

GOONHILLY EARTH STATION LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MAY 2023

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023

| | Note | 2023 £ | 2022 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 5 | 9,764 | 14,859 |
| Tangible assets | 6 | 8,014,921 | 8,971,359 |
| | | <u>8,024,685</u> | <u>8,986,218</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 1,085,346 | 720,762 |
| Cash at bank and in hand | 8 | 1,313,581 | 419,703 |
| | | <u>2,398,927</u> | <u>1,140,465</u> |
| Creditors: amounts falling due within one year | 9 | (1,365,731) | (1,429,443) |
| Net current assets/(liabilities) | | <u>1,033,196</u> | <u>(288,978)</u> |
| Total assets less current liabilities | | <u>9,057,881</u> | <u>8,697,240</u> |
| Creditors: amounts falling due after more than one year | 10 | (7,627,510) | (6,847,583) |
| Net assets | | <u><u>1,430,371</u></u> | <u><u>1,849,657</u></u> |
| Capital and reserves | | | |
| Called up share capital | | 34,262 | 34,262 |
| Share premium account | 12 | 3,216,797 | 3,216,797 |
| Other reserves | 12 | 940,790 | 863,517 |
| Profit and loss account | 12 | (2,761,478) | (2,264,919) |
| | | <u>1,430,371</u> | <u>1,849,657</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr I Jones
Director

Date: 27 February 2024

The notes on pages 3 to 12 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023**

| | Called up share capital | Share premium account | Other reserves | Profit and loss account | Total equity |
|---|----------------------------|--------------------------|----------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 June 2022 | 34,262 | 3,216,797 | 863,517 | (2,264,919) | 1,849,657 |
| Loss for the year | - | - | - | (496,559) | (496,559) |
| Contributions by and distributions to owners | | | | | |
| Capital contribution | - | - | 77,273 | - | 77,273 |
| At 31 May 2023 | 34,262 | 3,216,797 | 940,790 | (2,761,478) | 1,430,371 |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2022**

| | Called up share capital | Share premium account | Other reserves | Profit and loss account | Total equity |
|-----------------------|----------------------------|--------------------------|----------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 June 2021 | 34,262 | 3,216,797 | 863,517 | (1,590,468) | 2,524,108 |
| Loss for the year | - | - | - | (674,451) | (674,451) |
| At 31 May 2022 | 34,262 | 3,216,797 | 863,517 | (2,264,919) | 1,849,657 |

The notes on pages 3 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

1. GENERAL INFORMATION

Goonhilly Earth Station Limited (registered number 06896077) is a private company, limited by shares and incorporated in England and Wales. The address of the registered office is Goonhilly Satellite Earth Station, Goonhilly Downs, Helston, Cornwall, TR12 6LQ.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Goonhilly Holdings Limited as at 31 May 2023 and these financial statements may be obtained from Companies House, Cardiff.

2.3 GOING CONCERN

During the year the company generated a loss before tax of £496,559 and at the year end the company had net current assets of £1,033,196. EBITDA for the current year indicates an underlying profitable trading performance of £759,282. In order to prepare the financial statements on the going concern basis the Directors have considered the expected future performance of the company for a period of at least 12 months from the date of signing of these financial statements and the continued support available from its parent company.

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue 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 criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 GOVERNMENT GRANTS

Government grants are recognised at fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants that are capital in nature are recognised by either the performance or accruals method depending on purpose of the grant.

Under the accruals method, grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive income at the same rate as the depreciation on the assets to which the grants relates. The deferred element of grants is included in creditors as deferred income.

Under the performance method, a grant is recognised in income when the specified performance conditions of the grant are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2.6 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. ACCOUNTING POLICIES (continued)

2.7 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.8 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

| | | |
|-------------------|---|--------------------|
| Computer software | - | 20 % straight line |
|-------------------|---|--------------------|

2.9 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 management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|------------------------------|----------|
| Long-term leasehold property | - 10-20% |
| Plant and machinery | - 10-25% |
| Motor vehicles | - 25% |
| Fixtures and fittings | - 25% |
| Computer equipment | - 33.33% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under the course of construction are not depreciated.

2.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. ACCOUNTING POLICIES (continued)

2.11 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.14 OPERATING LEASES: THE COMPANY AS LESSEE

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 SHARE CAPITAL

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2. ACCOUNTING POLICIES (continued)

2.16 PENSIONS

Defined contribution 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 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.

3.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The directors believe that the key judgements and estimates during the year are as follows:

Effective interest on loans - The directors have estimated an effective interest rate to be applied to discount interest free intercompany loans due for repayment in more than one year. This estimate was made at initial recognition and is not reassessed.

Grant income recognition - The company receives a grant which is accounted for under the performance method. A key estimate is the level of performance conditions that have been met, and hence the value of the grant to be recognised.

4. EMPLOYEES

The average monthly number of employees, including directors, during the year was 42 (2022: 44).

5. INTANGIBLE ASSETS

| | Computer software £ |
|-----------------------|---------------------------|
| COST | |
| At 1 June 2022 | 25,473 |
| At 31 May 2023 | <u>25,473</u> |
| AMORTISATION | |
| At 1 June 2022 | 10,614 |
| Charge for the year | 5,095 |
| At 31 May 2023 | <u>15,709</u> |
| NET BOOK VALUE | |
| At 31 May 2023 | <u><u>9,764</u></u> |
| At 31 May 2022 | <u><u>14,859</u></u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

6. TANGIBLE FIXED ASSETS

| | Long-term leasehold property £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ |
|-----------------------|---|-----------------------------|---------------------|-------------------------------|
| COST | | | | |
| At 1 June 2022 | 2,624,855 | 10,006,684 | 97,429 | 110,748 |
| Additions | 15,478 | 126,511 | - | 66,819 |
| Disposals | - | - | (81,129) | - |
| At 31 May 2023 | <u>2,640,333</u> | <u>10,133,195</u> | <u>16,300</u> | <u>177,567</u> |
| DEPRECIATION | | | | |
| At 1 June 2022 | 653,477 | 3,079,046 | 92,891 | 70,947 |
| Charge for the year | 128,421 | 1,038,680 | 745 | 39,602 |
| Disposals | - | - | (77,749) | - |
| At 31 May 2023 | <u>781,898</u> | <u>4,117,726</u> | <u>15,887</u> | <u>110,549</u> |
| NET BOOK VALUE | | | | |
| At 31 May 2023 | <u>1,858,435</u> | <u>6,015,469</u> | <u>413</u> | <u>67,018</u> |
| At 31 May 2022 | <u>1,971,378</u> | <u>6,927,638</u> | <u>4,538</u> | <u>39,801</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

6. TANGIBLE FIXED ASSETS (CONTINUED)

| | Computer equipment £ | Assets under the course of construction £ | Total £ |
|-----------------------|----------------------------|--|-------------------|
| COST | | | |
| At 1 June 2022 | 195,000 | - | 13,034,716 |
| Additions | 14,058 | 49,023 | 271,889 |
| Disposals | - | - | (81,129) |
| At 31 May 2023 | <u>209,058</u> | <u>49,023</u> | <u>13,225,476</u> |
| DEPRECIATION | | | |
| At 1 June 2022 | 166,996 | - | 4,063,357 |
| Charge for the year | 17,499 | - | 1,224,947 |
| Disposals | - | - | (77,749) |
| At 31 May 2023 | <u>184,495</u> | <u>-</u> | <u>5,210,555</u> |
| NET BOOK VALUE | | | |
| At 31 May 2023 | <u>24,563</u> | <u>49,023</u> | <u>8,014,921</u> |
| At 31 May 2022 | <u>28,004</u> | <u>-</u> | <u>8,971,359</u> |

7. DEBTORS

| | 2023 £ | 2022 £ |
|------------------------------------|------------------|----------------|
| Trade debtors | 377,300 | 195,889 |
| Amounts owed by group undertakings | 375,403 | - |
| Other debtors | 8,430 | 39,820 |
| Prepayments and accrued income | 324,213 | 485,053 |
| | <u>1,085,346</u> | <u>720,762</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

8. CASH AND CASH EQUIVALENTS

| | 2023 £ | 2022 £ |
|--------------------------|------------------|----------------|
| Cash at bank and in hand | 1,313,581 | 419,703 |
| | <u>1,313,581</u> | <u>419,703</u> |

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| Trade creditors | 349,270 | 276,484 |
| Other taxation and social security | 84,465 | 61,947 |
| Obligations under finance lease and hire purchase contracts | - | 51,010 |
| Other creditors | 18,407 | 11,922 |
| Accruals and deferred income | 913,589 | 1,028,080 |
| | <u>1,365,731</u> | <u>1,429,443</u> |

Obligations under finance lease and hire purchase contracts are secured over the related assets of the company.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2023 £ | 2022 £ |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | 7,627,510 | 6,847,583 |
| | <u>7,627,510</u> | <u>6,847,583</u> |

11. PRIOR YEAR RESTATEMENT

There has been a reanalysis between cost of sales and administration expenses with no overall effect on the loss incurred in the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

12. RESERVES

Share premium account

This reserve records the amount by which the amount received by the company for shares issued exceeds its face value.

Other reserves

This reserve represents capital contributions from the parent company's provision of interest free loans.

Profit and loss account

This reserve records retained earnings and accumulated losses.

13. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £37,442 (2022: £34,187). Contributions totalling £12,193 (2022: £8,759) were payable to the fund at the reporting date and are included in creditors.

14. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of Goonhilly Holdings Limited, the company has taken advantage of the exemption in section 33.1a of FRS 102 in not disclosing intra group transactions where 100% of the voting rights are controlled within the group.

15. CONTROLLING PARTY

The parent of the smallest group in which these financial statements are consolidated is Goonhilly Holdings Limited, incorporated in England and Wales, registered number 11305066. The consolidated accounts are available from Companies House, Cardiff.

16. AUDITORS' INFORMATION

The auditors' report on the financial statements for the year ended 31 May 2023 was unqualified.

The audit report was signed on 28 February 2024 by Kevin Connor FCA (Senior statutory auditor) on behalf of Bishop Fleming LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.