

**Strategic Report, Report of the Directors and**

**Financial Statements**

**for the Year Ended 31 December 2021**

**for**

**L3Harris Geospatial Solutions UK Limited**

**Previously known as Harris Geospatial  
Solutions UK Limited**

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**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

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**for the Year Ended 31 December 2021**

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**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Company Information**  
**for the Year Ended 31 December 2021**

<b>DIRECTORS:</b>	Ms S E Casella Ms K A Schumacher
<b>SECRETARY:</b>	Mrs Y Elliott
<b>REGISTERED OFFICE:</b>	Beechey House 87 Church Street Crowthorne Berkshire RG45 7AW
<b>BUSINESS ADDRESS:</b>	Venture House Arlington Square Bracknell Berkshire RG12 1WA
<b>REGISTERED NUMBER:</b>	03608565 (England and Wales)
<b>AUDITORS:</b>	Ernst & Young LLP Chartered Accountants Statutory Auditor R+, 2 Blagrove Street Reading Berkshire RG1 1AZ

**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Strategic Report**  
**for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

**REVIEW OF BUSINESS**

In the year to 31 December 2021, L3Harris Geospatial Solutions ('GS') UK's revenue grew by 7.7% compared to the same period in 2020 from £1,457,548 to £1,569,449. This was due to an increase in new license revenue which increased by 15% in 2021. Maintenance renewal revenue was consistent with 2020. Consulting services revenue did not increase as expected in 2021 and was due to delays in customer programs. The most significant increase in revenue was through UK channel sales which increased by 73% in 2021.

We continue to invest in long term strategic goals. The objective in FY22 and FY23 will be to grow the UK order pipeline with two focuses: high value, long term customer programs and reestablishment of the consultancy services revenue stream.

Geospatial and remote sensing technologies have been key components of Harris' Space & Airborne Systems (SAS) segment. As part of the L3Harris GS commercial subsidiary within SAS, Harris GS UK was intimately involved in the development and delivery of commercial solutions that leveraged Harris technology and products including ENVI, IDL, Geospatial Services Framework (GSF), and core IP in machine learning applied to remotely sensed data.

The Harris GS subsidiary continues to develop IDL, ENVI and other complementary products, allowing the UK group to maintain and grow their offerings in training, support and consulting services around those products. In addition, investment continued in the UK to develop a network of system integrators, prime contractors, and distributors to help scale the business.

As the organization evolves, a new business strategy to provide additional value through solutions in key industries and vertical markets has become a focus area for the UK organization, resulting in significant wins in the Defense & Intelligence (D&I), National Security, and Agriculture markets. In these projects, the compelling mix of product technology and professional services create a unique value proposition that resonates with existing and new customers.

The UK organization is well positioned to leverage existing customer relationships and grow the legacy product business while identifying new customers seeking business solutions rather than core technology tools.

**RISK MANAGEMENT APPROACH**

The company takes opportunities and risks to enable it to realise its strategic, operational and financial objectives. The company understands the importance of properly functioning internal risk management and control systems in identifying and managing risks. Risk management is actively monitored and steps taken to increase risk awareness throughout the organisation. Key personnel are designated to implement controls and other various measures.

**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Strategic Report**  
**for the Year Ended 31 December 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The main principal risk to the company is retaining key personnel. Geospatial and remote sensing is a niche and spatialized science. It is essential to have experienced and knowledgeable employees to support the future goals and growth of the business. In addition, there are competitive risks as remote sensing is a growing industry. L3Harris Geospatial continue to develop new products to improve customer's experience. There is also an increase in the remote sensing market as more industries become aware of the technology and the diverse ways in which it can be utilised.

The company uses various basic financial instruments including cash and other items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for all of the company's operations. This exposes the company to a number of financial risks as described below:

*Liquidity risk*

The company seeks to manage liquidity risk by ensuring that there are sufficient funds available to meet foreseeable needs. Cashflow forecasts are produced and monitored monthly by the Board.

*Credit risk*

The company's principal financial assets are cash and trade debtors and therefore its main credit risk relates to its trade debtors. In order to manage credit risk, payment terms and maximum exposure limits for customers are set in line with their credit policy.

**INVESTMENT IN L3HARRIS RELEASE & INTEGRATED SOLUTIONS LTD.**

On 20 October 2021 L3Harris Release & Integrated Solutions Ltd. (formerly known as EDO MBM Technology Ltd.) (L3Harris R&I) was contributed to the company as a share contribution. An impairment of the carrying value of L3Harris R&I was recorded at 31 December 2021 due to impact on operating results of the subsidiary as a result of a decline in economic market conditions. On 15 September 2022, the company distributed the stock of L3Harris R&I to its parent and holds no subsidiaries at the date of this report.

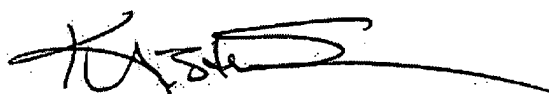
**FINANCIAL KEY PERFORMANCE INDICATORS**

The gross margin percentage for 2021 has decreased 10.07% (2020: decreased 6.16%). The operating profit for the year was £78.5k (2020: £73k) this shows a net increase of £5.5k. Excluding the £5.6M impairment described above, profit for the year after tax amounted to £63.5k (2020: £59k)

**SUBSEQUENT EVENT**

On 21 December 2022, L3Harris Technologies, Inc., the ultimate controlling party of L3Harris Geospatial, entered into a definitive agreement to sell the L3Harris Geospatial business, of which the company is a part, to NV5 Global, Inc. See note 20 to the financial statements for further information.

**ON BEHALF OF THE BOARD:**

  
.....  
Ms K A Schumacher - Director

Date: 4 April 2023

**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Report of the Directors**  
**for the Year Ended 31 December 2021**

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

**CHANGE OF NAME**

The company passed a special resolution on 11 February 2022 changing its name from Harris Geospatial Solutions UK Limited to L3Harris Geospatial Solutions UK Limited.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the sales and support of scientific software, and consultancy services.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2021. (2020: £297,575)

**FUTURE DEVELOPMENTS**

The directors continue to enhance the products that the company produces. Geospatial and remote sensing is a niche and spatialized science and it is therefore paramount that the company keeps ahead of the technology in an ever increasing growing industry.

**DIRECTOR**

Ms S E Casella held office during the whole of the period from 1 January 2021 to the date of this report.

Other changes in directors holding office are as follows:

Ms K A Schumacher was appointed as a director after 31 December 2021 but prior to the date of this report.

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**GOING CONCERN**

The company has prepared budgets and forecasts that cover the period of twelve months after approval of the balance sheet date in order to assess going concern. It is anticipated that the company's level of activity will remain fairly constant over that period with similar results being attained in line with the current trading period.

The company has a letter of Parental support to cover the current support requirements of L3Harris Geospatial Solutions UK Limited. Following the sale of the business, the directors are unsure how the company will be financed and integrated by the acquiror, and suitable assurances may need to be sought to ensure continued support is in place. This constitutes a material uncertainty which casts significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the company were no longer a going concern.

**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Report of the Directors**  
**for the Year Ended 31 December 2021**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the financial statements, state whether FRS 102 has 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 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report that comply with that 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.

**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 she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

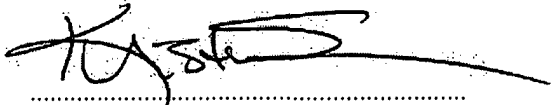
**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Report of the Directors - continued**  
**for the Year Ended 31 December 2021**

**AUDITORS**

In accordance with the company's articles, a resolution proposing that Ernst & Young LLP be reappointed as auditor of the company will be put at a General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
Ms K A Schumacher - Director

Date: 4 April 2023

**Report of the Independent Auditors to the Members of**  
**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Opinion**

We have audited the financial statements of L3Harris Geospatial Solutions UK Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, 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 company's affairs as at 31 December 2021 and of its loss 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.

**Material uncertainty relating to going concern**

We draw attention to note 2 in the financial statements, which indicates that following the sale of the business, the directors are unsure how the company will be financed and integrated by the acquiror and suitable assurances may need to be sought to ensure continued support is in place. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a 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. Our opinion is not modified in respect of this matter.

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.

**Report of the Independent Auditors to the Members of**  
**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**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.

**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 5, 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.

**Report of the Independent Auditors to the Members of**  
**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Auditors' 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.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Bribery Act 2010, Money Laundering regulations and relevant tax compliance regulations in the United Kingdom.
- We understood how L3Harris Geospatial Solutions UK Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation or completion of the following procedures:
  - Review of all minutes of board meetings held during the period and through to the most recent meeting held prior to the approval of these financial statements;
  - Review of accounting policies and completion of a disclosure checklist to assess compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Company law requirements;
  - Review of any relevant correspondence with local tax authorities; and
  - Review of any relevant correspondence received from regulatory bodies
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by holding a discussion within the audit team which included identification of related parties, understanding the company's business, the control environment and assessing the inherent risk for relevant assertions at the significant account level. We also held discussions with management and those charged with governance to gain an understanding of those areas of the financial statements which are susceptible to fraud, as identified by management. Following these procedures, we identified a risk of management override of control and risk of inappropriate revenue recognition. We gained an understanding of the entity level of controls and policies that the company applies.

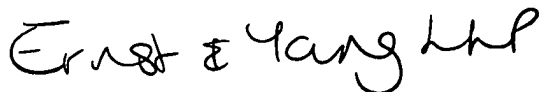
**Report of the Independent Auditors to the Members of**  
**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of a sample of revenue transactions recorded during the year, testing journal entries, with focus on journals meeting our defined risk criteria based on our understanding of the business, and enquiries of senior members of the management team regarding their knowledge of any instances of non-compliance with laws and regulations that could impact the financial statements.

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.



Kate Allen (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading

Date: 4 April 2023

**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Statement of Comprehensive Income**  
**for the Year Ended 31 December 2021**

		31 December 2021	31 December 2020
	Notes	£	£
<b>TURNOVER</b>	3	1,569,449	1,457,548
Cost of sales		<u>(844,196)</u>	<u>(637,291)</u>
<b>GROSS PROFIT</b>		725,253	820,257
Administrative expenses		(792,771)	(892,518)
Other operating income		<u>145,990</u>	<u>145,293</u>
<b>OPERATING PROFIT</b>	5	78,472	73,032
Amounts written off investments	6	<u>(5,563,699)</u>	-
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(5,485,227)	73,032
Tax on (loss)/profit	7	<u>(14,885)</u>	<u>(13,939)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(5,500,112)	59,093
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(5,500,112)</u>	<u>59,093</u>

All amounts are derived from continuing operations. Total comprehensive income for the year is all attributable to the owners of the parent company.


The notes on pages 14 to 27 form part of these financial statements

**L3Harris Geospatial Solutions UK Limited (Registered number: 03608565)**  
**previously known as Harris Geospatial Solutions UK Limited**

**Balance Sheet**  
**31 December 2021**

	Notes	31 December 2021		31 December 2020	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		5,202		1,179
Investments	10		<u>33,115,840</u>		<u>-</u>
			33,121,042		1,179
<b>CURRENT ASSETS</b>					
Debtors	11	314,366		210,396	
Cash at bank		<u>895,116</u>		<u>896,780</u>	
		1,209,482		1,107,176	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>(944,754)</u>		<u>(903,000)</u>	
<b>NET CURRENT ASSETS</b>			<u>264,728</u>		<u>204,176</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			33,385,770		205,355
<b>PROVISIONS FOR LIABILITIES</b>	14		<u>(988)</u>		<u>(-)</u>
<b>NET ASSETS</b>			<u>33,384,782</u>		<u>205,355</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		134,622		134,620
Share premium	16		38,679,537		-
Retained earnings	16		<u>(5,429,377)</u>		<u>70,735</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>33,384,782</u>		<u>205,355</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 April 2023 and were signed on its behalf by:

  
 .....  
 Ms K A Schumacher - Director

**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Statement of Changes in Equity**  
**for the Year Ended 31 December 2021**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1 January 2020</b>	134,620	309,217	-	443,837
<b>Changes in equity</b>				
Dividends	-	(297,575)	-	(297,575)
Total comprehensive income	-	59,093	-	59,093
<b>Balance at 31 December 2020</b>	<u>134,620</u>	<u>70,735</u>	<u>-</u>	<u>205,355</u>
<b>Changes in equity</b>				
Issue of share capital	2	-	38,679,537	38,679,539
Total comprehensive income	-	(5,500,112)	-	(5,500,112)
<b>Balance at 31 December 2021</b>	<u>134,622</u>	<u>(5,429,377)</u>	<u>38,679,537</u>	<u>33,384,782</u>

The notes on pages 14 to 27 form part of these financial statements

**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2021**

**1. STATUTORY INFORMATION**

L3Harris Geospatial Solutions UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The functional currency of the company is Pound Sterling (£)

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

The company has taken advantage of the exemption under S400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Harris Geospatial Solutions Inc. The Company's financial statements are individual entity financial statements. The Company's parent includes the Company in its consolidated statements. Note 17 details where copies of the consolidated accounts can be obtained from.

**Going Concern**

The company has prepared budgets and forecasts that cover the period of twelve months after approval of the balance sheet date in order to assess going concern. It is anticipated that the company's level of activity will remain fairly constant over that period with similar results being attained in line with the current trading period.

The company has a letter of Parental support to cover the current support requirements of L3Harris Geospatial Solutions UK Limited. Following the sale of the business, the directors are unsure how the company will be financed and integrated by the acquiror, and suitable assurances may need to be sought to ensure continued support is in place. This constitutes a material uncertainty which casts significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the company were no longer a going concern.

**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.
  
- . Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues':
  - . Interest income/expense and net gains/losses for financial instruments not measured at fair value;
  - . basis of determining fair values;
- . Section 33 'Related Party Disclosures':
  - . Compensation for key management personnel

**Significant judgements and estimates**

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

a) Critical judgements in applying the entity's accounting policies

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

**L3Harris Geospatial Solutions UK Limited**  
**previously known as Harris Geospatial Solutions UK Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on physical condition and economic utilisation of the assets. See note 8 for the carrying amount of the assets and the accounting policies note Tangible Fixed Assets for the useful economic lives of each class of asset.

**(ii) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors.

**(iii) Impairment of investments**

The company makes an estimate of the value of investments. When assessing impairment management considers future cashflows from the investment. See note 9 for the carrying value of the investment.

**Revenue recognition**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The following revenue recognition policies are in place :-

Sales of Software Licences are recognised at the point of sale.

Software Maintenance Income is recognised evenly over the length of the maintenance agreement.

Training is recognised at the beginning of the course and Consultancy Income is recognised upon the completion of agreed stages.

Distributor Support and Maintenance renewal Income is recognised in full in the year of sale.

Royalties on software licences are accounted for on an invoice basis in accordance with group accounting policies. Royalties on software maintenance are accounted for evenly over the length of the maintenance agreement.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation is charged so as to allocate the cost of the assets less their residual value over their estimated useful lives on the following basis:

Office equipment - 33% on cost and 15% on reducing balance

At each balance sheet date, the Company reviews the carrying amounts of its Tangible Fixed Assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at costs less provision for impairment.

**Taxation**

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

**Current Tax**

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

**Deferred Tax**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Transactions in currencies other than the functional currency of the Company are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

**Basic financial assets**

Basic financial assets, which include debtors, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Basic Financial liabilities**

Basic financial liabilities, including trade and other creditors, amounts due to fellow group companies, accruals, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

**Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash at bank and on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities when applicable.

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Equity Instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of the direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**Impairment of financial assets**

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

At each reporting date non-financial assets not carried at face value are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	31 December 2021	31 December 2020
	£	£
Commercial sales	1,255,560	1,166,038
Government	313,889	291,510
	<u>1,569,449</u>	<u>1,457,548</u>

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**3. TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	31 December 2021	31 December 2020
	£	£
United Kingdom	1,052,785	947,406
Europe	311,146	364,387
Rest of the World	<u>205,518</u>	<u>145,755</u>
	<u>1,569,449</u>	<u>1,457,548</u>

**4. EMPLOYEES AND DIRECTORS**

	31 December 2021	31 December 2020
	£	£
Wages and salaries	555,350	607,705
Social security costs	48,937	57,078
Other pension costs	<u>35,909</u>	<u>42,029</u>
	<u>640,196</u>	<u>706,812</u>

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

	31 December 2021	31 December 2020
Office and management	8	9
Directors	<u>1</u>	<u>1</u>
	<u>9</u>	<u>10</u>

	31 December 2021	31 December 2020
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

The Directors of L3Harris Geospatial Solutions UK Limited did not receive any remuneration from the company. The Directors also serve as Directors of other companies within the group, and their remuneration is borne by those other group companies. The services provided by the Directors to L3Harris Geospatial Solutions UK Limited are incidental to their main employment.

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	31 December 2021	31 December 2020
	£	£
Other operating leases	20,254	34,337
Depreciation - owned assets	1,963	173
Auditors' remuneration	21,433	13,905
Auditors' remuneration for non audit work	-	2,741
	<u>-</u>	<u>2,741</u>

**6. AMOUNTS WRITTEN OFF INVESTMENTS**

	31 December 2021	31 December 2020
	£	£
Investment impairment provision	<u>5,563,699</u>	=

The write down relates to the impairment of investments acquired in the year.

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	31 December 2021	31 December 2020
	£	£
Current tax:		
UK corporation tax	14,121	12,832
Adjustments in respect of previous years	(12,832)	-
Amount payable to group company in respect of tax saved by group relief	<u>12,608</u>	-
Total current tax	13,897	12,832
Deferred tax	<u>988</u>	<u>1,107</u>
Tax on loss/profit	<u>14,885</u>	<u>13,939</u>

UK corporation tax has been charged at 19% (2020 - 19%).

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

7. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

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

	31 December 2021	31 December 2020
	£	£
(Loss)/Profit before tax	(5,485,227)	73,032
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,042,193)	13,876
Effects of:		
Expenses not deductible for tax purposes	1,057,142	62
Income not taxable for tax purposes	-	(1,139)
Capital allowances in excess of depreciation	(828)	-
Depreciation in excess of capital allowances	-	33
Adjustments to tax charge in respect of previous periods	(12,832)	-
Group loss relief received	12,608	-
Movement in deferred tax	988	1,107
Total tax charge	14,885	13,939

**Factors that may affect future tax charges**

Following the budget in March 2021, the corporation tax charge will rise to 25% with effect from 1 April 2023. Profits below £50,000 will continue to incur tax at 19% with taper for profits between £50,000 and £250,000. Profits exceeding £250,000 will be subject to the new 25% rate.

This legislation received royal assent and was enacted on 10th June 2021.

The deferred tax asset and liability are measured at the rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and the tax laws) that have been enacted or substantively enacted by the balance sheet date. The deferred tax is calculated at rates of between 19% and 25% (2021: 19%)

8. **DIVIDENDS**

	31 December 2021	31 December 2020
	£	£
Interim dividend of £Nil (2020 : £2.21) per ordinary share paid during the year	-	297,575

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**9. TANGIBLE FIXED ASSETS**

	Office equipment £
<b>COST</b>	
At 1 January 2021	13,822
Additions	5,986
Disposals	<u>(5,021)</u>
At 31 December 2021	<u>14,787</u>
<b>DEPRECIATION</b>	
At 1 January 2021	12,643
Charge for year	1,963
Eliminated on disposal	<u>(5,021)</u>
At 31 December 2021	<u>9,585</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>5,202</u>
At 31 December 2020	<u>1,179</u>

**10. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
Additions	38,679,539
Impairments	<u>(5,563,699)</u>
At 31 December 2021	<u>33,115,840</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>33,115,840</u>

The impairment loss of £5.6M was required due to impact on operating results of the subsidiary as a result of a decline in economic market conditions. Impairment of the investment was recorded within (Loss) before Taxation on the Statement of Comprehensive Income. The company's investments at the Balance Sheet date in the share capital of companies include the following:

**L3Harris Release & Integrated Solutions Ltd**

Registered office:

Nature of business: IT Systems

Class of shares:

Ordinary

%  
holding  
100.00

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

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

	31 December 2021	31 December 2020
	£	£
Trade debtors	219,628	111,710
Provision for bad debts	(211)	(6)
Amounts owed by group undertakings	56,707	22,638
Other debtors	369	16,351
Prepayments	<u>37,873</u>	<u>59,703</u>
	<u>314,366</u>	<u>210,396</u>

The amounts owed by group companies are payable on demand.

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

	31 December 2021	31 December 2020
	£	£
Trade creditors	3,425	41,189
Amounts owed to group undertakings	12,989	46,956
Tax	14,121	12,832
Social security and other taxes	34,005	29,253
VAT	24,834	26,618
Other creditors	745	13,217
Accruals	220,629	137,654
Deferred income	<u>634,006</u>	<u>595,281</u>
	<u>944,754</u>	<u>903,000</u>

The amounts payable by group companies are payable on demand.

**13. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31 December 2021	31 December 2020
	£	£
Within one year	10,792	10,792
Between one and five years	<u>1,496</u>	<u>4,487</u>
	<u>12,288</u>	<u>15,279</u>

**14. PROVISIONS FOR LIABILITIES**

	31 December 2021	31 December 2020
	£	£
Deferred tax		
Accelerated capital allowances	988	-

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**14. PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £
Accelerated capital allowances	<u>988</u>
Balance at 31 December 2021	<u>988</u>

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31 December 2021 £	31 December 2020 £
134,622 (31.12.20 - 134,620)	Ordinary	£1	<u>134,622</u>	<u>134,620</u>

During the year 2 ordinary shares were issued at a premium of £38,679,537

On the 12th August 2022 , the company reduced its issued share capital from £134,622 to £1, by cancelling 134,621 of the issued shares of £1 each in the Company.

All shares rank pari passu for dividend rights and provide the holder with one vote.  
Each share has full rights in a distribution on a winding up of the company.

**16. RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1 January 2021	70,735	-	70,735
Profit for the year	(5,500,112)		(5,500,112)
Share contribution	<u>-</u>	<u>38,679,537</u>	<u>38,679,537</u>
At 31 December 2021	<u>(5,429,377)</u>	<u>38,679,537</u>	<u>33,250,160</u>

**17. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund and amounted to £21,221 (2015: £16,559). The outstanding contributions at the year end totalled £nil (2015: £1,188).

**L3Harris Geospatial Solutions UK Limited**  
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**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**18. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**19. ULTIMATE CONTROLLING PARTY**

The immediate parent company is Harris Geospatial Solutions Inc, a company incorporated in the United States of America.

The ultimate parent company is L3 Harris Technologies Inc., a company incorporated in the United States of America.

Copies of the group accounts are available from:

L3 Harris Technologies Inc.  
1025 West NASA Boulevard  
Melbourne  
Florida, 32919  
USA

**20. SUBSEQUENT EVENTS**

On 20 October 2021 L3Harris Release & Integrated Solutions Ltd. (formerly known as EDO MBM Technology Ltd.) (L3Harris R&I) was contributed to the company as a share contribution. An impairment of the carrying value of L3Harris R&I was recorded at December 31, 2021 due to impact on operating results of the subsidiary as a result of a decline in economic market conditions. On 15 September 2022, the company distributed the stock of L3Harris R&I to its parent and holds no subsidiaries at the date of this report.

On 21 December 2022, L3Harris Technologies, Inc., the ultimate controlling party of L3Harris Geospatial, entered into a definitive agreement to sell the L3Harris Geospatial business, of which the company is a part, to NV5 Global, Inc. The transaction is expected to close April 2023, subject to regulatory approvals and customary closing conditions.