

Company Registration No. 05241591 (England and Wales)

**ELBIT SYSTEMS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

# ELBIT SYSTEMS UK LIMITED

## COMPANY INFORMATION

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**Directors**  
Mr J Gaspar  
Mr B Machlis  
Mr M C S J Fausset  
Mr D A Hook CBE  
Mr R R Goldsmid

**Company number** 05241591

**Registered office**  
2 Temple Back East  
Temple Quay  
Bristol  
BS1 6EG

**Auditor**  
Edwards  
34 High Street  
Aldridge  
Walsall  
West Midlands  
WS9 8LZ

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# **ELBIT SYSTEMS UK LIMITED**

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# **ELBIT SYSTEMS UK LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

### **Principal activities**

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

### **Results and dividends**

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Directors**

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

Mr J Gaspar  
Mr B Machlis  
Mr M C S J Fausset  
Mr D A Hook CBE  
Mr R R Goldsmid

### **Auditor**

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

### **Energy and carbon report**

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

### **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.

### **Other matters**

On 11 March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the company, the economy and the general population. We have an appropriate response plan in place, and we will continue to monitor and assess the ongoing development and respond accordingly.

On behalf of the board

Mr R R Goldsmid  
**Director**

30 September 2021

## **ELBIT SYSTEMS UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# ELBIT SYSTEMS UK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ELBIT SYSTEMS UK LIMITED

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#### Opinion

We have audited the financial statements of Elbit Systems UK Limited (the 'company') for the year ended 31 December 2020 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 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 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.

#### 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.

# **ELBIT SYSTEMS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ELBIT SYSTEMS UK LIMITED**

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### **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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

### **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 compliance.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the following areas: timing of recognition of income, the override of controls by management, inappropriate treatment of non-routine transactions and areas of estimation uncertainty. 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 income transactions and review of accounting estimates for biases.

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.

## **ELBIT SYSTEMS UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ELBIT SYSTEMS UK LIMITED**

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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 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.

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

30 September 2021

**Chartered Accountants**  
**Statutory Auditor**

34 High Street  
Aldridge  
Walsall  
West Midlands  
WS9 8LZ



# ELBIT SYSTEMS UK LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
<b>Turnover</b>		8,122,727	5,383,356
Cost of sales		(8,081,604)	(5,383,356)
<b>Gross profit</b>		41,123	-
Administrative expenses		(473,440)	(317,163)
<b>Operating loss</b>	<b>3</b>	(432,317)	(317,163)
Interest receivable and similar income	<b>5</b>	7,356,831	10,176,505
Interest payable to group undertakings	<b>6</b>	(44,250)	(58,303)
<b>Profit before taxation</b>		6,880,264	9,801,039
Tax on profit	<b>7</b>	(219,912)	(230,472)
<b>Profit for the financial year</b>		6,660,352	9,570,567
Retained earnings brought forward		33,415,685	35,345,118
Dividends	<b>8</b>	-	(11,500,000)
Retained earnings carried forward		40,076,037	33,415,685

The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

# ELBIT SYSTEMS UK LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	9	1,438,326		1,328,037	
Investments	10	17,381,562		17,381,562	
		<u>18,819,888</u>		<u>18,709,599</u>	
<b>Current assets</b>					
Stocks	13	248,330		246,538	
Debtors falling due after more than one year	14	8,936,195		11,426,822	
Debtors falling due within one year	14	20,592,133		6,503,656	
Cash at bank and in hand		1,464,867		3,405,300	
		<u>31,241,525</u>		<u>21,582,316</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(9,901,375)</u>		<u>(6,806,104)</u>	
<b>Net current assets</b>		<u>21,340,150</u>		<u>14,776,212</u>	
<b>Total assets less current liabilities</b>		<u>40,160,038</u>		<u>33,485,811</u>	
<b>Provisions for liabilities</b>					
Deferred tax liability	16	84,000		70,125	
		<u>(84,000)</u>		<u>(70,125)</u>	
<b>Net assets</b>		<u>40,076,038</u>		<u>33,415,686</u>	
<b>Capital and reserves</b>					
Called up share capital	17	1		1	
Profit and loss reserves		40,076,037		33,415,685	
<b>Total equity</b>		<u>40,076,038</u>		<u>33,415,686</u>	

The financial statements were approved by the board of directors and authorised for issue on 30 September 2021 and are signed on its behalf by:

Mr R R Goldsmid  
Director

Company Registration No. 05241591

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

#### **Company information**

Elbit Systems UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 Temple Back East, Temple Quay, Bristol, BS1 6EG.

#### **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 £.

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](http://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 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Development contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date and the anticipated profit at the end of the contract.

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings leasehold	10% straight line
Fixtures, fittings and equipment	10% - 20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.8 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.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and 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, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.10 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.11 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 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.

#### Long-term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

### 3 Operating loss

	2020	2019
	£	£
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	12,500	7,350
Depreciation of owned tangible fixed assets	139,116	72,732
Operating lease charges	239,689	197,004
	<u>          </u>	<u>          </u>

### 4 Employees

The average monthly number of persons (excluding directors) employed by the company during the year was:

	2020	2019
	Number	Number
Employees	33	24
	<u>          </u>	<u>          </u>

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 5 Interest receivable and similar income

	2020	2019
	£	£
<b>Interest income</b>		
Interest receivable from group companies	1,546,793	1,649,755
Other interest income	38	-
	<u>1,546,831</u>	<u>1,649,755</u>
Total interest revenue	1,546,831	1,649,755
<b>Other income from investments</b>		
Dividends received	5,810,000	8,526,750
	<u>7,356,831</u>	<u>10,176,505</u>
Total income	<u>7,356,831</u>	<u>10,176,505</u>

### 6 Interest payable and similar expenses

	2020	2019
	£	£
Interest payable to group undertakings	44,250	58,303
	<u>44,250</u>	<u>58,303</u>

### 7 Taxation

	2020	2019
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	206,037	183,422
Adjustments in respect of prior periods	-	(19,235)
	<u>206,037</u>	<u>164,187</u>
Total current tax	206,037	164,187
<b>Deferred tax</b>		
Origination and reversal of timing differences	13,875	66,285
	<u>13,875</u>	<u>66,285</u>
Total tax charge	<u>219,912</u>	<u>230,472</u>



# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	6,880,264	9,801,039
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,307,250	1,862,197
Permanent capital allowances in excess of depreciation	6,957	-
Under/(over) provided in prior years	-	(7,339)
Dividends received not taxable	(1,103,900)	(1,620,083)
Other timing differences	9,605	(4,303)
Taxation charge for the year	219,912	230,472

### 8 Dividends

	2020 £	2019 £
Interim paid	-	11,500,000

### 9 Tangible fixed assets

	Land and buildings leasehold £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 January 2020	944,232	527,192	1,471,424
Additions	-	249,405	249,405
At 31 December 2020	944,232	776,597	1,720,829
<b>Depreciation and impairment</b>			
At 1 January 2020	24,317	119,070	143,387
Depreciation charged in the year	85,666	53,450	139,116
At 31 December 2020	109,983	172,520	282,503
<b>Carrying amount</b>			
At 31 December 2020	834,249	604,077	1,438,326
At 31 December 2019	919,915	408,122	1,328,037

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 10 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	11	17,381,412	17,381,412
Investments in joint ventures	12	150	150
		<u>17,381,562</u>	<u>17,381,562</u>

#### Movements in fixed asset investments

	Shares in subsidiaries and joint ventures £
<b>Cost or valuation</b>	
At 1 January 2020 & 31 December 2020	<u>17,381,562</u>
<b>Carrying amount</b>	
At 31 December 2020	<u>17,381,562</u>
At 31 December 2019	<u>17,381,562</u>

### 11 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct
Ferranti Technologies (Group) Limited	England and Wales Aerospace and defence	Ordinary	100.00
Elite KL Limited	England and Wales Defence contractor	Ordinary	100.00
UAV Tactical Systems Limited	England and Wales Defence contractor	Ordinary	51.00
UAV Engines Limited	England and Wales Aerospace and defence	Ordinary	100.00
Instro Precision Limited	England and Wales Defence contractor	Ordinary	100.00
Endomedix BV Limited	Netherlands Defence contractor	Ordinary	100.00

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Joint ventures

Details of the company's joint ventures at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Affinity Flying Training Services Limited	See below	Defence contractor	Ordinary	50.00
Affinity Flying Services Limited	See below	Defence contractor	Ordinary	50.00
Affinity Capital Works Limited	See below	Defence contractor	Ordinary	50.00

The registered office of the above companies is Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL.

### 13 Stocks

	2020 £	2019 £
Work in progress	248,330	246,538

### 14 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,271,904	376,145
Corporation tax recoverable	73,961	-
Amounts owed by group undertakings	16,809,333	4,242,933
Amounts owed by undertakings in which the company has a participating interest	2,434,089	1,884,578
Other debtors	2,846	-
	20,592,133	6,503,656

	2020 £	2019 £
<b>Amounts falling due after more than one year:</b>		
Amounts owed by undertakings in which the company has a participating interest	8,936,195	11,426,822
<b>Total debtors</b>	<b>29,528,328</b>	<b>17,930,478</b>

# ELBIT SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	287,795	144,797
Amounts owed to group undertakings	3,430,708	4,616,681
Corporation tax	-	454,033
Other taxation and social security	768,686	315,600
Accruals and deferred income	5,414,186	1,274,993
	<u>9,901,375</u>	<u>6,806,104</u>

### 16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances	<u>84,000</u>	<u>70,125</u>
<b>Movements in the year:</b>		2020 £
Liability at 1 January 2020		70,125
Charge to profit or loss		13,875
Liability at 31 December 2020		<u>84,000</u>

### 17 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of 0.1p each	<u>1,491</u>	<u>1,491</u>	<u>1</u>	<u>1</u>

## ELBIT SYSTEMS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

#### 18 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	508,014	217,750
Between two and five years	1,210,212	1,424,745
In over five years	932,704	1,226,184
	<u>2,650,930</u>	<u>2,868,679</u>

#### 19 Related party transactions

The company has taken advantage of the exemption conferred within FRS102 section 33.1A not to disclose transactions between wholly owned members of the same group.

The company owns 50% of the share capital of Affinity Flying Training Services Limited ("AFTSL") and Affinity Capital Works Limited ("ACWL"). The company also owns 51% of UAV Tactical Systems Limited ("UTACS").

During the year, the company charged interest of £1,445,835 (2019 - £1,604,315) to AFTSL in relation to loans advanced. The company received dividends of £700,000 (2019 - £1,200,000) from AFTSL. At 31 December 2020, included within debtors is an amount of £11,370,284 (2019 - £13,311,400) due from AFTSL.

During the year, the company received dividends of £2,050,000 (2019 - £3,501,750) from ACWL.

During the year, the company received dividends of £3,060,000 (2019 - £3,825,000) from UTACS. At 31 December 2020, included within creditors is an amount of £195,188 (2019 - £Nil) due to UTACS.

#### 20 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.

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](http://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.