

REGISTERED NUMBER: 05332361 (England and Wales)

Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31 December 2022  
for  
SAFRAN AEROSYSTEMS SERVICES UK LIMITED

TUESDAY



\*ACIPIC02\*

A14

19/12/2023

#57

COMPANIES HOUSE

SAFRAN AEROSYSTEMS SERVICES UK LIMITED

Contents of the Financial Statements  
for the Year Ended 31 December 2022

	Page
Company Information	1
Strategic Report	2
Report of the Directors	5
Directors' Responsibilities Statement	7
Report of the Independent Auditors	8
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14

SAFRAN AEROSYSTEMS SERVICES UK LIMITED

Company Information  
for the Year Ended 31 December 2022

<b>DIRECTORS:</b>	A Boudjemaa S Philippe K Duverneuil
<b>REGISTERED OFFICE:</b>	610 Avenue West Skyline 120 Braintree Essex CM77 7AA
<b>REGISTERED NUMBER:</b>	05332361 (England and Wales)
<b>AUDITORS:</b>	Ernst & Young LLP One Cambridge Business Park Cambridge CB4 0WZ
<b>BANKERS:</b>	Barclays Bank Plc Corporate Banking Centre PO Box 729 Eagle Point 1 Capability Green Luton LU1 3US

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Strategic Report for the Year Ended 31 December 2022

The directors present their Strategic Report for the year ended 31 December 2022.

#### **REVIEW OF BUSINESS**

The principal activity of the company during the period continued to be the support maintenance of Aircraft Safety Equipment / Aircraft Systems / Cabin /Seats and other products, which are produced by Safran Group OEMs (Original Equipment Manufacturer).

The directors consider the company's performance to be satisfactory taking into account the global context. During the 12-month period, the company generated turnover of \$41.5 m (2021: \$34.3 m), significantly increasing compared to last year as the result of the worldwide economic recovery after the COVID-19 economic crisis and fast growing demand of Airline Companies and commercial aircraft industry overall.

Performance is monitored using a mix of financial and other key performance indicators to ensure that the business is performing satisfactorily to reach targets. Financial indicators include growth in turnover, gross profit and operating profit, compared with both expectations and the market standards. Trade statistics and turnaround times are reviewed alongside the financial indicators. Customer satisfaction and feedback are also important indicators for the company and are reviewed periodically during customer review meetings.

The company deals in the main with existing aircraft for the repairs and service segment and a mix of old and new aircraft for the sale of spares.

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

	Year ended 31 December 2022	Year ended 31 December 2021	Change %
	\$000	\$000	
Turnover	41,462	34,341	+21%
Gross Profit	9,751	8,168	+19%
Operating profit	1,101	467	+136%
Headcount (No.)	67	70	-4%

During the year the aviation industry continued to be impacted by the COVID-19 outbreak until April 2022. Then a notable growth in the tourism and aeronautics sector took place from the month of April. Our operational and financial plan has been adapted to the fast change in market trends and challenges to supply our clients due to a high demand to SAFRAN Manufacturing entities.

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Strategic Report for the Year Ended 31 December 2022

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

**COVID-19 risk** commenced at the end of the first quarter 2020. In 2020 and 2021, the company established targets and adapted its operations to the social and sanitary rules to minimise the impact of this outbreak on its activity. Business and operating risk exposure due to the Pandemic has been sharply mitigated after UK vaccination programme and, in overall, vaccination programmes around the world. As from May 2022, the COVID-19 risk is considered as not significant on Company's activities.

**Price risk** arises from changes in supplier prices. This risk is considered as not significant for the company as the majority of purchases are inter-group, with costs being agreed annually at group level.

**Business risk** is the possibility a company will have lower than anticipated profits or experience a loss. This risk is minimised by a flexible pricing and purchasing policy within the group and the strict track of all costs related to the business on a monthly basis.

**Energy price risk** has increased in 2022 due to the volatile market worldwide in gas and electricity supplies. This risk is minimised by the launch of the energy transformation goals by the parent undertaking, aiming to decrease usage. Energy costs are closely monitored.

**Credit risk** is the risk that customers fail to meet their obligations. The company's potential credit risk is primarily attributable to its trade receivables. This risk is minimised by strict customer acceptance and credit policies requiring proven payment history, along with regular monitoring and review of credit terms.

**Foreign exchange risk.** The company's activities expose it to foreign exchange risks arising from certain suppliers and customers trading in foreign currencies. Foreign currency is monitored and managed by the parent undertaking.

**Liquidity risk** is the risk that the company will encounter difficulties in meeting payment obligations. In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations, the company operates working capital and cash flow monitoring procedures, but also has the facility to obtain funding from its parent company. The company manages its cash flow risk by monitoring working capital and ensuring that cash collection terms are met.

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Strategic Report for the Year Ended 31 December 2022

#### **SECTION 172(1) STATEMENT**

The Directors are fully appraised of their responsibilities under section 172 of the Companies Act 2006. The following disclosure describes how the Directors have had regard to the matters set out in section 172 of the Companies Act and have taken decisions for the long-term benefit of Safran Aerosystems Services UK Limited and its stakeholders.

#### **Business**

Future expansion plans within the MRO business (Maintenance, Repair & Overhaul) to increase sales in the coming months will include the capability launch of the Airbus A350 evacuations systems and the Airbus A220 evacuations systems along with further capability expansion of the Rotor Wing floatation systems on various operator models. New customer base has also been identified to expand the Portable Oxygen System (POCA) repair business this will also include static cylinder assemblies as well.

#### **Governance**

Each month the Board members meet to review the status of the business in terms of financial performance, risks & key decisions and actions. Decisions taken are aligned with the long-term strategy of the Safran Aerosystems Division, a tier one company of Safran. The Board of Directors is responsible for ensuring adherence to the ethical standards of Safran, and that all employees act with integrity.

#### **Stakeholder Engagement**

The Directors of the company actively work to strengthen relationships with the key stakeholders within the company both internal and external to Safran. Internal stakeholder communication is managed on a day-to-day basis through the hierarchical structure of the company. Customer engagement is performed through the Programme Management function, whilst suppliers have dedicated account managers from the Purchasing function of the company.

#### **Employees**

The company has an active employee engagement programme and the Board of Directors are responsible for leading the implementation of the company's health, safety and environmental policy. The safety of employees is the number one priority of the Directors. For 2023, the company has introduced a Well Being at Work Committee with volunteers from across the site to look at ways to improve the working environment for all. Regarding employees' remuneration in an inflationary environment, the Company is vigilant in applying regular increases. In addition, to aid in retention, a Profit share Scheme was introduced in November 2022 and will be effective for the year 2023.

#### **ON BEHALF OF THE BOARD:**



A Boudjemaa - Director

15 December 2023

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Report of the Directors for the Year Ended 31 December 2022

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

#### **Principal activity**

The principal activity of the company in the year under review was that of the support maintenance of Aircraft Safety Equipment/Aircraft Systems/Cabin/Seats and other products.

#### **Results & dividends**

The profit for the year amounted to \$891,000 (year ended 31 December 2021: profit \$2,363,000). The directors proposed a final dividend of nil for the year ended 31 December 2022 (£nil for the year ended 31 December 2021). The final dividend of \$4,000,000 in respect of the year ended 31 December 2020 was proposed on 28 October 2021 and accordingly included as paid in the financial statements for the year ended 31 December 2021.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to risks are described in the strategic report.

The company is financed through equity finance from its ultimate parent company, Safran SA. Safran itself has a low gearing level and significant borrowing facilities available. The company has net current assets of \$4,499,000 (2021: \$4,172,000). Surplus cash is held by the group treasury function and as a result is included in amounts due from parent undertakings.

The company is dependent on its ultimate parent company Safran SA. The directors have made enquiries of Safran SA confirming the availability of the surplus cash should it be required. The Directors have also assessed the ability of Safran SA to make the cash available. Safran SA has further issued a letter of support confirming its continued support of the company for a period to 31 December 2024.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Statement by the Directors on performance of their Statutory duties in accordance with s172(1) Companies Act 2006**

The Directors are fully apprised of their responsibilities under section 172 of the Companies Act 2006. In line with their duties under s172(1) Companies Act 2006, they act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so, have regard to a range of matters when making decisions for the long term. How s172 has been applied by the Directors is outlined in the Strategic Report.

#### **Research and development**

The company supports, as necessary, the research and development activities carried out by Safran Aerosystems.

#### **Disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

#### **Future Developments**

Strategic direction will be maintained with a focus on continuous improvement in operational excellence, and the proposed investment plan to support this strategy will focus on increased efficiency of plant and equipment.

The Safran Group continues to target new business development and new product development to sustain growth and strengthen the portfolio in the UK market.

SAFRAN AEROSYSTEMS SERVICES UK LIMITED (Registered number: 05332361)

Report of the Directors  
for the Year Ended 31 December 2022

**DIRECTORS**

The directors shown below have held office during the period from 1 January 2022 and subsequently:-

D Szkoda (resigned 5 May 2022)  
H De Belizal (appointed 10 June 2021, resigned 5 May 2022)  
I Pierrat (appointed 10 June 2021, resigned 22 September 2022)  
O Lassalle (appointed 10 June 2021, resigned 5 May 2022)  
A Boudjemaa (appointed 5 May 2022)  
S Philippe (appointed 5 May 2022)  
S Weber (appointed 22 September 2022, resigned 1 March 2023)  
K Duverneuil (appointed 1 March 2023)


**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



A Boudjemaa - Director

15 December 2023



## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Directors' Responsibilities Statement for the Year Ended 31 December 2022

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with United Kingdom 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and the apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and finance performance;
- in respect of the company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Report of the Directors that comply with law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Report of the Independent Auditors to the Members of  
SAFRAN AEROSYSTEMS SERVICES UK LIMITED

**Opinion**

We have audited the financial statements of Safran Aerosystems Services UK Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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 to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of  
SAFRAN AEROSYSTEMS SERVICES UK LIMITED

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant to be those relating to United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including aviation regulations, health and safety regulations, environmental regulations and GDPR.
- We understood how the Company is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management, and those charged with governance to understand where it considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of revenue and we have also determined there to be a risk of inappropriate revenue recognition in relation to revenue being recognised in the incorrect period to which it relates. To address the risk of management override in respect of revenue, we have used data analytics and obtained

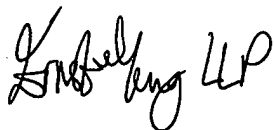
the entire population of journals for the year and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation. To address the risk relating to revenue recognition we traced a sample of invoices at year end to supporting information and delivery documentation.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included obtaining and reading board and management meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of samples of transactions throughout the audit to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located 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.

A handwritten signature in black ink, appearing to read 'Ruth Logan' followed by 'EY' or similar initials.

Ruth Logan (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Cambridge  
Date: 18 December 2023

**SAFRAN AEROSYSTEMS SERVICES UK LIMITED**

**Statement of Comprehensive Income**  
**for the Year Ended 31 December 2022**

		Year ended 31.12.22	Year ended 31.12.21
	Notes	\$'000	\$'000
<b>TURNOVER</b>	<b>3</b>	41,462	34,341
Cost of sales		<u>31,711</u>	<u>26,173</u>
<b>GROSS PROFIT</b>		9,751	8,168
Distribution costs		209	132
Administrative expenses		<u>8,441</u>	<u>7,569</u>
		<u>8,650</u>	<u>7,701</u>
<b>OPERATING PROFIT</b>	<b>4</b>	1,101	467
Gain on disposal	4	38	2,495
Net interest payable and similar expenses	5	<u>27</u>	<u>43</u>
<b>PROFIT BEFORE TAXATION</b>		1,112	2,919
Tax charge on profit	7	221	556
<b>PROFIT FOR THE FINANCIAL YEAR</b>		891	2,363
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>891</u></u>	<u><u>2,363</u></u>

**SAFRAN AEROSYSTEMS SERVICES UK LIMITED**

**Statement of Financial Position**  
**31 December 2022**

	Notes	31.12.22 \$'000	31.12.21 \$'000
<b>FIXED ASSETS</b>			
Intangible assets	9	-	28
Tangible assets	10	951	1,060
Right-of-use assets	16	<u>2,107</u>	<u>2,556</u>
		3,058	3,644
<b>CURRENT ASSETS</b>			
Stocks	11	4,746	3,736
Debtors	12	6,548	4,697
Cash in hand	13	<u>-</u>	<u>-</u>
		11,294	8,433
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>6,795</u>	<u>4,261</u>
<b>NET CURRENT ASSETS</b>		<u>4,499</u>	<u>4,172</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,557	7,816
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(1,504)	(2,193)
<b>PROVISIONS FOR LIABILITIES</b>	17	<u>(292)</u>	<u>(753)</u>
<b>NET ASSETS</b>		<u>5,761</u>	<u>4,870</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	461	461
Retained earnings		<u>5,300</u>	<u>4,409</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>5,761</u>	<u>4,870</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 December 2023 and were signed on its behalf by:



A Boudjemaa - Director  
Company number - 05332361

**SAFRAN AEROSYSTEMS SERVICES UK LIMITED**

**Statement of Changes in Equity**  
**for the Year Ended 31 December 2022**

	<b>Called up share capital \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 January 2021</b>	461	6,046	6,507
<b>Changes in equity</b>			
Dividends	-	(4,000)	(4,000)
Total comprehensive income	-	2,363	2,363
<b>Balance at 31 December 2021</b>	461	4,409	4,870
<b>Changes in equity</b>			
Dividends	-	-	-
Total comprehensive income	-	891	891
<b>Balance at 31 December 2022</b>	461	5,300	5,761

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### **1. AUTHORISATION OF FINANCIAL STATEMENTS STATEMENT OF COMPLIANCE WITH FRS101**

Safran Aerosystems Services UK Limited (the 'Company') is a private company limited by shares, domiciled and incorporated in United Kingdom. The registered office of the company is given on page 1. The nature of company's operations and its principal activities are set out in the Strategic Report. The financial statements of Safran Aerosystems Services UK Limited (the "Company") for the year ended 31 December 2022 were authorised for issue by the board of directors on 15 December 2023 and the balance sheet was signed on the board's behalf by A. Boudjema.

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Dollars of the United States, which is also the Company's functional currency. All values are rounded to the nearest thousand (\$000) except when otherwise indicated.

The results of the company are included in the consolidated financial statements of its ultimate parent company Safran SA, which are available from 2, Boulevard du Général Martial Valin, 75724 Paris Cedex 15, FRANCE.

The principal accounting policies adopted by the Company are set out in note 2.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

##### **Going Concern**

The financial statements are prepared on a going concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to risks are described in the strategic report.

The company is financed through equity finance from its parent company Safran SA. Safran itself has a low gearing level and significant borrowing facilities. The company has net current assets of \$4,499,000 (2021: \$4,172,000). Surplus or negative cash is held by the group treasury function and as a result is included in amounts due from parent undertakings.

The company is dependent on its ultimate parent company Safran SA. The directors have made enquiries of Safran SA confirming the availability of the surplus cash should it be required. The Directors have also assessed the ability of Safran SA to make the cash available. Safran SA has further issued a letter of support confirming its continued support of the company for the period to 31 December 2024.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.



## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 December 2022

#### **2. ACCOUNTING POLICIES - continued**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 December 2022

#### **2. ACCOUNTING POLICIES - continued**

##### **Accounting policies**

The accounting policies, which follow, set out those policies, which apply in preparing the financial statements for the period, ended 31 December 2022.

##### **Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make assumptions, estimates and judgements that affect the amounts reported as assets and liabilities as at the balance sheet date and the amounts reported as revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

##### **1) Estimation of useful life**

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the Statement of Comprehensive Income. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology.

##### **2) Impairment of non-financial assets**

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

##### **3) Dilapidations provision**

Management judgement is required to determine the dilapidation costs that are expected to be incurred restoring leasehold properties back to its original state on termination of the leases in September 2027.

##### **4) Bad debt provision**

Allowances for estimated irrecoverable debtors are determined using a combination of factors to ensure trade debtors are not overstated due to uncertainty of recoverability.

The allowance for estimated irrecoverable debtors for all customers is based on a variety of factors, including the overall quality and ageing of receivables and continuing credit evaluation of the customer's financial conditions. Also, specific allowances for individual accounts are recorded when the company becomes aware of the customers inability to meet its financial obligations.

##### **5) Penalties provision**

The company reviews provision for penalties at the end of each month based upon information received from commercial teams and the level of outflows observed in prior periods. Management judgement is applied in arriving at the provision recognised at the end of the period.

##### **Revenue recognition**

The company earns revenue from the sale and support maintenance of aircraft safety equipment and other products. The revenue is recognized in the period when control of the product has been transferred at an amount that reflects consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. This core principle of IFRS 15 is delivered in a five-step model framework:

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 December 2022

## **2. ACCOUNTING POLICIES - continued**

### **Revenue recognition – continued**

- identify the contracts with a customer.
- identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
- determine the transaction price. The transaction price is the amount of consideration to which an entity.
- expects to be entitled in exchange for transferring promised goods or services to a customer.
- allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time or over time (applied to pay by hour contract). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Revenue from the sale of spare products is recognized when the product is delivered to the customer. Revenue for maintenance contracts is recognized when the job has been performed per the requirements of the customer contract.

Other revenue is recognized as follows:

- for contracts with multiple deliverables (particularly those covering a development phase combined with series deliveries), revenue is recognised based on expected cost plus margin based on historical relationship between revenue and cost;
- revenue is recognised net of estimated discounts and credit note from penalties and concessions;
- for maintenance contracts based on flight time, revenue is recognized as costs are incurred.

### **Interest income**

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

- |                          |                          |
|--------------------------|--------------------------|
| - Leasehold improvements | - Over term of the lease |
| - Plant and machinery    | - 3 - 10 years           |
| - Motor vehicles         | - 5 years                |
| - Equipment              | - 3 - 5 years            |

The carrying values of tangible fixed assets are reviewed for impairment in years if events or changes in circumstances indicate the carrying value may not be recoverable.

### **Intangible assets**

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the company amortised goodwill a period of 10 years would have been chosen as the useful life for goodwill.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 December 2022

#### **2. ACCOUNTING POLICIES - continued**

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Software is amortised over 3-5 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Finished goods - purchase cost on a first-in, first-out basis

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Cash at bank and in hand**

Cash and short term deposits in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and differences are taken to the Statement of Comprehensive Income.

#### **Pension costs**

The company operates a defined contribution pension scheme, which requires contributions to be made by employees. The amounts charged to the Statement of Comprehensive Income are included as part of staff costs, these amounts being the contributions payable by the company in the year.

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 December 2022

## **2. ACCOUNTING POLICIES - continued**

### **Financial Instruments**

#### **i) Financial assets**

##### **Initial recognition and measurement**

Management determines the classification of its financial assets and liabilities at initial recognition. The company has no derivative financial instruments, but only have financial assets and liabilities related to trade receivables and trade payables, which are currently, classified as financial instruments at amortised cost, these were previously classified as loans and receivables and other financial liabilities measured at amortised cost.

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. The company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

##### **Financial assets at amortised cost**

The company classifies its financial assets at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest. Such assets are initially recognised at fair value and subsequently measured at amortised cost less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs. Losses arising from impairment are recognised in the Statement of Comprehensive Income. The company classifies trade debtors, amounts owed by fellow group undertaking and loans due from parent undertaking as financial assets at amortised cost.

The company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Changes in the credit risk associated with these assets are assessed on both an individual and collective basis.

On a collective assessment basis, the allowance for expected credit losses is calculated for amounts owed by all customers. This collective assessment is made based on changes in an indicator reflecting airline company profits, since airline companies represent the company's main risk exposure.

On an individual assessment basis, an additional credit loss allowance is recognized if there has been a significant increase in the credit risk associated with a given customer in any sense whatsoever (payment default at maturity, insolvency proceedings, etc.), such that the amount owed by the customer is likely to be written off. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

#### **ii) Financial liabilities**

##### **Initial recognition and measurement**

The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 December 2022

#### 2. ACCOUNTING POLICIES - continued

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The company has no liabilities classified as such on the financial statements.

##### **Interest bearing loans and borrowings**

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in the net interest receivable in the statement of comprehensive income.

##### **Financial liabilities at amortised cost**

Financial liabilities at amortised cost are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The company classifies trade creditors, amounts owed to fellow group undertakings and loans due to parent undertaking as financial liabilities at amortised cost.

##### **Derecognition of financial liabilities**

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the Statement of Comprehensive Income.

##### **IFRS 16**

The company adopted IFRS 16 using the modified retrospective approach, so that the right-of-use asset is equal to the lease liability, adjusted for any rent prepayments or accrued lease payments.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases that had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate.

The associated right-of-use assets for all leases were measured at an amount equal to the lease liability, adjusted by any prepaid (or accrued) lease payments. Leases conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised on the balance sheet as right of use assets representing the right to use the underlying asset and lease liabilities to make lease payments.

##### **Right of use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 December 2022

#### 2. ACCOUNTING POLICIES - continued

##### **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

##### **Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

#### 3. TURNOVER

Turnover represents sales of goods and services and is attributable to two continuing activities, spares distribution and the repair and maintenance of aircraft equipment.

	<i>Year ended 31 December 2022</i>	<i>Year ended 31 December 2021</i>
	<i>\$000</i>	<i>\$000</i>
Sales of spares	30,871	22,354
Repair and maintenance of aircraft	10,591	11,987
	<b>41,462</b>	<b>34,341</b>

**SAFRAN AEROSYSTEMS SERVICES UK LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**4. OPERATING PROFIT/(LOSS)**

Operating profit is stated after charging/(crediting):

	31.12.22	31.12.21
	\$'000	\$'000
Cost of inventories recognised as expense	31,711	26,173
Depreciation - owned assets	354	366
Depreciation – right of use asset	449	450
Auditors fees	31	21
Foreign exchange differences	(323)	(67)

In FY 2022, for reorganization and operation optimization purposes, it was decided to transfer the Cockpit and Lightning Systems and Actuation Systems business from Safran Aerosystems to Safran Electronics and Defense in 2022. The Cockpit and Lightning Systems and the Actuation systems Aftermarket activities, managed by Safran Aerosystems Services entities, have also been transferred to Safran Electronics and Defence. The business transfer of these two aftermarket activities to Safran Electronics and Defence results in a gain on disposal of \$38.000 included below operating profit.

During FY 2021, included below operating profit is a gain relating to the sale of the Cabin and Water & Waste business for \$862,296 and \$1,632,924 respectively. The sale of these businesses was made to other SAFRAN Group entities.

**5. NET INTEREST PAYABLE/RECEIVABLE AND SIMILAR EXPENSES/INCOME**

	31.12.22	31.12.21
	\$'000	\$'000
Interest on cash pooling account	(6)	-
Interest on lease liabilities	33	43
	<u>27</u>	<u>43</u>

**6. EMPLOYEES AND DIRECTORS**

	31.12.22	31.12.21
	\$'000	\$'000
Wages and salaries	3,337	3,075
Social security costs	368	309
Other pension costs	199	194
	<u>3,904</u>	<u>3,578</u>

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

	31.12.22	31.12.21
Administration	26	29
Service and repair	41	41
	<u>67</u>	<u>70</u>



**SAFRAN AEROSYSTEMS SERVICES UK LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**6. EMPLOYEES AND DIRECTORS - continued**

	<b>31.12.22</b>	<b>31.12.21</b>
	<b>\$</b>	<b>\$</b>
Directors' remuneration	<u>-</u>	<u>-</u>

The directors of this company are employed and remunerated by other companies within the Safran group. These companies in respect of the qualifying services make no specific recharge to Safran Aerosystems Services UK Limited.

The company received a recharge from the group that includes the management cost among other services linked to our activities.

No director received shares or exercised share options in relation to qualifying services to the company in either the current or prior year.

No director was a member of a defined contribution or defined benefit pension scheme to which the company contributes in either the current or prior year.

**7. TAXATION**

**Analysis of tax expense/(income)**

	<b>31.12.22</b>	<b>31.12.21</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax:		
Tax	<b>221</b>	<b>556</b>
Deferred tax	<u>-</u>	<u>-</u>
Total tax expense in statement of comprehensive income	<u><b>221</b></u>	<u><b>556</b></u>

**Factors affecting the tax expense**

The tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>31.12.22</b>	<b>31.12.21</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax	<u><b>1,112</b></u>	<u><b>2,919</b></u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>211</b>	<b>555</b>
Effects of:		
Deferred tax not recognised	<b>17</b>	<b>49</b>
Expenses not deductible for tax purposes	<b>1</b>	<b>-</b>
Enhanced capital allowances	<b>(4)</b>	<b>-</b>
Adjustment in relation to prior year	<b>-</b>	<b>(25)</b>
Effect of rate change on deferred tax	<u><b>(4)</b></u>	<u><b>(23)</b></u>
Tax expense	<b>221</b>	<b>556</b>

**SAFRAN AEROSYSTEMS SERVICES UK LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**7. TAXATION - continued**

**Factors affecting the tax expense - continued**

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances. The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company.

**8. DIVIDENDS**

The directors proposed a final dividend of nil (2021: nil) for the year ended 31 December 2022. The last dividend paid amounted \$4,000,000 in respect of the year ended 31 December 2020, was proposed on 28 October 2021 and accordingly included as paid in the financial statements for the year ended 31 December 2021.

**9. INTANGIBLE FIXED ASSETS**

		<b>Goodwill</b>	<b>Computer</b>	<b>Totals</b>
		<b>\$'000</b>	<b>software</b>	<b>\$'000</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>COST</b>	At 1 January 2022			
	and 31 December 2022	<u>52</u>	<u>25</u>	<u>77</u>
<b>AMORTISATION</b>	At 1 January 2022	<u>52</u>	<u>25</u>	<u>77</u>
	Amortisation for year	<u>-</u>	<u>-</u>	<u>-</u>
	At 31 December 2022	<u>52</u>	<u>25</u>	<u>77</u>
<b>NET BOOK VALUE</b>	At 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>
	At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>

On 15 August 2016, the company acquired the trade and net assets of E-Dyer Engineering Limited resulting in Goodwill of \$52,000. Goodwill acquired through business combinations was allocated to one cash-generating unit, the Trolley manufacturing cash-generating unit.

This represents the lowest level within the Company at which goodwill is monitored for internal management purposes. The directors have decided that there is no recoverable amount of the Trolley manufacturing unit and as a result, the Goodwill was impaired.

**SAFRAN AEROSYSTEMS SERVICES UK LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**10. TANGIBLE FIXED ASSETS**

	Leasehold improvements \$'000	Plant and machinery \$'000	Assets in construction \$'000	Motor vehicles \$'000	Equipment \$'000	Totals \$'000
<b>COST</b>						
At 1 January 2022	1,649	1,945	3	20	431	4,048
Additions	71	31	122	-	21	245
Reclassification/transfer	-	3	(3)	-	-	-
At 31 December 2022	<u>1,720</u>	<u>1,979</u>	<u>122</u>	<u>20</u>	<u>452</u>	<u>4,293</u>
<b>DEPRECIATION</b>						
At 1 January 2021	954	1,665	-	11	358	2,988
Change for year	<u>164</u>	<u>130</u>	<u>-</u>	<u>4</u>	<u>56</u>	<u>354</u>
At 31 December 2022	<u>1,118</u>	<u>1,795</u>	<u>-</u>	<u>15</u>	<u>414</u>	<u>3,342</u>
<b>NET BOOK VALUE</b>						
At 31 December 2022	<u>602</u>	<u>184</u>	<u>122</u>	<u>5</u>	<u>38</u>	<u>951</u>
At 31 December 2021	<u>695</u>	<u>280</u>	<u>3</u>	<u>9</u>	<u>73</u>	<u>1,060</u>

**11. STOCKS**

	31.12.22 \$'000	31.12.21 \$'000
Stocks	4,411	3,419
Work-in-progress	<u>335</u>	<u>317</u>
	<u>4,746</u>	<u>3,736</u>

Finished goods are stated after provision for impairment of \$810,000 (2021 - \$682,000).

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.22 \$'000	31.12.21 \$'000
Trade debtors	4,619	3,956
Amounts owed by group undertakings	394	460
Amounts due from parent undertaking	1,319	75
Prepayments	<u>216</u>	<u>206</u>
	<u>6,548</u>	<u>4,697</u>

**SAFRAN AEROSYSTEMS SERVICES UK LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Trade debtors are stated after provisions for impairment of \$88,298 (2021: \$86,678).

The amounts from parent undertaking due from parent undertaking at the balance sheet date, is unsecured and bears interest at -0.05% below EURIBOR 3 months and is repayable on demand.

The amounts owed by fellow group undertakings comprise amounts related to standard trading activities, which are unsecured, interest free and have no fixed repayment dates.

Note that amounts due from the parent include surplus cash of \$1,319,000 (2021: \$ 75,000) which is held by the group treasury and as a result is presented as amounts due from parent company rather than cash.

**13. CASH IN HAND**

The Group's treasury function is controlled and managed by SAFRAN S.A centrally with funding for the company sourced through SAFRAN, in the form of loans, where necessary. The surplus or deficit cash position is subject to a cash-pooling sweep into a group treasury account at the end of each day and hence full disclosure is made in the financial statements that the cash is held in a cash pool account. The cash account amounted \$500,000 in FY21 and has significantly increased to amount \$1,300,000 at 31 December 2022.

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.22	31.12.21
	\$'000	\$'000
Leases (see note 16)	434	434
Trade creditors	158	158
Amounts owed to group undertakings	4,695	2,485
Tax payable	783	602
Salaries, Social security and other taxes	181	72
VAT	213	246
Accruals and deferred/prepaid income	331	264
	<u>6,795</u>	<u>4,261</u>

Trade creditors are non-interest bearing and are normally settled on 45-day term.

The amounts owed to fellow group undertakings comprise amounts related to standard trading activities, which are unsecured, interest free and have no fixed repayment dates.

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.22	31.12.21
	\$'000	\$'000
Leases (see note 16)	<u>1,504</u>	<u>2,193</u>

**SAFRAN AEROSYSTEMS SERVICES UK LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**15. FINANCIAL LIABILITIES - BORROWINGS**

	31.12.22	31.12.21
	\$'000	\$'000
Current:		
Leases (see note 16)	<u>434</u>	<u>434</u>
Non-current:		
Leases (see note 16)	<u>1,504</u>	<u>2,193</u>
Terms and debt repayment schedule		
	1 year or less	2-5 years
	\$'000	\$'000
Leases	<u>434</u>	<u>1,504</u>
		More than 5 years
		\$'000
		<u>-</u>
		<u>Totals</u>
		<u>\$'000</u>
		<u>1,938</u>

**16. LEASING**

**Right-of-use assets**

	31.12.22	31.12.21
	\$'000	\$'000
<b>COST OR VALUATION</b>		
At 31 December 2022	<u>3,904</u>	<u>3,904</u>

**AMORTISATION**

	31.12.22	31.12.21
	\$'000	\$'000
At 31 December 2022	<u>1,348</u>	<u>898</u>
Charge for year	<u>449</u>	<u>450</u>
	<u>1,797</u>	<u>1,348</u>

**NET BOOK VALUE**

	31.12.22	31.12.21
	\$'000	\$'000
	<u>2,107</u>	<u>2,556</u>

**Lease liabilities**

	31.12.22	31.12.21
	\$'000	\$'000
Lease liability at 1 January	2,627	3,117
Interest on lease	(33)	(43)
Liability adjustment (*)	(413)	-
Cash payments	<u>(243)</u>	<u>(447)</u>
Lease liability at 31 December	<u>1,938</u>	<u>2,627</u>

Future minimum lease payments as at 31 December are as follows:

	31.12.22	31.12.21
	\$'000	\$'000
Less than one year	434	434
2 to 5 years	1,504	1,796
More than 5 years	<u>-</u>	<u>397</u>
	<u>1,938</u>	<u>2,627</u>
	31.12.22	31.12.21
	\$'000	\$'000
Current portion of long term lease liability	434	434
Long term lease liability	<u>1,504</u>	<u>2,193</u>
Lease liability at 31 December	<u>1,938</u>	<u>2,627</u>

## SAFRAN AEROSYSTEMS SERVICES UK LIMITED

### Notes to the Financial Statements - continued for the Year Ended 31 December 2022

#### 16. LEASING - continued

(\*) A liability adjustment of \$413,000 was recognized in Company's financial statements to align lease liabilities with the value of right-of-use assets over the remaining period of the rental leases.

#### 17. PROVISIONS FOR LIABILITIES

	Dilapidation	Penalties	TOTAL
	\$000	provision	\$000
At 31 December 2021	232	521	753
Credit during the year	-	(461)	(461)
At 31 December 2022	<u>232</u>	<u>60</u>	<u>292</u>

The dilapidation provision set at \$232,000 (2021: \$232,000) represents the expected future obligations for the restoration of the leasehold property back to its original state on termination of the lease in September 2027.

The provision of penalties set at \$60,000 (2021: \$521,000) represent the risk of customer's claims compensation due to deliveries delays. It is expected that these provisions will be settled in the following financial year.

#### 18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.12.22	31.12.21
		value:	\$'000	\$'000
300,000	Ordinary	£1	<u>461</u>	<u>461</u>

#### 19. PENSION COMMITMENTS

Eligible employees are members of a defined contribution pension scheme operated by the company for the benefit of all eligible employees. The scheme's funds, which are administered by trustees, are independent of the company's finances. Contributions paid by the company during the year amounted to \$199,000 (2021: \$194,000).

#### 20. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

No transactions with related parties were undertaken such as are required to be disclosed under FRS 101.

#### 21. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking (and controlling party) of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Safran SA, a company incorporated in France. Copies of Safran's financial statements can be obtained from 2, Boulevard du Général Martial Valin, 75724 Paris Cedex 15, FRANCE.