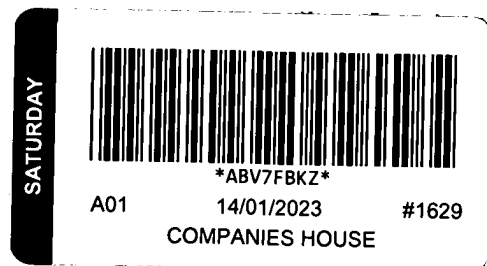


EASAT RADAR SYSTEMS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 APRIL 2022

Company number: 02044226



## TABLE OF CONTENTS

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Directors' Report .....	1
Statement of Directors' Responsibilities .....	3
Independent Auditor's Report.....	4
Profit and Loss Account .....	7
Statement of Other Comprehensive Income .....	8
Balance Sheet .....	9
Statement of Changes in Equity .....	10
Notes to the Financial Statements .....	11

# EASAT RADAR SYSTEMS LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

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The Directors present their report for the year from 01 May 2021 to 30 April 2022.

### PRINCIPAL ACTIVITY

The principal activity of the Company is the supply of radar systems.

### BUSINESS REVIEW

The Company has incurred a pre-tax loss of £1,507,533 (2021: pre-tax loss of £351,642). This was not what the Board expected to deliver at the beginning of the financial year, but the delay in the placement of new orders has resulted in reduced activity. With the Covid-19 situation still hampering the aviation industry at the beginning of the year and it now having to contend with the increased fuel costs associated with the Ukrainian conflict, the industry is still having a tough time.

Our plan over the last year was to start building an order book that would continue to grow year on year, which would have put in place the foundations to start generating material profitability the following financial year (year ending April 2023). However, such plans did not materialise. Procurement decisions keep being postponed, and so it is not that team Easat have failed in their objective, it has quite simply not been possible. Despite the lack of actual orders being placed internationally, the number of firm enquiries that our customers need to make decisions on for projects that are required and are at the tender review point, as at the time of writing, the total value of these tenders is greater than £300 million. Historically, Easat has seen periods of profitability on the back of individual contracts, it is hoped that moving forwards, the diversity of what should be coming will give the business what it has always required in order to consistently perform going forwards.

Whilst not visible within the reported figures for the year, the Directors remain confident of the niche, high barrier to entry, complex product offering that Easat can now deliver on an internationally competitive basis that will deliver increasingly profitable performance year on year. The focus of the business will be on new airport infrastructure in the Far East, with other projects expected to be picked up along the way.

### DIVIDENDS

During the year, the Company paid an interim dividend of £nil (2021: £nil). The Directors do not recommend the payment of a final dividend (2021: £nil).

### DIRECTORS

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

R.S Goodwin	Chairman
M.R Jackson	Director and General Manager
T.J.W. Goodwin	
R.J. Gamston	
J. Holdcroft	Resigned 17 June 2022
A. Jurin	

The Company carries indemnity insurance on behalf of its Directors.

### POLITICAL CONTRIBUTIONS

The Company made no political donations nor incurred any political expenditure during the current or prior year.

### DISCLOSURE OF INFORMATION TO AUDITOR

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

### AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

EASAT RADAR SYSTEMS LIMITED  
**DIRECTORS' REPORT**  
FOR THE YEAR ENDED 30 APRIL 2022

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By order of the board



R.S. Goodwin  
Chairman

Ivy House Foundry  
Hanley  
Stoke-on-Trent  
ST1 3NR  
4 November 2022

**EASAT RADAR SYSTEMS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
FOR THE YEAR ENDED 30 APRIL 2022

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EASAT RADAR SYSTEMS LIMITED

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## **Opinion**

We have audited the financial statements of Easat Radar Systems Limited (the 'Company') for the year ended 30 April 2022 which comprise the profit and loss account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (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 30 April 2022 and of its loss 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.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

# INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EASAT RADAR SYSTEMS LIMITED

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters 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 exemption from the requirement to prepare a strategic report.

## ***Responsibilities of Directors***

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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.

## ***The extent to which the audit was considered capable of detecting irregularities, including fraud***

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance regulations. We performed audit

# INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EASAT RADAR SYSTEMS LIMITED

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procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and review of any correspondence in the year with tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Health and Safety regulations. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspect relevant correspondence with licensing and regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, obtaining revenue documentation and confirming the revenue has been correctly recognised in line with FRS101.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*RSM UK Audit LLP*

Ian Wall (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Festival Way  
Festival Park  
Stoke-on-Trent  
ST1 5BB

4 November 2022

**EASAT RADAR SYSTEMS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
FOR THE YEAR ENDED 30 APRIL 2022

	Note	2022 £	2021 £
Turnover	2	5,908,199	6,769,260
Cost of sales		(5,690,554)	(5,307,431)
Gross profit		217,645	1,461,829
Administrative expenses		(1,514,571)	(1,615,066)
Operating loss		(1,296,926)	(153,237)
Finance costs	6	(210,607)	(198,405)
Loss on ordinary activities before tax	3	(1,507,533)	(351,642)
Tax credit	7	281,690	66,697
Loss for the year		(1,225,843)	(284,945)

The notes on pages 11 to 23 form an integral part of these financial statements.

**EASAT RADAR SYSTEMS LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 APRIL 2022**

	2022 £	2021 £
Loss for the year	(1,225,843)	(284,945)
Other comprehensive (expense) / income		
<i>Items that may be reclassified subsequently to the profit and loss account:</i>		
Effective portion of changes in fair value of cash flow hedges	(191,209)	190,756
Ineffectiveness in cash flow hedges transferred to profit and loss	(41,591)	(175,367)
Change in fair value of cash flow hedges transferred to the profit and loss account	(271,880)	(107,163)
Effective portion of changes in fair value cost of hedging	520	22,365
Ineffectiveness in cost of hedging transferred to profit and loss	2,167	155,081
Change in fair value of cost of hedging transferred to the profit and loss account	(82,658)	81,936
Tax credit on cash flow hedge items that may be reclassified subsequently to the profit and loss account	100,704	17,437
Tax credit / (charge) on cost of hedging items that may be reclassified subsequently to the profit and loss account	15,051	(49,283)
Other comprehensive (expense) / income for the year, net of income tax	(468,896)	135,762
<b>Total comprehensive expense for the year</b>	<b>(1,694,739)</b>	<b>(149,183)</b>

The notes on pages 11 to 23 form an integral part of these financial statements.

# EASAT RADAR SYSTEMS LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2022

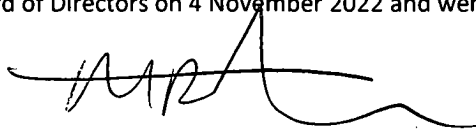
	Note	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	8	485,266	569,828
Investments	9	1,560,555	1,560,555
<b>Total fixed assets</b>		<b>2,045,821</b>	<b>2,130,383</b>
<b>CURRENT ASSETS</b>			
Stock	10	1,767,358	5,532,812
Debtors: amounts falling due within one year	11	4,122,820	3,584,010
Debtors: amounts falling due after more than one year	11	1,208,604	12,619
Cash at bank and in hand		803	1,927
<b>Total current assets</b>		<b>7,099,585</b>	<b>9,131,368</b>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	12	<b>(9,716,768)</b>	<b>(10,028,496)</b>
<b>Net current liabilities</b>		<b>(2,617,183)</b>	<b>(897,128)</b>
<b>Total assets less current liabilities</b>		<b>(571,362)</b>	<b>1,233,255</b>
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	13	<b>(86,733)</b>	<b>(15,584)</b>
<b>PROVISIONS FOR LIABILITIES</b>	14	<b>-</b>	<b>(181,027)</b>
<b>Net (liabilities) / assets</b>		<b>(658,095)</b>	<b>1,036,644</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	10,000	10,000
Cash flow hedge reserve		(150,064)	253,912
Cost of hedging reserve		277	65,197
Profit and loss account		(518,308)	707,535
<b>(Deficit in shareholders' funds) / Shareholders' funds</b>		<b>(658,095)</b>	<b>1,036,644</b>

The notes on pages 11 to 23 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 4 November 2022 and were signed on its behalf by:



R.S. Goodwin  
Chairman



M.R. Jackson  
Director and General Manager

Company registered number: 02044226

**EASAT RADAR SYSTEMS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 APRIL 2022

	Called up share capital	Cash flow hedge reserve	Cost of hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
As at 01 May 2020	10,000	328,249	(144,902)	992,480	1,185,827
Loss for the year	-	-	-	(284,945)	(284,945)
Other comprehensive income	-	(74,337)	210,099	-	135,762
As at 30 April 2021	10,000	253,912	65,197	707,535	1,036,644
Loss for the year	-	-	-	(1,225,843)	(1,225,843)
Other comprehensive income	-	(403,976)	(64,920)	-	(468,896)
As at 30 April 2022	10,000	(150,064)	277	(518,308)	(658,095)

The notes on pages 11 to 23 form an integral part of these financial statements.

# EASAT RADAR SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 APRIL 2022

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#### 1. Significant accounting policies

##### *a) General information*

Easat Radar Systems Limited (the "Company") is a private limited company incorporated and domiciled in England and Wales.

##### *b) Consolidation*

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

##### *c) Basis of preparation*

The financial statements are prepared on the historical cost basis, except where the measurement of balances is required at fair value. Numbers are rounded to the nearest £1.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) and in conformity with the requirements of the Companies Act 2006.

The Company's ultimate parent undertaking, Goodwin PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Goodwin PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company's website: [www.goodwin.co.uk](http://www.goodwin.co.uk) and from the Company's Registered Office: Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR.

##### Reporting exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative period reconciliations for tangible fixed assets, and intangible assets;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements in respect of capital management;
- the requirements of IAS 7 to present a Cash Flow Statement and related notes;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in respect of the effects of new but not yet effective IFRSs;
- the requirements of paragraph 17 and 18a of IAS 24, Related Party Transactions in respect of the compensation of Key Management Personnel; and
- the requirements in IAS 24 Related Party Transactions to disclose related party transactions between two members of the Goodwin PLC group, provided that any subsidiary, which is a party to the transaction, is wholly owned.

As the consolidated financial statements of Goodwin PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of

- the requirements of IFRS 7 Financial Instrument: Disclosures; and
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

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

##### *d) Going concern*

Notwithstanding net current liabilities of £2,617,183 and net liabilities of £658,095 as at 30 April 2022 and a loss for the year then ended of £1,225,843 the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

- The Company is well set to win orders over the next 2 years which would return the Company to profitability.

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

---

**1 Accounting policies (continued)**

- The Company participates in the Group's centralised treasury arrangements and so is able to call upon the treasury facilities.

The Directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, Goodwin PLC, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Goodwin PLC not seeking repayment of the amounts currently due to the Group, which at 30 April 2022 amounted to £7,380,611 and providing additional financial support during that period as and when required. The Directors of Goodwin PLC have indicated their intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**e) Foreign currency**

The financial statements are presented in Pounds Sterling (£), which is also the Company's functional currency. Where foreign currency transactions are hedged, the transactions are recorded at their hedged rate. All other transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange movements associated with hedged transactions are recognised in the cash flow hedge reserve, whilst non hedged foreign exchange differences arising on translation are recognised in the profit and loss account within operating profit.

**f) Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Turnover is reduced for customer returns, rebates and other similar allowances. Turnover from the sale of goods is recognised in the profit and loss account when a customer obtains control of the goods or services i.e. upon the satisfaction of a performance obligation. Judgement is required to determine the timing of the transfer of control, and whether it is at a point in time or over time.

*Standard inventory product lines and consumables*

The revenue here relates to standard products manufactured for sale. The performance obligation is satisfied and revenue taken at the point when customers obtain control of the goods in accordance with the International Commercial (INCO) terms agreed or via a bill and hold arrangement.

*Minimum period contracts for the provision of goods and services*

Performance obligations are satisfied over time and revenue is recognised equally over the term of the contract.

*Engineered bespoke products – performance obligations satisfied over time*

This policy applies to sales orders which are customer bespoke, but permit the Company to claim profit earned to date if the customer were to trigger the cancel for convenience clause within the contract. In such cases, the performance obligations are treated as satisfied over time (i.e. as the contract progresses) and revenue is taken based on the percentage completion of the contract by the creation of a contract asset.

Contract assets represent the Company's rights to consideration for work completed but not invoiced at the reporting date for bespoke products contracts. Contract assets are transferred to receivables when the rights to consideration become unconditional, which is generally when the Company invoices the customer. Where payments are received in advance and exceed the costs incurred in constructing the asset together with forecast margin earned, the balances are disclosed as contract liabilities.

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

---

**1 Accounting policies (continued)**

*Engineered bespoke products – performance obligations satisfied at a point in time*

This policy covers sales orders which are customer bespoke, but permit the Company to claim only for costs in the event the customer triggers the cancel for convenience clause within the contract. In such cases, the performance obligation is deemed to be met and revenue taken as order lines are shipped in accordance with the relevant shipping terms or via a bill and hold arrangement.

**g) Pension costs**

The Company contributes to a defined contribution pension scheme for employees under an Auto Enrolment Pension arrangement as required by Government legislation. The assets of the scheme are held in independently administered funds. Company pension costs are charged to the profit and loss account in the year for which contributions are payable.

Contributions to the schemes are made on a monthly basis, and at the end of the financial year one month's contributions were outstanding, which were paid in the following month.

**h) Government grants**

Government grants relating to income are recognised in the profit and loss account.

Unamortised government grants relating to assets are recognised in the balance sheet as a deferred creditor. Amortisation of such grants is credited to profit and loss in accordance with the useful lives of the assets to which they relate.

**i) Finance income and finance costs**

Finance costs comprise interest payable and interest on finance leases using the effective interest method. Interest income and interest expense is recognised in the profit and loss account as it accrues.

**j) Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**k) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a cost or reducing balance basis over the estimated useful lives of each part of an item of tangible fixed assets. The depreciation rates are 10-25% for plant and machinery and 15-25% for other equipment.

**l) Investments**

Investments in subsidiary and associate undertakings are stated at cost less amounts written off for impairment.

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

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**1 Accounting policies (continued)**

***m) Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

***n) Non-derivative financial instruments***

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

*Trade debtors*

Trade debtors (including inter company balances) are amounts due from customers for goods sold or services performed in the ordinary course of business. They are recognised initially at the amount of consideration that is unconditional. Trade debtors are held with the intention of collecting the contractual cash flows and are measured subsequently, therefore, at amortised cost.

*Other debtors*

After being recognised initially at fair value, other debtors are measured, subsequently, at amortised cost. The carrying amount of other debtors is considered to be a reasonable approximation of their fair value.

*Trade and other payables*

Trade and other payables (including inter company balances) are recognised initially at fair value, and are subsequently reported at amortised cost.

*Recognition and valuation of equity instruments*

Equity instruments are stated at par value. For ordinary share capital, the par value is recognised in share capital.

***o) Impairment***

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of an asset's fair value less costs to sell or value in use.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

*Reversals of impairment*

In respect of assets other than goodwill, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

*Impairment of trade debtors*

The Company has elected not to measure impairment for trade debtors and contract assets at an amount equal to lifetime expected credit losses (ECLs), on the basis that a measure based off ECL would be wholly immaterial. Specific impairments are made when there is a known impairment need against trade receivables and contract assets. Where material, impairment losses related to trade and other debtors, including contract assets, are disclosed separately in the profit and loss account.

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

**1 Accounting policies (continued)**

*p) Derivative financial instruments and hedging*

*Derivative financial instruments*

The derivative financial instruments are held by fellow group companies, where they are recognised at fair value. The fair value of forward exchange contracts is equal to the present value of the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

*Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. The Company's hedge relationships are aligned with its risk management objectives and strategy, resulting in a more qualitative and forward-looking approach in ensuring hedge effectiveness.

For cash flow hedges, the associated cumulative gain or loss on the relevant derivative financial instrument is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects the profit and loss account. Any identified ineffective portion of the hedge is recognised immediately in the profit and loss account. Only the change in spot rate is designated as the hedging instrument, with the change in fair value relating to forward points being reported separately as deferred costs of hedging within other comprehensive income as permitted by IFRS 9.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the cash flow hedge transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

**2. Turnover**

Turnover represents the total sales for the year from mechanical engineering, including sales to group undertakings. The geographical analysis of turnover by destination is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
UK	643,629	579,870
Rest of Europe	1,068,084	2,824,936
Rest of World	4,196,486	3,364,454
<b>Total turnover</b>	<b>5,908,199</b>	<b>6,769,260</b>

The following table presents information about receivables, contract assets and liabilities from contracts with customers.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Work in progress	177,199	4,014,535
Contract assets	832,420	–
Trade receivables due within one year	2,075,267	1,382,043
Trade receivables due after more than one year	1,187,464	–
Contract liabilities	(1,724,443)	(938,142)
	<b>2,547,907</b>	<b>4,458,436</b>

Contract liabilities is a term defined within the Accounting Standard IFRS 15 (Revenue from Contracts with Customers) and relates, in the main, to contracts where the customer has made advance payments to the Company in excess of the period-end work in progress values.

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

**2 Turnover (continued)**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Revenue recognised in the year, which was included in the contract liability balance at the beginning of the period	883,541	2,784,640

**3. Expenses and auditor's remuneration**

Included in profit before taxation are the following expenses / (income):

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	84,562	78,938
Research and development expenses	–	34,521
Government grants including Covid-19 support	(1,558)	(29,275)
Auditors' remuneration for the audit of these financial statements	10,200	10,000

**4. Staff numbers and costs**

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	<b>Number of employees</b>	
	<b>2022</b>	<b>2021</b>
Monthly paid employees	20	21
Weekly paid employees	18	23
Total employees	38	44

The aggregate payroll costs of these persons were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,754,736	1,726,611
Social security costs	179,455	162,128
Pension costs	49,126	48,946
Total payroll costs	1,983,317	1,937,685

Payroll costs are reported as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cost of sales	1,014,639	789,333
Administrative expenses	968,678	1,148,352
Total payroll costs	1,983,317	1,937,685

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

**5. Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<i>Aggregate Directors' remuneration:</i>		
Emoluments	338,849	320,015
Company contributions to defined contribution pension schemes	10,015	9,456
	<b>348,864</b>	<b>329,471</b>
<i>Highest paid Director's remuneration</i>		
Emoluments and benefits in kind	137,364	128,908
Company contributions to defined contribution pension schemes	4,072	3,820
	<b>141,436</b>	<b>132,728</b>
	<b>2022</b>	<b>2021</b>
Number of Directors who are members of the Company defined contribution pension scheme	3	3

**6. Finance costs**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Intercompany interest expense	210,607	198,405
Total finance costs	<b>210,607</b>	<b>198,405</b>

**7. Tax credit on loss on ordinary activities**

*Recognised in the profit and loss account*

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<i>Current tax</i>		
Current tax on loss for the year	(167,012)	(161,980)
Adjustment in respect of prior years	(28,266)	669
Total current tax	<b>(195,278)</b>	<b>(161,311)</b>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(118,475)	95,219
Adjustment in respect of prior years	28,265	(605)
Rate change to prior year	3,798	-
Total deferred tax	<b>Note 14</b> <b>(86,412)</b>	<b>94,614</b>
Tax on loss	<b>(281,690)</b>	<b>(66,697)</b>

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

**7 Tax charge on profit on ordinary activities (continued)**

***Reconciliation of effective tax rate***

The tax credit is lower than (2021: lower than) the standard rate of corporation tax in the UK for the year ended 30 April 2022 of 19% (2021: 19%). The differences are explained below.

	2022 £	2021 £
Loss on ordinary activities before tax	(1,507,533)	(351,642)
Tax using the UK corporation tax rate of 19% (2021: 19%)	(286,431)	(66,812)
Non-deductible expenses	571	–
(Over) / under provided current tax in previous years	(28,266)	669
Under / (over) provided deferred tax in previous years	28,265	(605)
Other permanent differences	373	51
Rate change to prior year	3,798	–
Tax credit for the period	(281,690)	(66,697)

***Origination and reversal of temporary differences - rate change to prior year***

The UK government has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. Deferred tax balances have been calculated in accordance with the legislation.

**8. Tangible assets**

	Plant and machinery £	Other equipment £	Total £
<i>Cost</i>			
At 01 May 2021	1,054,987	249,992	1,304,979
At 30 April 2022	1,054,987	249,992	1,304,979
<i>Depreciation</i>			
At 01 May 2021	540,486	194,665	735,151
Charged in the year	71,823	12,739	84,562
At 30 April 2022	612,309	207,404	819,713
<i>Net book value</i>			
At 30 April 2021	514,501	55,327	569,828
At 30 April 2022	442,678	42,588	485,266

Other equipment includes motor vehicles, IT hardware and office equipment.

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

**9. Investments**

Investments in subsidiaries are outlined below:

	£
<i>Cost</i>	
At 30 April 2021	1,560,555
At 30 April 2022	1,560,555
<i>Net book value</i>	
At 30 April 2021	1,560,555
At 30 April 2022	1,560,555

The Company owns 100% of the share capital of NRPL Aero Oy, a company registered in Finland, whose principal activity is engineering for radar systems. Its registered office is Koivupuistonte 34, Vantaa, 01510 Finland.

**10. Stocks**

	2022 £	2021 £
Raw materials and consumables	700,842	593,959
Work in progress	177,199	4,014,535
Finished goods	889,317	924,318
<b>Total stocks</b>	<b>1,767,358</b>	<b>5,532,812</b>
Stock impairment	–	107,494

**11. Debtors**

	2022 £	2021 £
<i>Amounts falling due within one year</i>		
Contract assets	832,420	–
Trade debtors	2,075,267	1,382,043
Amounts owed by group undertakings – fellow subsidiaries	1,123,757	444,387
Derivative financial assets	48,519	1,160,431
Advance payments to suppliers	–	553,540
Other debtors	14,783	33,621
Prepayments and accrued income	24,515	6,429
Corporation tax receivable	3,559	3,559
<b>Total due within one year</b>	<b>4,122,820</b>	<b>3,584,010</b>
<i>Amounts falling due after more than one year</i>		
Trade debtors	1,187,464	–
Deferred tax assets	21,140	–
Derivative financial assets	–	12,619
<b>Total due after more than one year</b>	<b>1,208,604</b>	<b>12,619</b>

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

**12. Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Contract liabilities	1,724,443	938,142
Trade creditors	214,425	891,752
Amounts owed to group undertakings – parent company	7,380,611	7,795,889
Amounts owed to group undertakings – fellow subsidiaries	30,604	23,879
Derivative financial liabilities	139,281	118,987
Other taxation and social security	92,997	85,795
Other creditors	15,119	17,904
Accruals and deferred income	119,288	156,148
<b>Total due within one year</b>	<b>9,716,768</b>	<b>10,028,496</b>

**13. Creditors: amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Derivative financial liabilities	73,089	–
Deferred income	13,644	15,584
<b>Creditors - amounts falling due 1-5 years</b>	<b>86,733</b>	<b>15,584</b>

**14. Deferred tax assets / (liabilities)**

	<b>Tangible</b>	<b>Derivative</b>	<b>Other</b>	<b>Total</b>
	<b>assets</b>	<b>financial</b>	<b>temporary</b>	<b></b>
	<b>£</b>	<b>instruments</b>	<b>differences</b>	<b>£</b>
At 01 May 2020	24,684	(81,324)	2,073	(54,567)
Movement in the year – recognised in profit and loss account	(7,131)	(87,102)	(381)	(94,614)
Movement in the year – recognised in equity	–	(31,846)	–	(31,846)
At 30 April 2021	17,553	(200,272)	1,692	(181,027)
At 01 May 2021	17,553	(200,272)	1,692	(181,027)
Movement in the year – recognised in profit and loss account	(33,377)	120,818	(1,029)	86,412
Movement in the year – recognised in equity	–	115,755	–	115,755
At 30 April 2022	(15,824)	36,301	663	21,140

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

**15. Derivative financial assets / (liabilities)**

The table sets out the fair values of derivative financial assets and liabilities.

		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
<i>Derivative financial assets due within one year</i>			
At fair value through the profit and loss account		48,519	831,405
Designated as effective cash flow hedges		–	329,026
<b>Total assets due within one year</b>	<b>Note 11</b>	<b>48,519</b>	<b>1,160,431</b>
<i>Derivative financial assets due after more than one year</i>			
Designated as effective cash flow hedges		–	12,619
<b>Total assets due after more than one year</b>	<b>Note 11</b>	<b>–</b>	<b>12,619</b>
<i>Derivative financial liabilities due within one year</i>			
At fair value through the profit and loss account		24,299	118,782
Designated as effective cash flow hedges		114,982	205
<b>Total liabilities due within one year</b>	<b>Note 12</b>	<b>139,281</b>	<b>118,987</b>
<i>Derivative financial liabilities due after more than one year</i>			
Designated as effective cash flow hedges		73,089	–
<b>Total liabilities due after more than one year</b>	<b>Note 13</b>	<b>73,089</b>	<b>–</b>

The Company does not have the capacity to take out forward contracts in its own name and so Goodwin PLC, the ultimate parent company, has taken out forward contracts on its behalf. An agreement is in place, whereby it is accepted that any mark to market positions, arising from placing these forward contracts, are to the accord of the Company.

**16. Share capital and reserves**

***Share capital***

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid 10,000 ordinary shares of £1 each	10,000	10,000
<b>Shares classified in shareholders' funds</b>	<b>10,000</b>	<b>10,000</b>

The holders of ordinary shares are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at meetings of the Company.

*Cash flow hedging reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge instruments related to hedged transactions that have not yet occurred.

*Cost of hedging reserve*

The cost of hedging reserve deals with the costs associated with effective cash flow hedges such as forward point differentials and counterparty credit risk.

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

**17. Contingent liabilities**

The table below sets out the details of performance bonds issued in the normal course of business.

	2022 £	2021 £
2 bond contracts (2021:3)	911,334	2,840,468

**18. Related parties**

As a wholly owned subsidiary, the Company has applied the exemptions available under FRS 101 in respect of the disclosure of transactions with its parent company, Goodwin PLC, and fellow wholly-owned subsidiary companies. The company has transacted with the following fellow subsidiary companies:

Easat India Private Limited  
Goodwin International Limited  
Goodwin Steel Castings Limited  
Internet Central Limited  
Jewelry Plaster Limited  
NRPL Aero Oy

The following table outlines related party transactions and outstanding balances.

	2022 £	2021 £
<i>Related party income</i>		
Sales of goods and services - fellow subsidiaries	487,917	531,791
<b>Total related party income</b>	<b>487,917</b>	<b>531,791</b>
<i>Related party expenses</i>		
Finance costs - parent company	210,607	198,405
Management fee expense - parent company	563,908	605,000
Purchase of goods and services - fellow subsidiaries	611,419	4,910,288
Rental expense - parent company	76,356	144,311
Rental expense - fellow subsidiaries	277,340	274,140
Royalty expense - parent company	90,000	90,672
<b>Total related party expenses</b>	<b>1,829,630</b>	<b>6,222,816</b>
<i>Related party debtor balances</i>		
Debtor balances - fellow subsidiaries	1,123,757	444,387
<b>Total related party debtor balances</b>	<b>1,123,757</b>	<b>444,387</b>
<i>Related party creditor balances</i>		
Creditor balance - parent company	7,380,611	7,795,889
Creditor balances - fellow subsidiaries	30,604	23,879
<b>Total related party creditor balances</b>	<b>7,411,215</b>	<b>7,819,768</b>

**19. Subsequent events**

No significant events, requiring disclosure in the financial statements, have occurred after the end of the reporting period.

**EASAT RADAR SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 30 APRIL 2022

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**20. Ultimate parent company**

The Company is a subsidiary undertaking of Goodwin PLC, which is the ultimate parent company. Goodwin PLC is incorporated in England and Wales and its registered office is Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR.