

Company registration number 03743235 (England and Wales)

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

COMPANY INFORMATION

Directors	Mr A Raviv Mr E D Halifa
Company number	03743235
Registered office	Cairo House Greenacres Road Waterhead Oldham OL4 3JA
Auditor	Edwards 34 High Street Aldridge Walsall West Midlands WS9 8LZ

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

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ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of an intermediate holding company.

On 7 January 2022, the company passed a special resolution to change the name of the company from Ferranti Technologies (Group) Limited to ESUK Aerospace and Simulation (Group) Limited.

Results and dividends

The results for the year are set out on page 6.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs T Pollinger

(Resigned 19 January 2022)

Mr A Raviv

Mr E D Halifa

Auditor

The auditor, Edwards, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

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

On behalf of the board

Mr E D Halifa

Director

9 November 2023

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual 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;
- 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.

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

Opinion

We have audited the financial statements of ESUK Aerospace and simulation (Group) Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, the statement of financial position 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 Financial Reporting Standard 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and 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.

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 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 in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation and health & safety regulations compliance.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the following areas: the override of controls by management, inappropriate treatment of non-routine transactions and areas of estimation uncertainty specifically relating to the valuation of fixed asset investments. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, review and discussion of non-routine transactions, sample testing on the posting of journals and review of accounting estimates for biases.

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

Paul Tonks BSc (Econ) FCA (Senior Statutory Auditor)
For and on behalf of Edwards

21 November 2023

Chartered Accountants
Statutory Auditor

34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2022

The company has not traded during the current or preceding year. It received no income and incurred no expenditure, and therefore made neither profit nor loss.

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£000	£000	£000	£000
Fixed assets					
Investments	3		11,081		11,081
Current assets					
Debtors	5	1,069		1,069	
Creditors: amounts falling due within one year	6	(10,969)		(8,969)	
Net current liabilities			(9,900)		(7,900)
Total assets less current liabilities			1,181		3,181
Creditors: amounts falling due after more than one year	7		-		(2,000)
Net assets			1,181		1,181
Capital and reserves					
Called up share capital	9		1,200		1,200
Capital contribution reserve			394		394
Profit and loss reserves			(413)		(413)
Total equity			1,181		1,181

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

The financial statements were approved by the board of directors and authorised for issue on 9 November 2023 and are signed on its behalf by:

Mr E D Halifa
Director

Company Registration No. 03743235

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

ESUK Aerospace and simulation (Group) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Cairo House, Greenacres Road, Waterhead, Oldham, OL4 3JA.

The company changed its name from Ferranti Technologies (Group) Limited on 7 January 2022.

1.1 Accounting convention

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") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Elbit Systems Limited. These consolidated financial statements are available from www.elbitsystems.com

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 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 in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Short term trade debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Basic financial liabilities

Short term trade creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Fixed asset investments

	Notes	2022 £000	2021 £000
Investments in subsidiaries	4	11,081	11,081

4 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
ESUK Aerospace and Simulation (Holdings) Limited	Cairo House, Greenacres Road, Waterhead, Oldham, OL4 3JA	Intermediate parent undertaking	Ordinary	100	0
ESUK Aerospace and Simulation Limited	Cairo House, Greenacres Road, Waterhead, Oldham, OL4 3JA	Development and manufacture of aerospace and defence equipment	Ordinary	0	100

5 Debtors

	2022 £000	2021 £000
Amounts falling due within one year:		
Amounts due from group undertakings	1,069	1,069

6 Creditors: amounts falling due within one year

	Notes	2022 £000	2021 £000
Other borrowings	8	2,000	-
Amounts due to group undertakings		8,969	8,969
		10,969	8,969

7 Creditors: amounts falling due after more than one year

	Notes	2022 £000	2021 £000
Other borrowings	8	-	2,000

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Other borrowings

	2022 £000	2021 £000
Cumulative redeemable preference shares	2,000	2,000
Payable within one year	2,000	-
Payable after one year	-	2,000

The cumulative redeemable preference shares have a redemption date of 31 December 2023.

9 Share capital

	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	420,000	420,000	420	420
Preferred ordinary shares of £1 each	780,000	780,000	780	780
	1,200,000	1,200,000	1,200	1,200
Preference share capital				
Issued and fully paid				
Cumulative redeemable preference shares of £1 each	2,000,000	2,000,000	2,000	2,000
Preference shares classified as liabilities			2,000	2,000

ESUK AEROSPACE AND SIMULATION (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Share capital

(Continued)

The cumulative redeemable preference shares are included in creditors: amounts falling due within one year.

Rights attached to shares - voting

- All ordinary and preferred shares carry one vote.
- There are no voting rights attached to the cumulative redeemable preference shares.

Rights attached to shares - capital

The assets of the company remaining after settlement of all liabilities and costs on winding up shall be payable as follows:

- First in paying the holders of the cumulative redeemable preference shares £1 per share;
- Second in paying the holders of the preferred ordinary shares £1 per share; and
- Third in paying the holders of the ordinary shares £1 per share.

Any surplus remaining is to be paid to the holders of the preferred ordinary shares and the holders of the ordinary shares as if these were one class of shares.

Rights attached to shares - redemption

Preference shares of £2,000,000 were issued and allocated to Elbit Systems UK Limited and shall be redeemed at par at any time in whole or in part at the option of the company but in any event not later than 31 December 2023.

The preferred ordinary shares are not redeemable.

10 Ultimate controlling party

The company is a subsidiary undertaking of Elbit Systems Limited, a company incorporated in Israel, which is the ultimate parent undertaking and controlling party. The company's immediate parent undertaking is Elbit Systems UK Limited.

Elbit Systems Limited is the largest and smallest group for which group financial statements are prepared. The group financial statements of this group are available to the public and may be obtained from www.elbitsystems.com.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.