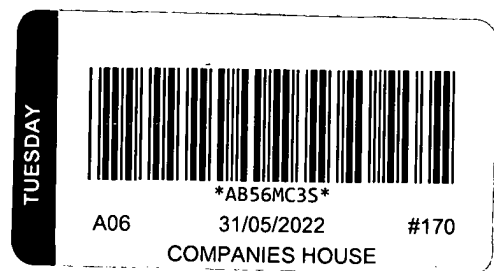


COMPANY REGISTRATION NUMBER: 02389307

Rheinmetall Electronics UK Ltd
(Formerly RFEL Ltd)

Financial Statements

31 December 2021



SADLER TALBOT LTD
Chartered Certified Accountants & statutory auditor
5 Minton Place
Victoria Road
Bicester
Oxon
OX26 6QB

Rheinmetall Electronics UK Ltd

Financial Statements

Year ended 31 December 2021

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Rheinmetall Electronics UK Ltd

Officers and Professional Advisers

The board of directors

Mr E Fry
Mr T Mueller
Mr K Pelzer
Mr R Streeter
Mr R Haines

Company secretary

Mrs J E Elliott

Registered office

Unit B
The Apex
St Cross Business Park
Newport
Isle of Wight
United Kingdom
PO30 5XW

Auditor

Sadler Talbot Ltd
Chartered Certified Accountants & statutory auditor
5 Minton Place
Victoria Road
Bicester
Oxon
OX26 6QB

Rheinmetall Electronics UK Ltd

Directors' Report

Year ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Principal activities

The design and provision of high specification video and signal processing cores, system-on-chip designs and Field Programmable Gate Array based products in the aerospace & defence, space, security, communications, industrial & instrumentation markets.

Directors

The directors who served the company during the year were as follows:

Mr E Fry
Mr T Mueller
Mr K Pelzer
Mr R Streeter
Mr R Haines

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The core business of the company will continue as at present, with three key product lines, Electronic Warfare, Long Range Surveillance and Vehicle Video. The business will continue to exploit opportunities for growth in the existing market areas with a focus on securing significant business for our Vehicle Video business line and investment support to our Long Range Surveillance product line. Additionally, the company will now explore new opportunity areas, exploiting products and technologies from our parent organisation (Rheinmetall Electronic Solutions) for sales in the UK and in export markets. The company is recruiting to support this continued growth and the organisational model will be adapted in due course to match the new business activities.

Research and development

The company continues to invest in product research and development with a bias toward our vehicle video and long range video surveillance products. The development work will continue throughout the coming year.

Other matters

In general, Rheinmetall Electronics UK has managed the impact of the COVID-19 pandemic well and it appears that this crisis may now be drawing to a close.

We implemented COVID-secure working practices and saw no instances of infection that could be traced to the workplace. We had a small number of COVID incidents with staff testing positive and having symptoms. All have made a recovery and have now resumed working.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Rheinmetall Electronics UK Ltd

Directors' Report (*continued*)

Year ended 31 December 2021

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 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 9/5/22 and signed on behalf of the board by:



Mr R Streeter
Director

Registered office:
Unit B
The Apex
St Cross Business Park
Newport
Isle of Wight
United Kingdom
PO30 5XW

Rheinmetall Electronics UK Ltd

Independent Auditor's Report to the Members of Rheinmetall Electronics UK Ltd

Year ended 31 December 2021

Opinion

We have audited the financial statements of Rheinmetall Electronics UK Ltd (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position and the related notes, 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 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Rheinmetall Electronics UK Ltd

Independent Auditor's Report to the Members of Rheinmetall Electronics UK Ltd *(continued)*

Year ended 31 December 2021

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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Rheinmetall Electronics UK Ltd

Independent Auditor's Report to the Members of Rheinmetall Electronics UK Ltd (*continued*)

Year ended 31 December 2021

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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of the company's staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Rheinmetall Electronics UK Ltd

Independent Auditor's Report to the Members of Rheinmetall Electronics UK Ltd *(continued)*

Year ended 31 December 2021

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Samantha Sadler (Senior Statutory Auditor)

For and on behalf of
Sadler Talbot Ltd
Chartered Certified Accountants & statutory auditor
5 Minton Place
Victoria Road
Bicester
Oxon
OX26 6QB

9 May 2022

Rheinmetall Electronics UK Ltd
Statement of Income and Retained Earnings
Year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	7,946,050	4,330,799
Cost of sales		5,274,243	2,546,566
Gross profit		<u>2,671,807</u>	<u>1,784,233</u>
Administrative expenses		1,894,761	1,575,110
Other operating income	5	58,332	148,726
Operating profit	6	<u>835,378</u>	<u>357,849</u>
Interest payable and similar expenses	10	39,596	30,804
Profit before taxation		<u>795,782</u>	<u>327,045</u>
Tax on profit	11	127,166	36,962
Profit for the financial year and total comprehensive income		<u>668,616</u>	<u>290,083</u>
Retained earnings at the start of the year		<u>790,367</u>	<u>500,284</u>
Retained earnings at the end of the year		<u>1,458,983</u>	<u>790,367</u>

All the activities of the company are from continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

Rheinmetall Electronics UK Ltd

Statement of Financial Position

31 December 2021

	Note	2021 £	£	2020 £
Fixed assets				
Intangible assets	12		–	4,180
Tangible assets	13		601,139	490,834
			<u>601,139</u>	<u>495,014</u>
Current assets				
Stocks	14	1,188,634		1,534,737
Debtors	15	5,918,087		1,917,755
Cash at bank and in hand		1,419		1,196
		<u>7,108,140</u>		<u>3,453,688</u>
Creditors: amounts falling due within one year	16	<u>4,594,670</u>		<u>1,652,552</u>
Net current assets			<u>2,513,470</u>	<u>1,801,136</u>
Total assets less current liabilities			<u>3,114,609</u>	<u>2,296,150</u>
Provisions	17		<u>149,843</u>	–
Net assets			<u><u>2,964,766</u></u>	<u><u>2,296,150</u></u>
Capital and reserves				
Called up share capital	20		367	367
Share premium account	21		1,505,416	1,505,416
Profit and loss account	21		<u>1,458,983</u>	<u>790,367</u>
Shareholders funds			<u><u>2,964,766</u></u>	<u><u>2,296,150</u></u>

These financial statements were approved by the board of directors and authorised for issue on 9/5/22, and are signed on behalf of the board by:



Mr R Streeter
Director

Company registration number: 02389307

The notes on pages 10 to 19 form part of these financial statements.

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit B, The Apex, St Cross Business Park, Newport, Isle of Wight, PO30 5XW, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Rheinmetall AG (incorporated in Germany) which can be obtained from handelsregister.de. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) No disclosure has been given for the aggregate remuneration of key management personnel.
- (c) No related party transactions with members of the group have been disclosed.
- (d) Disclosures in respect of each class of share capital have not been presented.
- (e) Disclosures in respect of financial instruments have not been presented.
- (f) Disclosures in respect of share-based payments have not been presented.

The financial statements of Rheinmetall AG may be obtained from handelsregister.de.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements (*continued*)

Year ended 31 December 2021

3. Accounting policies (*continued*)

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Trademarks, patents and licenses	-	10 - 33% Straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Furniture, fittings and equipment	-	10 - 25% Straight line
Other property, plant and equipment	-	25% Straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements (*continued*)

Year ended 31 December 2021

3. Accounting policies (*continued*)

Impairment of fixed assets (*continued*)

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Trade and other debtors/creditors

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

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Defined contribution plans *(continued)*

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	7,544,746	4,176,384
Royalties	401,304	154,415
	<u>7,946,050</u>	<u>4,330,799</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£	£
United Kingdom	1,566,907	744,988
Europe	6,169,240	2,977,259
Rest of world	209,903	608,552
	<u>7,946,050</u>	<u>4,330,799</u>

5. Other operating income

	2021	2020
	£	£
Other operating income	<u>58,332</u>	<u>148,726</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Amortisation of intangible assets	4,180	23,861
Depreciation of tangible assets	238,050	192,229
Research and development expenditure written off	62,924	2,420
Operating lease rentals	56,814	34,552
Foreign exchange differences	<u>(46,827)</u>	<u>(2,852)</u>

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>10,250</u>	<u>10,000</u>

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Production staff	30	23
Administrative staff	5	3
Management staff	4	7
Number of other staff - Sales	2	2
	41	35

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	1,917,310	1,496,220
Social security costs	208,144	186,116
Other pension costs	322,421	276,341
	2,447,875	1,958,677

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	283,423	257,375
Company contributions to defined contribution pension plans	71,425	21,038
	354,848	278,413

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	2	2

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020
	£	£
Aggregate remuneration	167,738	143,067
Company contributions to defined contribution pension plans	14,201	12,453
	181,939	155,520

10. Interest payable and similar expenses

	2021	2020
	£	£
Interest due to group undertakings	29,544	18,333
Other interest payable and similar charges	10,052	12,471
	39,596	30,804

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

11. Tax on profit

Major components of tax expense

	2021 £	2020 £
Deferred tax:		
Origination and reversal of timing differences	127,166	36,962
Tax on profit	<u>127,166</u>	<u>36,962</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	795,782	327,045
Profit on ordinary activities by rate of tax	151,198	62,139
Adjustment to tax charge in respect of prior periods	15,662	19,273
Effect of expenses not deductible for tax purposes	32	35
Effect of capital allowances and depreciation	(8,853)	20
Other tax effects for reconciliation between accounting profit and tax expense	(10,538)	(17,495)
Remeasurement of deferred tax for changes in tax rates	(20,334)	(27,010)
Tax on profit	<u>127,167</u>	<u>36,962</u>

12. Intangible assets

	Trademarks, patents and licenses £
Cost	
At 1 January 2021 and 31 December 2021	<u>204,556</u>
Amortisation	
At 1 January 2021	200,376
Charge for the year	4,180
At 31 December 2021	<u>204,556</u>
Carrying amount	
At 31 December 2021	<u>–</u>
At 31 December 2020	<u>4,180</u>

The aggregate value of research and development expenditure recognised as an expense during the period is £62,924 (2020: £2,420).

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements (*continued*)

Year ended 31 December 2021

13. Tangible assets

	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost			
At 1 January 2021	467,863	1,299,550	1,767,413
Additions	8,730	339,625	348,355
Transfers	(41,855)	41,585	(270)
At 31 December 2021	<u>434,738</u>	<u>1,680,760</u>	<u>2,115,498</u>
Depreciation			
At 1 January 2021	271,107	1,005,472	1,276,579
Charge for the year	55,374	182,406	237,780
Transfers	(13,786)	13,786	-
At 31 December 2021	<u>312,695</u>	<u>1,201,664</u>	<u>1,514,359</u>
Carrying amount			
At 31 December 2021	<u>122,043</u>	<u>479,096</u>	<u>601,139</u>
At 31 December 2020	<u>196,756</u>	<u>294,078</u>	<u>490,834</u>

14. Stocks

	2021 £	2020 £
Raw materials and consumables	-	35,642
Work in progress	213,629	264,753
Finished goods and goods for resale	975,005	1,234,342
	<u>1,188,634</u>	<u>1,534,737</u>

15. Debtors

	2021 £	2020 £
Trade debtors	989,622	290,240
Amounts owed by group undertakings	4,649,007	1,268,037
Deferred tax asset	84,729	211,895
Prepayments and accrued income	131,039	67,230
Corporation tax repayable	-	81
Other debtors	63,690	80,272
	<u>5,918,087</u>	<u>1,917,755</u>

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

16. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	65	65
Trade creditors	750,839	373,829
Amounts owed to group undertakings	2,519,663	658,968
Accruals and deferred income	1,223,355	528,125
Social security and other taxes	61,600	51,399
Other creditors	39,148	40,166
	4,594,670	1,652,552

17. Provisions

	Warranties £
At 1 January 2021	–
Additions	149,843
At 31 December 2021	149,843

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in debtors (note 15)	84,729	211,895

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	2020
	£	£
Accelerated capital allowances	133,288	85,437
Unused tax losses	(216,082)	(297,332)
Deferred tax - short term timing differences	(1,935)	–
	(84,729)	(211,895)

There is no expiry date on timing differences or unused tax losses.

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £250,996 (2020: £255,303).

20. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.0001 each	3,669,572	367	3,669,572	367

Rheinmetall Electronics UK Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	120,560	100,243
Later than 1 year and not later than 5 years	201,847	287,058
	<u>322,407</u>	<u>387,301</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £116,851 (2020 : £108,109).

23. Controlling party

The immediate parent company is Rheinmetall Defence UK Limited.

The ultimate parent company is Rheinmetall AG, a company incorporated in Germany. The consolidated financial statements of Rheinmetall AG may be obtained from handelsregister.de