS' REPORT
for the Period 4 July 2021 to 2 July 2022

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Mazars LLP will therefore continue in office.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'M K Hodgson', with a stylized flourish at the end.

M K Hodgson FCA - Secretary

6 April 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the Period 4 July 2021 to 2 July 2022

The directors are responsible for preparing the Strategic Report, 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 period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOK DEFENCE SYSTEMS LIMITED

Opinion

We have audited the financial statements of Cook Defence Systems Limited (the 'company') for the period ended 2 July 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, and Statement of Changes in Equity 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 2 July 2022 and of its profit for the period 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 at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOK DEFENCE SYSTEMS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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.

Auditors' 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
COOK DEFENCE SYSTEMS LIMITED**

Auditor's responsibilities for the audit of the financial statements (continued)

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to intangible amortization rate and revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Shaun Mullins (Apr 11, 2023 09:33 GMT+1)

Shaun Mullins (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants
and Statutory Auditor
5th Floor, 3 Wellington Place
Leeds
LS1 4AP

Date: Apr 11, 2023

**STATEMENT OF COMPREHENSIVE
INCOME**
for the Period 4 July 2021 to 2 July 2022

	Notes	Period 4.7.21 to 2.7.22 £	Period 28.6.20 to 3.7.21 £
TURNOVER	4	23,620,581	25,312,030
Cost of sales		<u>(17,087,525)</u>	<u>(18,347,091)</u>
GROSS PROFIT		6,533,056	6,964,939
Administrative expenses		<u>(5,361,366)</u>	<u>(5,207,909)</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION		1,171,690	1,757,030
Tax on profit	8	<u>(340,752)</u>	<u>57,877</u>
PROFIT FOR THE FINANCIAL PERIOD		830,938	1,814,907
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>830,938</u></u>	<u><u>1,814,907</u></u>

The notes on pages 13 to 22 form part of these financial statements

BALANCE SHEET
2 July 2022

	Notes	2.7.22 £	3.7.21 £
FIXED ASSETS			
Intangible assets	10	4,276,873	5,416,249
Tangible assets	11	<u>304,478</u>	<u>399,035</u>
		<u>4,581,351</u>	<u>5,815,284</u>
CURRENT ASSETS			
Stocks	12	1,000	1,000
Debtors	13	4,376,390	4,603,265
Cash at bank and in hand		<u>4,531,727</u>	<u>3,393,019</u>
		8,909,117	7,997,284
CREDITORS			
Amounts falling due within one year	14	<u>(2,655,920)</u>	<u>(3,306,818)</u>
NET CURRENT ASSETS		<u>6,253,197</u>	<u>4,690,466</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,834,548	10,505,750
PROVISIONS FOR LIABILITIES	16	<u>(35,620)</u>	<u>(37,760)</u>
NET ASSETS		<u><u>10,798,928</u></u>	<u><u>10,467,990</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	9,120,001	9,120,001
Retained earnings	18	<u>1,678,927</u>	<u>1,347,989</u>
SHAREHOLDERS' FUNDS		<u><u>10,798,928</u></u>	<u><u>10,467,990</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 April 2023 and were signed on its behalf by:



C D Seymour - Director

STATEMENT OF CHANGES IN EQUITY
for the Period 4 July 2021 to 2 July 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 28 June 2020	9,120,001	2,533,082	11,653,083
Changes in equity			
Total comprehensive income	-	1,814,907	1,814,907
Dividends	-	(3,000,000)	(3,000,000)
Balance at 3 July 2021	<u>9,120,001</u>	<u>1,347,989</u>	<u>10,467,990</u>
Changes in equity			
Total comprehensive income	-	830,938	830,938
Dividends	-	(500,000)	(500,000)
Balance at 2 July 2022	<u>9,120,001</u>	<u>1,678,927</u>	<u>10,798,928</u>

The notes on pages 13 to 22 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Period 4 July 2021 to 2 July 2022

1. STATUTORY INFORMATION

Cook Defence Systems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal activity of the company in the period under review was that of the design, sale and distribution of track systems and associated items for armoured vehicles.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards.

Going concern

The company has the strong support of its parent company and fellow subsidiaries, both financially and operationally. In these circumstances, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt a going concern basis of accounting in preparing the financial statements.

The impact of uncertainties due to Covid-19 and the Geopolitical Situation

Despite the majority of legal coronavirus (Covid-19) restrictions ending by March 2022, the residual impact of the pandemic continues to have a significant detrimental impact on the overall economy. One major consequence of the pandemic has been inflation, which has risen throughout the period partly as a result of the disruption to global supply chains. This has been exacerbated by the conflict in the Ukraine which has impacted energy prices leading to significant price increases.

Notwithstanding the ongoing challenges of the economic climate and living with Covid-19 the directors continue to monitor the market dynamics on an ongoing basis and given the Group had significant cash of over £12m, net current assets of over £21m and no external debt beyond related parties as at 2 July 2022, the directors consider the Group and the company are well placed to manage the risks associated with these continuing difficult economic conditions.

The company has the strong support of its parent company and fellow subsidiaries, both financially and operationally. In these circumstances the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt a going concern basis of accounting in preparing the financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 33.7.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 4 July 2021 to 2 July 2022

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- It is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Goodwill and intangible assets

Goodwill and intangible assets, being the amount paid for a business in 2012 and comprising goodwill and intellectual property, are capitalised at cost and amortised by equal instalments over their estimated useful economic life and are subject to annual impairment reviews.

Goodwill

The goodwill relates to the business of the sale and distribution of track systems and associated items for armoured vehicles. Based on their knowledge of the global armoured vehicles market the directors have a reasonable expectation that demand for the Company's products will continue for at least 40 years 1 April 2013. Accordingly, an estimated useful economic life of 40 years has been adopted for goodwill.

Intangible assets

The intellectual property includes patents, design rights and know-how associated with particular products. Based on the directors' knowledge of the market for these products, and considering planned changes to Company's product range, an estimated useful economic life of 5 years from 1 July 2019 has been adopted for this intellectual property.

Tangible fixed assets

Tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows:

Plant and machinery	- 10% on cost
Fixtures and fittings	- 33% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair value less costs to sell, and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 4 July 2021 to 2 July 2022

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company participates in an active defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 4 July 2021 to 2 July 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

Critical judgements in applying the Group and Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Useful economic life of goodwill

The directors have assessed that the goodwill related to historic acquisitions has a useful economic life of 40 years.

Key sources of estimation uncertainty

There are no critical assumptions or estimates involved in application of the company's accounting policies.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Period 4.7.21 to 2.7.22 £	Period 28.6.20 to 3.7.21 £
United Kingdom	12,701,363	13,298,943
Continental Europe	7,342,615	6,672,846
Rest of World	<u>3,576,603</u>	<u>5,340,241</u>
	<u>23,620,581</u>	<u>25,312,030</u>

5. EMPLOYEES AND DIRECTORS

	Period 4.7.21 to 2.7.22 £	Period 28.6.20 to 3.7.21 £
Wages and salaries	371,035	297,430
Social security costs	42,998	31,753
Other pension costs	<u>14,169</u>	<u>9,287</u>
	<u>428,202</u>	<u>338,470</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 4 July 2021 to 2 July 2022

5. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the period was as follows:

	Period 4.7.21 to 2.7.22	Period 28.6.20 to 3.7.21
Sales and administration	<u>6</u>	<u>6</u>

6. DIRECTORS' EMOLUMENTS

The emoluments of the directors of the Group and the company are borne entirely by other group companies and disclosed in the financial statements of those companies.

7. OPERATING PROFIT

The operating profit is stated after charging:

	Period 4.7.21 to 2.7.22 £	Period 28.6.20 to 3.7.21 £
Other operating leases	86,237	75,053
Depreciation - owned assets	151,461	178,896
Goodwill amortisation	69,500	69,500
Intellectual property amortisation	1,069,876	1,069,876
Auditor's remuneration for the audit of the company's financial statements	18,677	13,034
Auditor's remuneration for taxation compliance services	4,323	3,966
Foreign exchange differences	<u>42,216</u>	<u>407</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 4 July 2021 to 2 July 2022

8. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the period was as follows:

	Period 4.7.21 to 2.7.22 £	Period 28.6.20 to 3.7.21 £
Current tax:		
UK corporation tax	-	226,721
Adjustment in respect of prior period	(98,344)	(284,908)
Group relief	<u>441,236</u>	<u>-</u>
Total current tax	<u>342,892</u>	<u>(58,187)</u>
Deferred tax:		
Current period	3,707	(13,088)
Adjustments relating to prior period	(5,847)	1,194
Effect of rate change	<u>-</u>	<u>12,204</u>
Total deferred tax	<u>(2,140)</u>	<u>310</u>
Tax on profit	<u>340,752</u>	<u>(57,877)</u>

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 4.7.21 to 2.7.22 £	Period 28.6.20 to 3.7.21 £
Profit before tax	<u>1,171,690</u>	<u>1,757,030</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	222,621	333,836
Effects of:		
Expenses not deductible for tax purposes	369	136
Depreciation in excess of capital allowances	213,238	216,481
Adjustments to tax charge in respect of previous periods	(104,191)	(283,714)
Difference between deferred tax and corporation tax rates	890	9,062
Additional deduction for R&D expenditure	-	(335,535)
Transfer pricing adjustments	<u>7,825</u>	<u>1,857</u>
Total tax charge/(credit)	<u>340,752</u>	<u>(57,877)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 4 July 2021 to 2 July 2022

9. DIVIDENDS

	Period 4.7.21 to 2.7.22 £	Period 28.6.20 to 3.7.21 £
Ordinary shares of £1 each		
Interim dividend for the current financial period	<u>500,000</u>	<u>3,000,000</u>

10. INTANGIBLE FIXED ASSETS

	Goodwill £	Intellectual property £	Totals £
COST			
At 4 July 2021 and 2 July 2022	<u>2,780,000</u>	<u>6,340,000</u>	<u>9,120,000</u>
AMORTISATION			
At 4 July 2021	573,375	3,130,376	3,703,751
Amortisation for period	<u>69,500</u>	<u>1,069,876</u>	<u>1,139,376</u>
At 2 July 2022	<u>642,875</u>	<u>4,200,252</u>	<u>4,843,127</u>
NET BOOK VALUE			
At 2 July 2022	<u>2,137,125</u>	<u>2,139,748</u>	<u>4,276,873</u>
At 3 July 2021	<u>2,206,625</u>	<u>3,209,624</u>	<u>5,416,249</u>

11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 4 July 2021	1,283,558	5,685	12,715	7,627	1,309,585
Additions	<u>56,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,904</u>
At 2 July 2022	<u>1,340,462</u>	<u>5,685</u>	<u>12,715</u>	<u>7,627</u>	<u>1,366,489</u>
DEPRECIATION					
At 4 July 2021	884,523	5,685	12,715	7,627	910,550
Charge for period	<u>151,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,461</u>
At 2 July 2022	<u>1,035,984</u>	<u>5,685</u>	<u>12,715</u>	<u>7,627</u>	<u>1,062,011</u>
NET BOOK VALUE					
At 2 July 2022	<u>304,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,478</u>
At 3 July 2021	<u>399,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,035</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 4 July 2021 to 2 July 2022

12. STOCKS

	2.7.22	3.7.21
	£	£
Raw materials and consumables	<u>1,000</u>	<u>1,000</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2.7.22	3.7.21
	£	£
Trade debtors	2,048,996	2,256,108
Amounts owed by group undertakings	976,666	1,458,750
Other debtors	4,767	-
Corporation tax	111,183	327,469
VAT	1,218,863	556,045
Prepayments and accrued income	<u>15,915</u>	<u>4,893</u>
	<u>4,376,390</u>	<u>4,603,265</u>

Amounts owed by group undertakings are repayable on demand and are interest free.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2.7.22	3.7.21
	£	£
Trade creditors	84,475	151,071
Amounts owed to group undertakings	1,948,135	2,316,318
Social security and other taxes	12,332	11,644
Accrued expenses and deferred income	<u>610,978</u>	<u>827,785</u>
	<u>2,655,920</u>	<u>3,306,818</u>

Amounts owed to group undertakings are repayable on demand and are interest free.

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2.7.22	3.7.21
	£	£
Within one year	4,991	9,173
Between one and five years	<u>2,080</u>	<u>7,071</u>
	<u>7,071</u>	<u>16,244</u>

16. PROVISIONS FOR LIABILITIES

	2.7.22	3.7.21
	£	£
Deferred tax	<u>35,620</u>	<u>37,760</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 4 July 2021 to 2 July 2022

16. PROVISIONS FOR LIABILITIES – continued

		Deferred tax £
Balance at 4 July 2021		37,760
Credit to Statement of Comprehensive Income during period		<u>(2,140)</u>
Balance at 2 July 2022		<u>35,620</u>
The elements of deferred taxation are as follows:		
	2.7.22 £	3.7.21 £
Difference between accumulated depreciation and amortisation of capital allowances	43,970	38,767
Other timing differences	<u>(8,350)</u>	<u>(1,007)</u>
	<u>35,620</u>	<u>37,760</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2.7.22 £	3.7.21 £
9,120,001	Ordinary	£1	<u>9,120,001</u>	<u>9,120,001</u>

18. RESERVES

	Retained earnings £
At 4 July 2021	1,347,989
Profit for the period	830,938
Dividends	<u>(500,000)</u>
At 2 July 2022	<u>1,678,927</u>

19. PENSION COMMITMENTS

The company makes contributions to a group personal pension scheme.

The assets of the defined contribution pension scheme are held separately from those of the company, in an independently administered fund. The company's contribution to the scheme for the period was £14,169 (2021: £9,287).

Outstanding contributions at 2 July 2022 were £1,121 (3 July 2021: £nil). There were no prepaid contributions at either the beginning or end of the financial period.

20. ULTIMATE PARENT COMPANY

The ultimate holding company is William Cook Holdings Limited a company registered in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 4 July 2021 to 2 July 2022

21. CONTINGENT LIABILITIES

Group contingent liabilities relating to guarantees, performance bonds and other items of a normal trading nature amounted to £2,050,000 (2021: £1,950,000).

Cook Defence Systems Limited has given guarantees in respect of bank indebtedness of fellow group undertakings, which amounted to £6,237,000 (2021: £4,426,000).

22. CAPITAL COMMITMENTS

	2.7.22	3.7.21
	£	£
Contracted but not provided for in the financial statements	<u>36,689</u>	<u>12,174</u>

23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

24. POST BALANCE SHEET EVENTS

After the year end the following events have occurred:

Capital Reduction

On 8 July 2022 the company exercised a formal reduction of capital from £9,120,001 divided into 9,120,001 ordinary shares of £1.00 each to £5,000,000 divided into 5,000,000 ordinary share of £1.00 by the cancellation of 4,120,001 ordinary shares of £1.00 each.

Dividend

A dividend of £3 million was paid to the sole shareholder on 15 July 2022.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the Group and company is considered to be Sir Andrew Cook CBE.