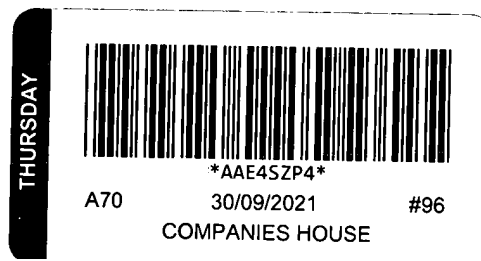


Sealand Support Services Limited
Annual Report and Financial Statements
for the year ended 31 December 2020

Registered number: 10644384



Sealand Support Services Limited

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Sealand Support Services Limited

Directors' report

The Directors present their annual report on the affairs of Sealand Support Services Limited (the Company), together with the financial statements, for the year ended 31 December 2020.

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The principal activity of the Company throughout the period under review has been to prepare for a contract from the nominated prime contractor of the United States Government for the maintenance, repair, overhaul and upgrade (MRO&U) from the Company's base in North Wales of certain F-35 components pursuant to the assignment made by the United States Government in November 2016.

The Company is a joint venture between (i) the Secretary of State for Defence of the United Kingdom, acting through the Defence Electronics and Components Agency, (ii) Northrop Grumman UK Limited and (iii) BAE Systems (Holdings) Limited. Control of the Company is equal, as a result of each owner having 33.33% of issued share capital.

There were no political and charitable contributions by the Company during the year.

Directors

The Directors, who served the Company during the year and up to the date of signing this report, unless otherwise noted, were as follows:

S Worsnip	(Chairman)	(resigned 31 March 2021)
K H R Bethell	(Chairman)	(appointed 1 February 2021)
N J Chaffey		
T Fillingham		
H B Lloyd		(resigned 1 February 2021)
K D Longman		
S Salthouse		(appointed 1 April 2021)
G J Spearing		

Dividends

The Directors do not recommend a final ordinary dividend. There was no final ordinary dividend in 2019.

Auditor

The Directors who held office at the date of approval of this report confirm that:

- As far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps that he/she ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Sealand Support Services Limited

Directors' report (continued)

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditors, RSM UK Audit LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:



K. D. LONGMAN

Director

29 September 2021

Registered Office Address:
MoD Sealand
Welsh Road
Sealand
Flintshire CH5 2LS

Sealand Support Services Limited

Directors' responsibilities statement

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Sealand Support Services Limited

Independent Auditor's Report to the members of Sealand Support Services Limited

For the year ended 31 December 2020

Opinion

We have audited the financial statements of Sealand Support Services Limited (the 'Company') for the year ended 31 December 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Sealand Support Services Limited

Independent Auditor's Report to the members of Sealand Support Services Limited (continued)

For the year ended 31 December 2020

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 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Directors' report.

Sealand Support Services Limited

Independent Auditor's Report to the members of Sealand Support Services Limited (continued)

For the year ended 31 December 2020

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

Sealand Support Services Limited

Independent Auditor's Report to the members of Sealand Support Services Limited (continued)

For the year ended 31 December 2020

-
- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Company operates in and how the Company is complying with the legal and regulatory framework;
 - inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
 - discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

<http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Ian Taylor (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

5th Floor

One City Place

Queens Road

Chester

CH1 3BQ

29 September 2021

Sealand Support Services Limited

Profit and Loss Account For the year ended 31 December 2020

	2020 £	2019 £
Administrative expenses	(4,879,371)	(5,499,570)
Operating loss	(4,879,371)	(5,499,570)
Interest Payable	(617,449)	(75,595)
Loss before taxation	(5,496,820)	(5,575,165)
Tax on loss	-	-
Loss after taxation and loss for the financial year	(5,496,820)	(5,575,165)

Sealand Support Services Limited

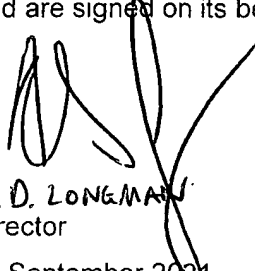
Balance Sheet As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	9,967,815	3,973,362
Intangible assets	5	112,224	-
		<u>10,080,039</u>	<u>3,973,362</u>
Current assets			
Debtors	6	153,072	464,883
Cash at bank and in hand		<u>8,420,996</u>	<u>13,227,691</u>
		8,574,068	13,692,574
Creditors: Amounts falling due within one year	7	<u>(2,303,069)</u>	<u>(2,748,066)</u>
Net current assets		<u>6,270,999</u>	<u>10,944,508</u>
Total assets less current liabilities		16,351,038	14,917,870
Creditors: Amounts falling due after more than one year	8	<u>(294,246)</u>	<u>(225,633)</u>
Net assets		<u>16,056,792</u>	<u>14,692,237</u>
Capital and Reserves			
Called up share capital	9	29,424,630	22,563,255
Profit and loss account		<u>(13,367,838)</u>	<u>(7,871,018)</u>
Total equity		<u>16,056,792</u>	<u>14,692,237</u>

The accompanying notes on pages 12 to 20 form an integral part of the financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the Board of Directors and authorised for issue and are signed on its behalf by:


K. D. LONGMAN
Director

29 September 2021

Company number: 10644384

Sealand Support Services Limited

Statement of Changes in Equity As at 31 December 2020

	Note	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2019		8,008,800	(2,295,853)	5,712,947
Loss for the financial period		-	(5,575,165)	(5,575,165)
Issue of share capital	9	<u>14,554,455</u>	<u>-</u>	<u>14,554,455</u>
At 31 December 2019		<u>22,563,255</u>	<u>(7,871,018)</u>	<u>14,692,237</u>
		Called-up share capital £	Profit and loss account £	Total £
At 1 January 2020		22,563,255	(7,871,018)	14,692,237
Loss for the financial period		-	(5,496,820)	(5,496,820)
Issue of share capital	9	<u>6,861,375</u>	<u>-</u>	<u>6,861,375</u>
At 31 December 2020		<u>29,424,630</u>	<u>(13,367,838)</u>	<u>16,056,792</u>

Sealand Support Services Limited

Notes to the Financial Statements For the year ended 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

a. General information and basis of accounting

Sealand Support Services Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in England and Wales. The address of the Company's registered office is shown on page 3.

The principal activities of the Company and the nature of its operations are set out in the Directors' report on page 2.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention, modified to include certain financial instruments at fair value. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

b. Going concern

The financial statements have been prepared using the going concern basis of accounting. As the Company continues a period of capital investment, forecast revenue from operating activities are expected during 2022. The Directors have also modelled a scenario whereby no revenues are received in 2022 and concluded that there are measures which could be put in place to ensure the company has sufficient cash to meet its liabilities as they fall due for a period to at least December 2022. The directors have received a further injection of capital as shown in the post balance sheet events note (see note 14) and have received confirmation from the shareholders that they intend to support the Company for a period of at least 12 months from the date these financial statements are signed. Based on this, the directors believe it is appropriate to prepare the accounts using the going concern assumption.

c. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant & Machinery

20% straight line

Assets in the course of construction are carried at cost. Depreciation is not charged on assets in the course of construction.

Sealand Support Services Limited

Notes to the Financial Statements (*continued*) For the year ended 31 December 2020

1. Accounting policies (*continued*)

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

d. *Intangible Fixed Assets*

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software 20% straight line

All intangible assets comprise computer software and licenses, these are amortised over a 5 year period as the Company does not consider that it is necessary to replace IT software more frequently.

Amortisation is recognised in administrative expenses in the profit and loss account.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

e. *Financial instruments*

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Dividends on preference shares, classified as liabilities, are presented within interest payable and similar expenses.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors 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 rate method.

Other financial liabilities

Forward foreign exchange contracts are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate. A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Sealand Support Services Limited

Notes to the Financial Statements *(continued)* For the year ended 31 December 2020

1. Accounting policies (continued)

De-recognition of financial liabilities

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

Equity instruments

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

f. Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax, other than the tax effects of distributions to owners, is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

The tax expense or income effects of distributions to owners are recognised in profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

g. Foreign Currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Sealand Support Services Limited

Notes to the Financial Statements *(continued)* For the year ended 31 December 2020

1. Accounting policies *(continued)*

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

All translation differences are taken to profit or loss.

2. Staff numbers and costs

The average monthly number of members of staff (including executive Directors):

	2020 Number	2019 Number
F-35 Repair Mobilisation team	10	10
Agency Staff	<u>5</u>	<u>2</u>

The 10 F-35 Repair Mobilisation team staff members (2019: 10) are secondees from shareholder organisations.

The wages and salaries, social security and pension costs are borne by the relevant shareholders, Defence and Electronics Components Agency (DECA), BAE Systems (Holdings) Limited and Northrop Grumman UK Limited, who are responsible for paying secondees through their HR and payroll systems and recharged to Sealand Support Services Limited.

The wages and salaries relating to agency staff are borne by the relevant agency.

3. Directors' remuneration and transactions

Directors do not receive any remuneration for services provided to this Company.

Sealand Support Services Limited

Notes to the Financial Statements *(continued)* For the year ended 31 December 2020

4. Tangible fixed assets		Plant and machinery £	Assets in the course of construction £	Total tangible assets £
Company Cost				
At 1 January 2020		3,180,918	831,582	4,012,500
Additions		5,200,084	944,253	6,144,337
Transfers to Intangible Assets		(136,735)	-	(136,735)
Disposals		-	(1,100)	(1,100)
At 31 December 2020		<u>8,244,267</u>	<u>1,774,735</u>	<u>10,019,002</u>
Depreciation				
At 1 January 2020		39,138	-	39,138
Charge for the year		29,467	-	29,467
Transfers to Intangible Assets		(17,418)	-	(17,418)
At 31 December 2020		<u>51,187</u>	<u>-</u>	<u>51,187</u>
Net book value				
At 31 December 2020		<u>8,193,080</u>	<u>1,774,735</u>	<u>9,967,815</u>
At 31 December 2019		<u>3,141,780</u>	<u>831,582</u>	<u>3,973,362</u>
5. Intangible fixed assets		Computer software		
Cost		£		
At 1 January 2020		-		
Additions		26,277		
Transfers from Tangible Assets		<u>136,735</u>		
At 31 December 2020		<u>163,012</u>		
Amortisation				
At 1 January 2020		-		
Charge for the year		33,370		
Transfers from Tangible Assets		<u>17,418</u>		
At 31 December 2020		<u>50,788</u>		
Net book value				
At 31 December 2020		<u>112,224</u>		

Sealand Support Services Limited

Notes to the Financial Statements *(continued)* For the year ended 31 December 2020

6. Debtors – amounts falling due within one year

	2020 £	2019 £
Prepayments	153,072	6,722
VAT	-	458,161
	<u>153,072</u>	<u>464,883</u>

7. Creditors – amounts falling due within one year

	2020 £	2019 £
Trade creditors	69,055	51,649
Accruals and other creditors	<u>2,234,014</u>	<u>2,696,417</u>
	<u>2,303,069</u>	<u>2,748,066</u>

8. Creditors – amounts falling due after more than one year

	2020 £	2019 £
Cumulative redeemable preference shares		
A Cumulative Redeemable Preference shares (9,808,210)	98,082	75,211
B Cumulative Redeemable Preference shares (9,808,210)	98,082	75,211
C Cumulative Redeemable Preference shares (9,808,210)	<u>98,082</u>	<u>75,211</u>
	<u>294,246</u>	<u>225,633</u>

Each class of Preference Shares shall rank in priority to another class of Preference Shares according to the priority of its accrued and unpaid dividend entitlement and no dividends may be declared by the Board and paid by the Company on the Ordinary Shares if there is any accrued and unpaid dividend entitlement on any class of Preference Shares.

The A Preference Shares, the B Preference Shares and the C Preference Shares shall constitute separate classes of shares and shall rank in priority to the Ordinary Shares in respect of their entitlement to dividends and their right to the assets of the Company on a return of capital on winding-up or otherwise, in accordance with the Dividend Policy.

Sealand Support Services Limited

Notes to the Financial Statements *(continued)* For the year ended 31 December 2020

8. Creditors – amounts falling due after more than one year (continued)

The holders of Preference Shares shall have the right to receive notice and to attend any general meeting of the Company but shall have no right in that capacity to vote at any general meeting, unless the business of the meeting includes the consideration of a resolution for a winding-up of the Company or the abrogation, variation or modification of any of the rights or privileges attaching to that class of Preference Shares (as the case may be), in which case the holder(s) of such Preference Shares shall have the right to receive notice of and to attend the general meeting and shall be entitled to speak and vote only on any such resolution.

Allotted, called-up and fully paid redeemable preference shares of £0.01 each	No	£
– breakdown as follows:		
A Cumulative Redeemable Preference shares	2,669,600	26,696
B Cumulative Redeemable Preference shares	2,669,600	26,696
C Cumulative Redeemable Preference shares	<u>2,669,600</u>	<u>26,696</u>
As at 1 st January 2019	8,008,800	80,088
Issued at par on 19 February 2019	14,554,455	145,545
As at 31 December 2019		
– breakdown as follows:		
A Cumulative Redeemable Preference shares	7,521,085	75,211
B Cumulative Redeemable Preference shares	7,521,085	75,211
C Cumulative Redeemable Preference shares	<u>7,521,085</u>	<u>75,211</u>
As at 1 st January 2020	22,563,255	225,633
Issued at par on 15 September 2020	6,861,375	68,613
As at 31 December 2020		
A Cumulative Redeemable Preference shares	9,808,210	98,082
B Cumulative Redeemable Preference shares	9,808,210	98,082
C Cumulative Redeemable Preference shares	<u>9,808,210</u>	<u>98,082</u>
	<u>29,424,630</u>	<u>294,246</u>

Sealand Support Services Limited

Notes to the Financial Statements *(continued)* For the year ended 31 December 2020

9. Called-up share capital and reserves

	No	£
Allotted, called up and fully-paid ordinary shares of £1 each		
As at 1 st January 2019	8,008,800	8,008,800
Issued at par on 19 February 2019	<u>14,554,455</u>	<u>14,554,455</u>
As at 31 December 2019	<u>22,563,255</u>	<u>22,563,255</u>
As at 1 st January 2020	22,563,255	22,563,255
Issued at par on 15 September 2020	<u>6,861,375</u>	<u>6,861,375</u>
As at 31 December 2020	<u>29,424,630</u>	<u>29,424,630</u>

The Company has one class of ordinary shares, which carry no right to fixed income.

10. Related party transactions

The Company is equally owned between BAE Systems (Holdings) Limited, Secretary of State for Defence of the United Kingdom (through DECA) and Northrop Grumman UK Limited. Control of the Company is equal, as a result of each owner having a 33.33% of issued share capital.

The Company owes £1,389,093 (2019: £2,372,975) to shareholders which is held in other creditors at year end.

During the year the Company purchased services in the ordinary course of business from:

	Capitalised cost £	Expensed cost £	Total cost £
BAES Systems (Holdings) Limited	2,643,940	2,732,425	5,376,365
UK Ministry of Defence	115,229	1,713,849	1,829,078
Northrop Grumman UK Limited	-	1,154,352	1,154,352

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2019: £0) in respect of bad debts from related parties.

Sealand Support Services Limited

Notes to the Financial Statements *(continued)* For the year ended 31 December 2020

11. Controlling party

The Company is equally owned between BAE Systems (Holdings) Limited, Secretary of State for Defence of the United Kingdom (through DECA) and Northrop Grumman UK Limited. Control of the Company is equal, as a result of each owner having a 33.33% of issued share capital. There is therefore no controlling party.

12. Capital Commitments

Capital expenditure contracted for but not provided for in the accounts is as follows:

	2020 £	2019 £
Contracted (Plant and Equipment)	7,585,471	7,437,730

13. Financial Instruments

The Company's financial instruments are held at fair value.

At the year end, the Company had open contracts to purchase USD as follows:

	2020 \$	2019 \$
Foreign exchange forward contracts	<u>Nil</u>	<u>1,225,017</u>

The Company uses foreign currency forward contracts to manage the foreign change risk of future transactions and cash flows.

14. Subsequent Events

During September 2021 each shareholder agreed to subscribe for 2,844,884 ordinary shares of £1 each and 2,844,884 preference shares of £0.01 each in the capital of the Company for cash at par, in consideration for which they each will pay the Company the sum of £2,873,332.84 (total £8,619,998.52).