

GPT Special Project Management Limited

Annual report and financial
statements

Registered number 2984211

28 December 2020



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Strategic report

Principal activity and review of the business

The Company's principal activity was that of the prime contractor offering design and build capital replacement projects of communications systems and associated projects, plus associated managed services – operations maintenance and customer training to a single customer (the "MoD") for the benefit of the Saudi Arabian National Guard. There have not been any significant changes in the Company's principal activities in the period under review.

Future developments and basis of preparation

The Company has been serving a single customer since its formation due to its status as prime contractor to the UK Ministry of Defence. The last 10-year programme expired on 31 December 2019 and the Company has no intention either to bid for new work with the UK Ministry of Defence or seek new business with other customers. The Company is in the process of closing down its operations and will eventually (voluntarily) liquidate the entity. As the shareholders and directors of the Company do not intend to acquire a replacement trade they have prepared the financial statements on a non-going concern basis. The effect of this is explained in note 1.

The activities of the Company's Branch in the Kingdom of Saudi Arabia are regulated by its commercial licence to operate and, as such, has served a single customer since its formation due to its status as prime contractor to its single customer.

In May 2019 the managed services project came to an end and the 10-year capital replacement programme expired at the end of 2019, however, the last project completed delivery in April 2020.

The Company's turnover decreased by 92% in comparison to 2019. As mentioned above the capital replacement project came to a close at 1 December 2019, and only one project was undertaken to completion in 2020 on an individual basis.

The gross profit of the Company decreased by 36% as a result of a reduction in trading activities. This reduction was less than the reduction in turnover due to an amount of SR27.2 million received from our customer, the UK Ministry of Defence, in settlement of a dispute.

The Company made a profit of SAR 65.2m compared to a loss of SAR 55.9m in last year. This is driven by the reduction in overheads including staff costs, profits from the completion of projects in the year and the fact that the SFO fine was recognised in the Company's 2019 accounts. See below and note 3 for details.

In August 2012, the UK Serious Fraud Office ("SFO") announced that it had opened a formal criminal investigation in relation to the Company.

On 29 July 2020, the SFO requisitioned (required) the Company to appear in court, and a series of hearings have followed. The single charge against the Company relates to alleged historic corruption in the Kingdom of Saudi Arabia between 2007 and 2012.

On 28 April 2021, the Company entered a guilty plea and a sentence was handed down of a fine of SAR 150.1m (GBP 28.1m) plus SAR 11.7m (GBP 2.2m) in costs. For legal reasons the Company cannot comment further on it.

In relation to the SFO case, the Company paid in total an amount of SAR 161.8m (fine plus ancillary costs) in the year 2021. The cash position below does not take into account this impact as it will be reflected in 2021 financial statements.

The cash position of the Company has increased by 22% in the period as the Company received SAR410 million in partial settlement of monies owed by our customer, the UK Ministry of Defence. Settlement of the remaining sums are anticipated to be received once the Company concludes an ongoing tax dispute related to various tax assessments issued by the General Authority of Zakat and Tax 'ZATCA' which is described further in Note 12. No provision has been made in relation to these tax assessments as the Directors are not able to estimate reliably any amounts which might be payable.

The overall equity increased in the period by 45% due to the profit made in the period with no dividend being distributed.

The Company has changed its accounting reference date to 28 December.

Strategic report (continued)

The Company's key financial and other performance indicators during the period were as follows:

	2020	2019	Change
	SAR 000	SAR 000	
Order intake	-	361,443	(100)%
Turnover	71,881	912,471	(92)%
Gross profit	60,905	95,836	(36)%
Profit / (Loss) before tax	65,220	(55,855)	217%
Equity	187,062	128,356	46%
Cash at bank and in hand	305,529	250,983	22%

Section 172 Statement

In line with the Companies Act requirement for years commencing on or after 1 January 2019, the Directors set out below their key considerations and steps taken with regard to the 'enlightened shareholder value' requirements of s172 in performing their duties.

The Board continuously reviews which relationships support the generation and preservation of value in the Company. The Directors have identified the following parties who have an interest in, or are impacted by, the decisions taken by the Company: customer (including the ultimate customer), suppliers, employees, pension scheme members, shareholders, tax authorities in the UK and KSA, regulators, Her Majesty's Government and local communities. All strategic decisions take into account these stakeholders' interests and the Directors consider that they have acted in a way that is most likely to promote the success of the Company for the benefit of its members as a whole. In particular, the Directors have considered the following matters:

- Long-term factors affecting the Company - the Company aligns its development and production strategy with the order book alongside customer's satisfaction. The Company has been serving a single customer since its formation due to its status as prime contractor to the UK Ministry of Defence. The last 10-year programme expired on 31 December 2019 and the Company has no intention either to bid for new work with the UK Ministry of Defence or seek new business with other customers. The Company is in the process of closing down its operations.
- Business relationships with suppliers - supplier relationships are crucial to the success of the Company and constantly monitored.
- Business relationships with customer - the Company's only customer is the UK Ministry of Defence and the ultimate sole customer was Saudi National Guard.
- Business relationships with others - the Company has a number of other stakeholders with which it has business relationships, notably HMRC and other Government bodies in both KSA and the UK. The Company is an important contributor to the UK economy through tax payments and KSA for job creation. The Company always aims to be transparent, provide information in a timely manner and operate in a collaborative manner.
- Impact of the Company's operations in the community and the environment - Responsible behaviour is an integral part of everyday business decisions. We do this by making safety our priority and integrating high standards of environmental performance at our sites and in our activities. We respect and value our employees, work closely with our suppliers and strive to maintain high standards of ethical conduct. We aim to be a trusted and responsible company and take pride in our reputation to strive for excellence.
- Reputation for high standards of business conduct - Airbus has established a robust internal control framework and actively considers risks and opportunities that might impact in the long or short term.
- Acting fairly between members of the Company - The Company only has one member.

Strategic report (continued)

Principal risks and uncertainties

The 10-year capital replacement programme officially finished at the end of 2019, however, the last project completed delivery on 23 April 2020. As part of the programme, GPT undertook to provide certain warranties for work performed. To date no claims have been raised against GPT in respect of this undertaking. Consequently, the Company believes the likelihood of any claims is remote and no provision is required. Note 12 includes a contingent liability disclosure in respect of warranties.

The Company is owed SR87.7m by the UK Ministry of Defence ("MoD"). The Company does not believe there is any credit risk in respect of the recoverability of this sum.

The Company has no loan arrangements and sufficient working capital for its needs therefore the Company has no interest rate exposure.

The Company has immaterial exposure to Foreign Exchange risk as its cash inflows and outflows are primarily in Saudi Arabian Riyals.

GPT Special Project Management Limited, a UK registered entity, operates solely through a Branch in the Kingdom of Saudi Arabia. The activities of the Branch are regulated by its commercial licence, dated 15 March 1995, which permits it to serve a single customer, the MoD, for the benefit of the ultimate customer, the Saudi Arabian National Guard. The Company is the Prime Contractor to the MoD.

On 9 September 1997, a Saudi Royal Decree was granted in favour of the Company. As the customer's Prime Contractor in the Kingdom of Saudi Arabia, the Company's Branch was exempted from Saudi Arabian taxation rules and exempted from liability for tax in that country.

In 2019, the Company was issued with a number of tax assessments covering the years from 2004 to 2019. The aggregate value of these tax assessments, including late payment penalties accruing daily, is circa SAR 1,029.2m.

In light of the Royal Decree exempting the company from tax in Saudi Arabia, the directors believe that the Branch is exempt from all taxes in that country and have no liability for the amounts assessed by the ZATCA. Appeals against these assessments have therefore been submitted. Appeals against these assessments were heard by the Tax Violation and Dispute Resolution Committee ("TVDRRC") in September 2021. The conclusions of the TVDRRC have not changed the position of the Company and certain aspects have been appealed against by the Company and ZATCA so remain unresolved.

However, despite the directors' belief that the company is exempt from tax, there is nonetheless considerable uncertainty about the likely outcome of the appeal. If the company were found to be liable for tax, there is also considerable uncertainty around the amount of the potential tax charge such that the directors consider that no reliable estimate could be made. In light of this, no liability for the amounts assessed by the ZATCA has been recognised in the financial statements.

Employees

Considerable importance is placed on communication, involvement and motivation of the employees of the Company. Two-way communication ensure that employees are kept informed of the performance of the Company and of any key initiatives or projects, through regular briefings and bulletins.

Disclosure of information to auditor

The Directors who held office at the date of approval of this annual report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Strategic report (continued)

Managing Environmental Impact

The Company applies Airbus Group's environmental policy which aims to continuously improve performance in the following areas: Energy efficiency, Air pollutants emissions, Noise and Substances of Concern. This is undertaken by promoting and implementing principles of industrial ecology, encouraging suppliers to act responsibly and constantly engaging with regulatory bodies.

Respect for Human Rights

Modern slavery, including servitude, forced labour and human trafficking is a global issue and affects every country, sector and industry. It represents some of the gravest forms of human rights abuse in society. The Company has a zero-tolerance approach to modern slavery within its business, its operations and its supply chain.

Everyone within the Company has a responsibility to be alert to the issues around modern slavery. As such, the Company has held awareness-raising sessions with key people working in its Commercial and Procurement teams on Modern Slavery. Those sessions included information, guidance and advice on identifying potential risks in the supply chain.

Anti-bribery and Corruption Compliance

The Company is committed to ensuring it meets its legal obligations and prevents, detects and eliminates corrupt practices, and cooperates to reduce opportunities for bribery and corruption.

Staff are always required to act honestly and with integrity and to safeguard the resources for which they are responsible. Bribery is an ever-present threat to these resources and therefore must be a concern to all members of staff.

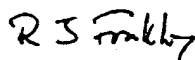
The Company does not tolerate any form of corruption (including the giving and receiving of bribes) within the organization and takes the most serious view of any attempt to commit corrupt practices by members of staff, contractors, agents and business partners. Cases of suspected corruption will be properly investigated, and appropriate action taken, including reporting to the appropriate authorities, disciplinary action, prosecution and active pursuit of recovery. Any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action.

Details relating to the legacy SFO investigation and penalty imposed are outlined on page 1.

Health and Safety at Work

The health and safety of the Company's employees and supply chain remains a top priority. To meet the requirements of the Health and Safety at Work Act 1974, the Company created a Health Safety & Environment Committee for applying and enforcing health, safety and environmental regulations on all sites where the Company had an ongoing activity. The Company has in place its policy on how Health and Safety is to be managed within the workplace, to ensure, so far as is reasonably practicable, the health, safety and welfare of all its employees and supply chain personnel. Regular performance reports are provided to senior management by the committee. The Company's in-house Health and Safety team manages all appropriate health surveillance and any work-related health issues are followed up and reported appropriately.

By order of the board



Richard Franklin
Director
Date: 2 March 2022

Gunnels Wood Rd,
Stevenage,
SG1 2AS

Directors' report

The Directors present their annual report and financial statements for the period ended 28 December 2020.

The Company is a wholly owned subsidiary of Paradigm Services Limited and operates exclusively in the Kingdom of Saudi Arabia through its Branch and sole trading office.

Results and dividends

The profit for the period amounted to KSAR 58,396 (2019: loss of KSAR 56,161).

No interim dividend was paid (30 December 2019: Nil). The Directors do not recommend the payment of a final dividend (30 December 2019: Nil).

Directors and Directors' interests

The Directors who held office during the period were as follows:

Richard Franklin
Andrew Forbes (resigned 31 December 2020)
Evan Jones (resigned 20 April 2020)
Muhammad Atif Mirza
Nigel Ede

As the Company is a wholly owned subsidiary of Airbus S.E., the Directors of the Company are covered under the Directors and Officers Liability insurance policy.

None of the Directors who held office at the end of the financial period had any disclosable interest in the shares of the Company.

Business relationships with suppliers, customers and others

The directors have full regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year is included within the section 172 statement within the Strategic report.

Political and charitable contributions

The Company made no political contributions during the period (30 December 2019: Nil).

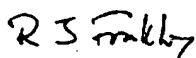
Disclosure of information to auditor

The Directors who held office at the date of approval of this annual report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



Richard Franklin
Director
Date: 2 March 2022

Gunnels Wood Rd,
Stevenage,
SG1 2AS

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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 year. 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 year. 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. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 GPT Special Project Management Limited

Opinion

We have audited the financial statements of GPT Special Project Management Limited ("the company") for the period ended 28 December 2020 which comprise the Profit and Loss account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1. These financial statements have not been prepared on the going concern basis for the reason set out in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter -uncertain outcome of tax claim

We draw attention to note 12 to the financial statements concerning the uncertain outcome of tax assessments made by the Zakat, Tax and Customs Authority ("ZATCA") in respect of periods between 2004 and 2019. The company has lodged appeals against these tax assessments, but the matter remains unresolved. The ultimate outcome of this matter cannot currently be determined, and no provision for any liability which might result has been made in the financial statements.

Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company ceased trading in April 2020 and all revenue recognised has been agreed with the customer as part of final reconciliation of the contract.

We did not identify any additional fraud risks.

Independent auditor's report to the members of GPT Special Project Management Limited (continued)

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery and employment law recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the SFO fine matter discussed in note 10 we assessed disclosures against our understanding from legal correspondence.

For the Taxation matter discussed in note 12 we assessed disclosures against our understanding from correspondence from ZATCA.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

Independent auditor's report to the members of GPT Special Project Management Limited (continued)

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Huw Brown (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queen Square
Bristol
BS1 4BE

7 March 2022

Profit and Loss account and Other Comprehensive Income
for the period ended 28 December 2020

		Period ended 28 December 2020	Period ended 30 December 2019
	Note	SAR 000	SAR 000
Turnover	2	71,881	912,471
Cost of Sales		(10,976)	(816,635)
Gross Profit		60,905	95,836
Administrative Expenses		(45)	1,112
Operating Profit		60,860	96,948
Fine		-	(161,826)
Profit on disposals of fixed assets		4,360	9,023
Profit/(Loss) before taxation	2, 3	65,220	(55,855)
Tax on profit/(loss)	6	(6,824)	(306)
Profit/(Loss) for the period and total comprehensive income/(loss) for the period		58,396	(56,161)

The notes on pages 13 to 20 form part of these financial statements.

Balance sheet
at 28 December 2020

	<i>Note</i>	28 December 2020 SAR 000	28 December 2020 SAR 000	30 December 2019 SAR 000	30 December 2019 SAR 000
Fixed assets					
Tangible assets	7		-		264
Current assets					
Debtors	8	103,365		480,910	
Cash at bank and in hand		305,529		250,983	
		<u>408,894</u>		<u>731,893</u>	
Creditors: amounts falling due within one year	9	<u>(60,006)</u>		<u>(441,975)</u>	
Net current assets			<u>348,888</u>		<u>289,918</u>
Total assets less current liabilities			<u>348,888</u>		<u>290,182</u>
Provisions for liabilities	10		<u>(161,826)</u>		<u>(161,826)</u>
Net assets			<u>187,062</u>		<u>128,356</u>
Capital and reserves					
Called up share capital*	11		-		-
Profit and loss account			187,062		128,356
Equity			<u>187,062</u>		<u>128,356</u>

*The called up share capital of the Company is SAR 14.

The notes on pages 13 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 2 March 2022 and were signed on its behalf by

RS Franklin

Richard Franklin
Director
Registered number - 2984211

Statement of changes in equity

	Called up share capital	Profit and loss account	Total equity
	SAR 000	SAR 000	SAR 000
Balance at 30 December 2019	-	128,356	128,356
Total comprehensive loss for the period			
Profit for the period	-	58,396	58,396
Total comprehensive income for the period	-	58,396	58,396
Equity-settled share based payment transactions (note 5)	-	310	310
Total contributions by and distributions to owners	-	310	310
Balance at 28 December 2020	-	187,062	187,062

	Called up share capital	Profit and loss account	Total equity
	SAR 000	SAR 000	SAR 000
Balance at 1 January 2019	-	183,465	183,465
Total comprehensive loss for the period			
Loss for the period	-	(56,161)	(56,161)
Total comprehensive loss for the period	-	(56,161)	(56,161)
Equity-settled share-based payment transactions (note 5)	-	1,052	1,052
Total contributions by and distributions to owners	-	1,052	1,052
Balance at 30 December 2019	-	128,356	128,356

The called up share capital of SAR 14 has remained unchanged for the above periods.

Notes

(forming part of the financial statements)

1 Accounting policies

GPT Special Project Management Ltd (the "Company") is a private company incorporated and registered in England in the UK. The registered number is 2984211 and the registered address is Gunnels Wood Road, Stevenage SG1 2AS

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Saudi Arabian Riyal (SAR). All amounts in the financial statements have been rounded to the nearest thousand (SAR 000 or KSAR).

The Company's ultimate parent undertaking, Airbus S.E. (formerly, Airbus Group S.E.) includes the Company in its consolidated financial statements. The consolidated financial statements of Airbus S.E. (formerly, Airbus Group S.E.) are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Airbus S.E. (formerly, Airbus Group S.E.) include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt these exemptions under FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Non-Going Concern

The Directors have adopted a non-going concern basis for preparing the financial statements. In so doing, they have considered the business activities as well as the Company's principal risks and uncertainties.

The Company has served a single customer, UK Ministry of Defence, since its formation and enjoys an exclusive right as prime contractor. The last 10-year programme expired on 31 December 2019 and the Company has no intention either to bid for new work with the UK Ministry of Defence or seek new business with other customers. The Company is in the process of closing down its operations and eventually (voluntarily) liquidating the entity. For these reasons, the Directors believe that the Company is no longer a going concern and in line with this the Company has adopted a non-going concern basis for the purpose of preparation these financial statements. No adjustments have been made to the financial statements as a consequence of the change in the basis of preparation

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost less accumulated depreciation. Provision is made for impairment. Depreciation is provided over the estimated useful economic life of each of the assets using the straight line method at the following annual rates:

Motor vehicles	- over 2 to 4 years
IT equipment	- over 3 years
Fixtures and fittings	- over 4 years.

Taxation

The charge for taxation is based upon the profit/loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by the applicable provisions of FRS 102.

On 9 September 1997, a Royal decree for tax exemption was granted in favour GPT as the customer's Prime Contractor in the Kingdom of Saudi Arabia whereby the GPT's Branch was exempted from Saudi Arabian taxation rules.

At the balance sheet date, the Company had various tax assessments issued by the Zakat, Tax and Customs Authority 'ZATCA' covering the years from 2004 to 2019. Further details are outlined in note 12.

Revenue and Profit Recognition

Revenue represents sales made by the Company under its customer contracts.

The Company's long-term contract arrangements are accounted for under the provisions of FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

Capital replacement project contract revenue is recognised using the output method to estimate the stage of completion. Revenue is recognised based upon completion of contractual milestones which the directors believe best represent stage of completion.

Service contract revenue is recognised using the input method to measure the stage of completion based upon costs incurred and the allowable margins per the contract.

Attributable profit is recognised on long-term contracts, including service contracts, as appropriate to their stage of completion. Profit is calculated by reference to estimates of contract revenue and forecast costs after making suitable allowances for risks related to performance milestones yet to be achieved.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Notes (continued)

1 Accounting policies (continued)

Share-based payment transactions

Equity-settled share-based payment transaction

During the period, certain employees of the Company participated in the Group's Employee Share Ownership Plan (ESOP) and qualifying employees were granted shares of the Company's ultimate parent company, Airbus S.E. (formerly, Airbus Group S.E.).

The fair value of the share-based payments awards at the grant date less total value of the payments made by employees as exercise price (net gain) is recognised as employee expense in the profit and loss account, with a corresponding increase in equity (Statement of changes in equity), over the period in which the employees become unconditionally entitled to the awards. Further details of this scheme are available in the Airbus S.E.'s consolidated financial statements.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. There is no discount factor included in the provision.

Provisions for Warranties

The Company has an obligation under its customer contracts to provide defects warranties to the UK Ministry of Defence in respect of project works carried out in relation to systems and civils (construction) based work included within the scope of the respective project.

GPT Management regularly monitors the potential exposure under such projects in relation to the warranty provisions within the contracts.

2 Analysis of turnover

All turnover originates in the Kingdom of Saudi Arabia and is derived from the Company's principal activity.

	28 December 2020 SAR 000	30 December 2019 SAR 000
Capital replacement projects	71,729	831,852
Managed services project	152	80,619
	<u>71,881</u>	<u>912,471</u>

3 Expenses and auditor's remuneration

	Period ended 28 December 2020 SAR 000	Period ended 30 December 2019 SAR 000
<i>Included in the profit and loss account are the following:</i>		
Depreciation	264	915
Fine	-	161,826
Profit on sale of fixed assets	(4,360)	(9,023)
Operating lease cost	<u>3,624</u>	<u>16,366</u>

Notes (continued)

3 Expenses and auditor's remuneration (continued)

	Period ended 28 December 2020	Period ended 30 December 2019
	SAR 000	SAR 000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	<u>860</u>	<u>976</u>

4 Remuneration of Directors

	28 December 2020 SAR 000	30 December 2019 SAR 000
Directors Remuneration	<u>32</u>	<u>2,167</u>
	<u>32</u>	<u>2,167</u>

Of all the directors who held office during the period none were paid by the Company.

Directors' emoluments include expenses of KSAR NIL (2019: KSAR 17) in respect of equity-settled share-based payment transactions.

The emoluments of the highest paid Director were KSAR 32 (2019: KSAR 1,265).

5 Staff numbers and costs

The average number of persons employed by the Company (including directors, but excluding contractors) during the period was as follows:

	Period ended 28 December 2020	Period ended 30 December 2019
Managed services project staff	-	155
Capital replacement project staff	<u>29</u>	<u>150</u>
	<u>29</u>	<u>305</u>

	Period ended 28 December 2020 SAR 000	Period ended 30 December 2019 SAR 000
Wages and salaries	13,177	85,054
Social security costs	<u>124</u>	<u>2,517</u>
	<u>13,301</u>	<u>87,571</u>

Wages and salaries include expenses of KSAR 310 (2019: KSAR 1,052) in respect of equity-settled share-based payment transactions.

Notes (continued)

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Period ended 28 December 2020 SAR 000	Period ended 30 December 2019 SAR 000
<i>UK Corporation tax</i>		
Group relief paid for	4,249	4,995
Current tax for the period	-	-
Adjustments for prior years	(190)	(6,400)
Total current tax charge	4,059	(1,405)
<i>UK deferred tax</i>		
Origination and reversal of timing differences	2,765	1,711
Deferred tax charge (note 8)	2,765	1,711
Total tax expense	6,824	306

Reconciliation of effective tax rate

The total tax charge for the periods is lower (2019: higher) than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Period ended 28 December 2020 SAR 000	Period ended 30 December 2019 SAR 000
Profit/(Loss) before tax	65,220	(55,855)
Tax charge at the standard rate of tax of 19% (2019: 19%)	12,392	(10,612)
<i>Effects of:</i>		
Expenses not allowable for tax purposes	(1)	30,766
Adjustments for prior years	(190)	(6,400)
Group partial tax relief	(4,249)	(4,995)
Difference in tax rates	(471)	(1,058)
Deferred tax not recognised	(657)	(7,395)
Total tax expense	6,824	306

The 2021 budget announced that corporation tax would be held at 19% until 1 April 2023 when the rate would be increased to 25%. This was substantially enacted on 24 May 2021 and will increase the Company's future tax charge accordingly.

Notes (continued)

7 Tangible fixed assets

	Motor Vehicles	IT Equipment	Fixtures & fittings	Total SAR 000
Cost:				
Balance at 31 December	5,558	10,030	2,173	17,761
Additions	-	-	-	-
Disposals	(5,558)	-	-	(5,558)
Balance at 28 December	-	10,030	2,173	12,203
Depreciation:				
Balance at 31 December	5,400	9,924	2,173	17,497
Charge for period	158	106	-	264
Disposals	(5,558)	-	-	(5,558)
Balance at 28 December	-	10,030	2,173	12,203
Net book value:				
At 30 December 2019	158	106	-	264
At 28 December 2020	-	-	-	-

8 Debtors

	28 December 2020 SAR000	30 December 2019 SAR000
Trade debtors	87,738	453,471
Amounts recoverable on contracts	-	11,369
Corporation tax recoverable	6,084	6,084
VAT recoverable	5,648	-
Prepayments and accrued income	3,895	7,221
Deferred tax asset (see note below)	-	2,765
	<u>103,365</u>	<u>480,910</u>

	Deferred taxation SAR000
At 31 December 2019	2,765
Movement in the period	(2,765)
At 28 December 2020	-

The elements of deferred taxation are as follows:

	2020 SAR 000	2019 SAR 000
Difference between accumulated depreciation and amortisation and capital allowances	-	2,765
Deferred tax asset	-	2,765

There is an unrecognised deferred tax asset on employees' end-of-service accrual of KSAR 454 at 28 December 2020 (2019: KSAR 1,110). This treatment is consistent with prior years. This is not recognised as it is not anticipated that there will be sufficient suitable future profits to realise the asset.

Notes (continued)

9 Creditors: amounts falling due within one year

	28 December 2020 SAR000	30 December 2019 SAR000
Trade creditors	8,878	196,657
Amounts owed to group undertakings	9,117	13,507
Taxation and social security	45	2,227
Accruals and deferred income	41,966	229,584
	<u>60,006</u>	<u>441,975</u>

Included within accruals and deferred income are KSAR 2,654 (2019: KSAR 6,441) relating to employee end of service accrual.

10 Provisions

	SAR 000 Fine	SAR 000 Total
At 31 December 2019	161,826	161,826
Provision released	-	-
Provision made	-	-
At 28 December 2020	<u>161,826</u>	<u>161,826</u>

A provision for the fine and costs in respect of the court judgment reached in April 2021 in respect of the SFO investigation has been made. This fine was settled during May 2021.

11 Called up share capital

	28 December 2020 SAR	30 December 2019 SAR
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>14</u>	<u>14</u>

12 Contingencies

GPT Special Project Management Limited, a UK registered entity, operates solely through a Branch in the Kingdom of Saudi Arabia. The activities of the Branch are regulated by its commercial licence, dated 15 March 1995, which permits it to serve a single customer, the UK Ministry of Defence ("MoD"), for the benefit of the ultimate customer, the Saudi Arabian National Guard. The Company is the Prime Contractor to the MoD.

On 9 September 1997, a Saudi Royal Decree was granted in favour of the Company. As the customer's Prime Contractor in the Kingdom of Saudi Arabia, the Company's Branch was exempted from Saudi Arabian taxation rules and exempted from liability for tax in that country.

Notes (continued)

12 Contingencies (continued)

In July 2019 and February 2020, the Company was issued with a number of tax assessments by the Zakat, Tax and Customs Authority ("ZATCA"), covering the years from 2004 to 2020. The aggregate value of these tax assessments, including late payment penalties accruing daily, is circa SAR1,029.2m.

In light of the Royal Decree exempting the company from tax in Saudi Arabia, the directors believe that the Branch is exempt from all taxes in that country and have no liability for the amounts assessed by ZATCA. Appeals against these assessments were heard by the Tax Violation and Dispute Resolution Committee ("TVDRRC") in September 2021. The conclusions of the TVDRRC have not changed the position of the Company and certain aspects have been appealed against by the Company and ZATCA so remain unresolved.

However, despite the directors' belief that the Company is exempt from tax, there is nonetheless considerable uncertainty about the likely outcome of the appeals. If the Company were found to be liable for tax, there is also considerable uncertainty around the amount of the potential tax charge such that the directors consider that no reliable estimate could be made. In light of this, no liability for the amounts assessed by ZATCA has been recognised in the financial statements

Warranty

As part of the 10-year capital replacement programme, the Company undertook to provide certain warranties to the Ministry of Defence for work performed on specific contracts. The final warranty obligations do not expire until 2030. The Directors do not believe it probable that any amounts will be payable under the warranty obligation and therefore no provision is made for these potential obligations. Negotiations are ongoing with a third party to potentially sell the obligation. These negotiations are not sufficiently progressed to determine a reliable estimate. In light of this, no liability has been recognised in the financial statements

13 Related party disclosures

The Company has taken advantage of the exemption in accordance with section 33.1A of FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the Group.

14 Accounting estimates and judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- The assessment of the potential outcome of the Tax assessments by ZATCA is described in note 12. Due to the inherent uncertainties regarding the outcome of the appeals process, management have exercised judgement in determining that this is a contingent liability rather than recognising a provision.

15 Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member

The Company's immediate parent company is Paradigm Services Limited which is registered in the United Kingdom. The registered office of the immediate parent company is Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2AS.

The Company's ultimate parent company and controlling party is considered by the Directors to be Airbus S.E. The registered office is Mendelweg 30, Leiden P7 2333CS. Airbus S.E. is the parent undertaking of the largest and the smallest group of undertakings of which the Company is a subsidiary undertaking for which group financial statements are prepared.