

Surrey Satellite Technology Limited

Report and Financial Statements

31st December 2024

TUESDAY



AEA70W9K

A13

02/09/2025

#88

COMPANIES HOUSE

Contents

	Page
Strategic report	1
Directors' report	6
Statement of directors' responsibilities	9
Independent auditors' report	10
Income Statement and Statement of comprehensive income	14
Statement of changes in equity	15
Statement of financial position	16
Notes to the financial statements	17

Directors

Professor Sir M N Sweeting

Mr L Wilson

Mr P Brownnett (sadly passed away 6th June 2024)

Mr C Mohr

Dr M Steckling

Ms K Escott (appointed 19th April 2024)

Mr A Cawthorne (appointed 11th July 2024)

Secretary

Mr Alan Shaw

Auditors

Ernst & Young LLP

The Paragon

Counterslip

Bristol

BS1 6BX

Registered Office

Tycho House

20 Stephenson Road

Surrey Research Park

Guildford

Surrey

GU2 7YE

Strategic Report

Review of the Company

The principal activities of the Company during the year continued to be the design and construction of satellite platforms and payloads, the operation of satellites in orbit, the provision of related services and the sale of satellite subsystems and ground stations.

Business Development

In April 2024, the Company was selected by the UK Space Agency (UKSA) and the Australian Space Agency (ASA) to lead the AquaWatch space programme. The programme aims to develop a world class integrated water quality monitoring and forecasting system for implementation across Australia, UK and beyond.

In November 2024, the Company signed a contract with the UK Ministry of Defence (MoD) for the supply of an additional Earth Observation Satellite. Juno will capture daytime images of the Earth's surface, strengthening the UK's Intelligence, Surveillance, and Reconnaissance (ISR) capabilities. Expected to launch in 2027, Juno will have advanced imagery sensors, building on the capabilities of the Tyche mission. Both satellites form part of the Ministry of Defence's space-based Intelligence, Surveillance, and Reconnaissance programme, which will deliver a constellation of satellites and supporting ground systems by 2031.

Project Delivery

During the course of 2024, the Company primarily focused on the milestone deliveries associated with the following large missions -

Tyche – Final Acceptance Review (FAR) completed in March 2024.

HydroGNSS – FM1 Test Readiness Reviews (TRR) completed in March 2024 and FM2 TRR completed in December 2024.

Theos-2 – Launch Readiness Review (LRR) completed in April 2024.

HotSat-2 – Delta Critical Design Review (D-CDR) completed in May 2024 and Assembly Integration & Test Readiness Review (ARR) completed in September 2024.

Lunar Pathfinder - ARR completed in May 2024.

MULA - Critical Design Review (CDR) completed in May 2024 and Integrated Readiness Review (IRR) completed in September 2024.

CarbSAR Demo - ARR completed in June 2024.

Launch & In-Orbit Events

On 16th August 2024, the Tyche satellite was successfully launched from California on a SpaceX Falcon 9 rocket as part of a rideshare mission. The Company commenced the In-Orbit Commissioning phase for the remainder of 2024 ahead of the operational phase in 2025

Other Events

In June 2024, the Managing Director, Mr P.Brownnett, unexpectedly and tragically, passed away.

Strategic Report

Financial Summary

Key financial performance indicators during the year were as follows:-

	2024	2023
	£'000	£'000
Turnover	55,245	53,818
Gross Profit	3,665	3,520
Gross Profit %	6.6%	6.5%
Operating Profit / (Loss)	(5,473)	(7,182)
Total Order Backlog	145,942	131,667
Total Equity	(25,726)	(15,933)

Turnover has increased by 2.7% following a general increase in orders in prior years. Gross Profit includes the effect of an expected credit loss provision of £1m raised as a result of an outstanding balance that exceeds a period of more than one year. Project financial performance has continued to degrade due to several spacecraft development cost overruns.

The company achieved an operating loss for the year of £5.5m after consideration of administration expenses. However, after recognition of interest costs, cash flow hedge losses and a gain on equity investments, the company degraded its equity position by £9.8m.

The Company's financial position showed a year-end negative equity position of £25.7m which included £46.5m due to its ultimate parent (Airbus SE) and other group companies. This balance included £46.4m in relation to an Airbus Group cash pooling facility which is provided to the Company with an authorised limit of €85m. Whilst this facility is substantial in value, the company's shareholder has provided assurances that the facility will not be withdrawn during the going concern period (reference the "Going Concern" note within the Director's Report).

On 30th June 2025, the S1-4 spacecraft was impaired by £4.7m due to a contract change requested by a customer in January 2025 to move from a fixed data commitment to a variable data commitment. The remaining asset value is deemed to be recoverable under other existing customer contracts.

Principal risks and uncertainties

There is a process for identifying, evaluating and managing significant risks faced by the Company. A quarterly risk register report is presented to the board of directors. The aim is to manage and control identified risks - strategic, operational, commercial and financial, but risk cannot be eliminated completely. Risk is inherent in spacecraft projects and these risks are managed through the Company's risk management process. An initial risk register is identified during the bid phase and the associated contingency is included within the cost estimate. Risks being managed by the project are monitored actively throughout the life of the project and risk mitigation plans are activated by the project team as necessary.

Strategic Report

Financial risk management and liquidity

The Company is financed by a combination of advance payments from customers, and access to additional funding through the parent company, Airbus Group, via a cash pooling facility. It is the Company's policy to monitor its cash forecast on a rolling twelve month basis and to take steps to ensure that sufficient funds are available for this period to meet its obligations. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. Policies set by the board of directors are implemented by the Company's finance department.

Foreign exchange risk

The Company is exposed to foreign exchange risks mainly in Euros and US Dollars as a result of its operations. The Company's policy is to manage any exchange risk by entering into forward exchange contracts when a contractual risk arises. Where appropriate, the Company seeks to secure subcontracts in the same currency as that of its major contracts in order to mitigate any exchange rate exposure.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before contracts are signed. Where there is a perceived credit risk, this is managed through a combination of advance payments and letters of credit.

Section 172(1) of the Companies Act 2006 statement

The following statements reflect how the Company, and in particular, the board of directors, have engaged with key stakeholders and explains, with any relevant examples, how the board has reached key decisions and how those decisions may have impacted the Company's stakeholders.

The Board of Directors consideration of the requirements of Section 172(1)

The Company held quarterly board meetings with the presence of three Executive board members (Chairman, Managing Director & Finance Director), three non-Executive Shareholder (Airbus) representative board members and the Company Secretary.

The board agenda contained updates relating to project delivery, workload, engineering / technology developments, employee statistics, corporate security, health & safety, IT, risk, compliance, business development & finance. The key stakeholder groups discussed and considered at board level were customers, institutional bodies and the shareholder.

At the end of each board meeting, the Chairman requested all board members to reflect upon the discussion and decisions taken during the board meeting in specific reference to Section S172(1) and the matters contained therein. Each board member had the opportunity to confirm or disagree with the view that all discussions and decisions taken did consider the impact on the Company's various stakeholders and considered the long-term success of the Company.

Strategic Report

Throughout the year, there were no detailed assessments of the impact of decisions upon the stakeholders of the Company as there were no key board level decisions made of such a nature that would have required such an assessment.

The Executive Management's consideration of the requirements of Section 172(1)

At a Company operational level, a quarterly Environmental Quality Management System (EQMS) review was held with the presence of the Executive management team. The performance of the Company against targeted key performance indicators across a wide area of subjects was assessed in both a financial & non-financial manner. The Company held monthly project reviews and weekly executive team meetings whereby key Company operational decisions were made and noted. Throughout these various operational level reviews, the key stakeholders discussed and considered were employees, customers, suppliers, institutional bodies / external parties, the local community and the shareholder.

Employees

The Executive management team continued to engage with the employees in a number of different ways including the business connection forum, which is a regular meeting held between employee representatives and management to address employee topics and concerns. The executive management team also engaged via bi-annual staff updates plus regular intranet communication updates.

The general Company update meetings continued on a bi-weekly basis to provide business updates from project managers, business development and support functions. A number of social events were organised by the Company such as a cricket tournament involving the parent company, a summer party, and an Airbus Adventure Racing Series.

In February 2024, the Company promoted & encouraged the participation in an Airbus Diversity, Equality & Inclusion (DEI) survey.

The Company recognised International Women's Day in March 2024 and organised a company-wide photograph to mark the occasion. This was followed by the involvement in a campaign organised by the Surrey Research Park to nominate inspiring women in Surrey.

The Company continued to provide various articles and support information to staff regarding topics such as mental health, menopause, women's health and sleep health. Various wellbeing benefits were also offered to staff such as the use of membership cards for the Royal Horticultural Society and the National Trust. The Company wide employee healthcare scheme regularly promoted various lifestyle and wellness benefits to all employees throughout the year.

Customers

The Company engaged with existing customers at project level and each project had an appointed project manager who interacted with each customer project manager throughout the year. The customer's progress, schedule and overall satisfaction were closely monitored with resolution actions determined during monthly project reviews. The executive management team attended the quarterly key project reviews and endorsed the agreed actions in order to satisfy customers' needs during the period. Resources were prioritised or reallocated as determined during the project reviews.

Strategic Report

Suppliers

A number of new key subcontractors were awarded contracts in relation to the securing of new missions and the Company placed new orders with component and equipment suppliers in preparation of future satellite manufacturing.

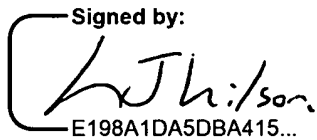
Small to Medium Enterprises (SME's) represent 45% of the approved company supplier list. During the year, on average, the Company paid 99% of its supply chain invoices within 60 days as part of its payment practices reporting and commitment to ethical & responsible business practices.

The Company updated and published its Modern Slavery Act Statement for the year 2024 in Q2 2025. This statement sets out the Company's policies regarding Anti-Slavery and Human Trafficking, actions taken in 2024 & future actions to help ensure there is no slavery or human trafficking within the operations & supply chain of the Company. The Company retains an unquestionable commitment to this endeavour.

Local Community

In August 2024, a Young Person's Open Day event was hosted by the Company's Outreach team and welcomed around 30 students for a Company presentation followed by a site tour. In October 2024, a workshop for 800 students at Brooklands Museum was organised by the Company to explore the HydroGNSS mission. To mark World Space Week, the Company organised an exhibition in the town centre of Guildford to engage with members of the company and to promote Space. In November 2024, the Company promoted donations to the emergency appeal of the North Guildford Food Bank.

By order of the Board

Signed by:

E198A1DA5DBA415...

Mr L Wilson
Director

Date: 28th August 2025

Directors' Report

Directors of the Company

The directors who held office during the year and subsequent to the year-end were as follows:

Professor Sir M N Sweeting
Mr L Wilson
Mr P Brownnett (sadly passed away 6th June 2024)
Mr C Mohr
Dr M Steckling
Ms K Escott (appointed 19th April 2024)
Mr A Cawthorne (appointed 11th July 2024)

Directors' liabilities

The Company has indemnified the directors of the Company against liabilities 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 was in force throughout the year and remains in force at the date of approving the directors' report.

Dividend

The directors do not propose a dividend (2023 : £nil).

Research and development

The Company has committed itself to research and development in the area of satellite technology. Internally funded expenditure in the year to 31st December 2024 totalled £3.1m (2023: £4.32m).

Financial instruments

The Company finances its activities with a parent company cash pooling facility. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

The Company also enters into forward currency contracts to manage currency risks arising from the Company's operations. The Company uses forward currency contracts to reduce exposure to the variability of the foreign exchange rates by fixing the rate of any material receipts or payments in a foreign currency.

Post balance sheet events

On 30th June 2025, the S1-4 spacecraft was impaired by £4.7m due to a contract change requested by a customer in January 2025 to move from a fixed data commitment to a variable data commitment. The remaining asset value is deemed to be recoverable under other existing customer contracts.

Employment of disabled people and employee involvement

The Company's policy and practice is committed to support the employment of disabled people and gives full consideration for particular aptitudes and abilities. Appropriate training, career development and promotion opportunities are provided to all disabled employees and to those who become disabled.

Directors' Report

Impact of the Company on the Environment

The Company recognises that it has an impact on the environment through its activities and that all areas of its business have a responsibility to ensure that any negative impact of its activities on the environment is minimised wherever possible. To this end, the Company is committed to the implementation and maintenance of a programme of continual environmental improvement and complies with all of the relevant environmental legislation and regulations in addition to meeting any contractual arrangements. In addition, consideration is given to the environmental impact of all new products throughout their lifecycle, from design initiation to end-of-life disposal.

Streamlined Energy and Carbon Reporting (SECR)

In accordance with the requirements of the Streamlined Energy and Carbon Environmental Reporting, the Company provides its energy and emissions data for the period 1st January 2024 to 31st December 2024 for its UK activities below.

Energy Type	Energy use in KWh (hours)			Conversion to CO2 Emissions (tonnes)			Intensity Ratio - CO2 per Avg Number of staff employed			Energy use in KWh (hours) Base Year (2020)
	2023	2024	Variance %	2023	2024	Variance %	2023	2024	Variance %	
Electricity - Scope 2	3,271,128	3,464,711	6%	677	717	6%	1.84	1.98	7%	3,220,625
Gas - Scope 1	3,618,134	3,716,592	3%	667	678	2%	1.81	1.87	3%	3,520,682
Transport (Fuel + Mileage converted the KWh) - Scope 3	75,258	39,348	-48%	18	9	-49%	0.049	0.026	-48%	26,890
Total	6,964,521	7,220,651	4%	1,362	1,405	3%	3.7	3.9	5%	6,768,197

Note that the figures above represent the Company's UK consumption, being its sole place of business.

The figures relating to the use of electricity and gas has been provided by the Company's energy providers based on actual meter readings. Data relating to business transport has been obtained from the accounting system and the employee business expense claim system. Transport related emissions have decreased by 49% compared to the prior year due to a companywide drive to reduce business travel in support of reducing the overall business cost base.

The number of employees used in the calculation of the intensity ratio is 363. The number of employees has been selected as a practical reference as the level of energy used is related to the number of active employees. For example, an increase in employees within the Assembly, Integration and Test area will usually be linked to an increase in electricity and gas consumption within the manufacturing facility. An employee increase in this area would nominally link to an increase in project delivery activities, requiring more energy usage.

The Company has changed its energy supply to REGO (Renewable Energy Guarantees of Origin) certified 100% renewable energy sources and has therefore effectively reduced its carbon emissions by approximately 50%.

In 2024, the Company installed two new, highly energy-efficient chillers for its cleanroom air conditioning system which will reduce future energy consumption. The Company also upgraded the lighting in its flight assembly manufacturing facility to energy-efficient LED, resulting in further energy savings and improved lighting quality.

Directors' Report

Future planned improvements to reduce the environmental impact of the Company's operations include the installation of energy-efficient Comm Room Air Conditioning (CRAC) units and the upgrade of LED lighting within the main cleanrooms.

The Company plays a wider role in the sustainability of the planet via its involvement in climate change related missions such as the HydroGNSS and MWIR Satellite Vu missions.

The Company is certified to ISO 9001:2015 / 14001:2015 (all sites).

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management, liquidity objectives and its exposure to foreign exchange / credit risk are described in the Strategic Report on pages 1-5.

Ongoing funding to the Company is provided by access to the Airbus Group cash pooling facility and in July 2025, Airbus SE provided the Company with an updated liquidity confirmation letter which validates committed access to the facility of €85m until 12 months from signing date of the 2024 financial statements. Whilst this facility is substantial in value and is a significant factor within the Net Current Liability balance of £73.9m at the year-end date, the Company's shareholder has provided assurances that the facility will not be withdrawn during the going concern period.

An assessment of the Company's expected cash flows up to 30th September 2026 has been performed in July 2025. A severe but plausible cash forecast scenario was modelled to determine the Company's cash position within the cash pooling facility. The assessment also included a consideration of no further order intake and an increase in forecast costs due to inflation. Full Company running costs and their related cash out have been included in the assessment. The assessment demonstrated that in a severe downside scenario, there would still be sufficient liquidity within the cash pooling facility until 30th September 2026 to allow the Company to continue to operate as a going concern.

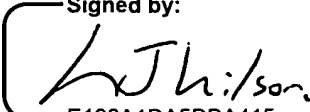
Based on the above, the Directors have a reasonable expectation that the Company has adequate resources to apply the going concern basis in preparing the annual report and financial statements.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of the Company's auditors, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the Board

Signed by:



E198A1DA5DBA415...

Mr L Wilson

Director

Date: 28th August 2025

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable UK 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Surrey Satellite Technology Limited

Opinion

We have audited the financial statements of Surrey Satellite Technology Limited for the year ended 31 December 2024 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income and the Statement of changes in equity, as well as the related notes 1 to 20, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2024 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.

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 12 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. 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.

Independent auditor's report to the members of Surrey Satellite Technology 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 9, 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.

Independent auditor's report to the members of Surrey Satellite Technology Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- 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 101' and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom including double taxation treaties. In addition, the Company has to comply with laws and regulations relating to its operations, including exports of product and service regulations, offset terms on foreign contracts, customer and supplier country withholding tax regulations, UK Anti-bribery act, procurement regulations, Proceeds of Crime Act 2002 and The Money Laundering (Amendment) Regulations 2012, Intellectual property (IP) law and non-disclosure agreements (NDA), Health and Safety and GDPR.
- We understood how Surrey Satellite Technology Limited is complying with those frameworks by making enquiries of management, those responsible for legal compliance to understand how the company maintains and communicates its policies and procedures in these areas. We raised challenges to those charged with governance, including with those with control over processes via the parent entity. We corroborated our enquiries through our review of board minutes, performing independent analysis and correspondence with relevant authorities, including HMRC where applicable.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and through assessing revenue as a fraud risk as well as considering manipulation of costs to complete and estimation of margins on long term contracts. Our procedures to address this involved:

Understanding the revenue recognition process, policy and how it is applied, including relevant controls;

Selecting a sample of key contracts to test based on various risk criteria and testing a sample of costs incurred to supporting documentation to assess their accuracy and that they were recorded to the appropriate contract. For the same contracts we performed detailed contract reviews; corroborating the conclusions reached in the 5 step model for IFRS 15 and challenging management's assumptions on costs to complete and contingencies held on contracts;

Testing of revenue cut-off at the year end by selecting a sample of revenue transactions and testing whether revenue was recorded in the correct period through agreement to proof of delivery to confirm the period that the revenue relates to, and

Independent auditor's report to the members of Surrey Satellite Technology Limited

Incorporating data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition, investigating journals posted to revenue as part of our journal entry testing work, with focus on transactions recorded at or close to the year-end date.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of board minutes and correspondence with relevant authorities, inquires of management and those charged with governance, including legal counsel. Where the risk was considered higher, we performed audit procedures to address any related fraud risk. These procedures included testing journals identified by specific risk criteria and testing specific transactions back to source documentation or independent confirmation.

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.

Signed by:

Ernst & Young LLP

1604D51571FC47E...

Eleri James (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
28th August 2025

Income Statement and Statement of Comprehensive Income

for the year ended 31st December 2024

Income Statement		2024	2023
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
Turnover	2	55,245	53,818
Cost of sales		(51,580)	(50,298)
Gross profit		<u>3,665</u>	<u>3,520</u>
Administration expenses		(9,138)	(10,702)
Operating loss	3	(5,473)	(7,182)
Interest payable and similar charges	7	(3,285)	(2,334)
Other income/(expenditure)	11	414	(357)
Loss on ordinary activities before taxation		<u>(8,344)</u>	<u>(9,873)</u>
Tax on profit on ordinary activities	8	(167)	268
Loss for the financial year		<u><u>(8,511)</u></u>	<u><u>(9,605)</u></u>
Statement of Comprehensive Income		2024	2023
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
Other Comprehensive Income:			
Items that can be reclassified to profit and loss:			
Cash flow hedge losses arising during the year		(1,026)	(1,024)
Tax on items relating to components of other comprehensive income	8	(256)	256
Other comprehensive loss for the year net of tax		<u>(1,282)</u>	<u>(768)</u>
Loss for the financial year		<u>(8,511)</u>	<u>(9,605)</u>
Total comprehensive loss for the year		<u><u>(9,793)</u></u>	<u><u>(10,373)</u></u>

Statement of Changes in Equity

for the year ended 31st December 2024

	Share Capital Account £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Cash Flow Hedge Reserve £'000	Profit and Loss Account £'000	Total Equity £'000
At 1 st January 2023	-	32,574	1,000	723	(39,857)	(5,560)
Loss for the year	-	-	-	-	(9,605)	(9,605)
Other comprehensive expenditure	-	-	-	(768)	-	(768)
Total comprehensive loss for the year	-	-	-	(768)	(9,605)	(10,373)
At 31 st December 2023	-	32,574	1,000	(45)	(49,462)	(15,933)
At 1 st January 2024	-	32,574	1,000	(45)	(49,462)	(15,933)
Loss for the year	-	-	-	-	(8,511)	(8,511)
Other comprehensive expenditure	-	-	-	(1,282)	-	(1,282)
Total comprehensive loss for the year	-	-	-	(1,282)	(8,511)	(9,793)
At 31 st December 2024	-	32,574	1,000	(1,327)	(57,973)	(25,726)

Share Premium Account represents the excess of the consideration received over the par value on shares issued less transaction costs arising on issue of shares.

Capital Redemption Reserve represents the par value of shares previously redeemed.

Cash Flow Hedge Reserve represents the cumulative amount of gains and losses on cash flow hedging instruments.

Profit and Loss account represents accumulated retained earnings.

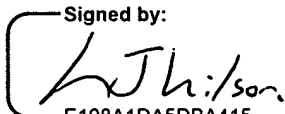
Statement of Financial Position

at 31st December 2024

	Notes	2024 £'000	2023 £'000
<i>Fixed assets</i>			
Tangible assets	9	46,249	51,381
Intangible assets	10	168	329
Investments	11	1,054	640
Right of use asset	12	6,710	8,224
		<u>54,181</u>	<u>60,574</u>
<i>Current assets</i>			
Stocks	13	3,659	3,502
Trade and other receivables	14	25,443	40,803
Cash at bank and in hand		708	513
		<u>29,810</u>	<u>44,818</u>
<i>Creditors: amounts falling due within one year</i>			
Lease obligations	12	(5,783)	(7,065)
		<u>(73,886)</u>	<u>(72,608)</u>
<i>Net current liabilities</i>			
Provisions	16	(6,022)	(3,899)
		<u>(25,726)</u>	<u>(15,933)</u>
<i>Capital and reserves</i>			
Called up share capital	17	-	-
Share premium account		32,574	32,574
Capital redemption reserve		1,000	1,000
Cash flow hedge reserve		(1,327)	(45)
Profit and loss account		(57,973)	(49,462)
		<u>(25,726)</u>	<u>(15,933)</u>
<i>Total equity</i>		<u>(25,726)</u>	<u>(15,933)</u>

These financial statements were approved by the board of directors on 28th August 2025 and were signed on its behalf by:

Signed by:


 E198A1DA5DBA415...
 Mr L Wilson
 Director

Notes to the financial statements

at 31st December 2024

1. Accounting policies

1.1 *Authorisation of financial statements and statement of compliance with FRS 101*

The financial statements for the year ended 31st December 2024 were authorised for issue by the board of directors on the date shown on the balance sheet and were signed on the board's behalf by Mr Lee Wilson. The Company is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) and in accordance with applicable accounting standards. The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. 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 Airbus SE. Therefore, the financial statement reflect the results of the Company and not the group.

1.2 *Going concern*

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management, liquidity objectives and its exposure to foreign exchange / credit risk are described in the Strategic Report on pages 1-5.

Ongoing funding to the Company is provided by access to the Airbus Group cash pooling facility and in July 2025, Airbus SE provided the Company with an updated liquidity confirmation letter which validates committed access to the facility of €85m until 12 months from signing date of the 2024 financial statements.

An assessment of the Company's expected cash flows up to 30th September 2026 has been performed in July 2025. A severe but plausible cash forecast scenario was modelled to determine the Company's cash position within the cash pooling facility. The assessment included a consideration of no further order intake and an increase in forecast costs due to inflation. Full Company running costs and their related cash out have been included in the assessment. The assessment demonstrated that even in a severe downside scenario, there would still be sufficient liquidity within the cash pooling facility until 30th September 2026, to allow the company to continue to operate as a going concern.

Based on the above, the Directors have a reasonable expectation that the Company has adequate resources to apply the going concern basis in preparing the annual report and financial statements.

Notes to the financial statements

at 31st December 2024

1 Accounting policies (continued)

1.3 Basis of preparation – other

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31st December 2024.

The Company has taken advantage of the following disclosure exemptions under FRS101

- (a) The requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- (b) The requirements of *IFRS 7 Financial Instruments: Disclosures*.
- (c) The requirements of paragraphs 91-99 of *IFRS 13 Fair Value Measurement*,
- (d) The requirement in paragraph 38 of IAS 1 '*Presentation of Financial Statements*' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73I of IAS 16 *Property Plant and Equipment*;
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*;
- (e) The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of the Financial Statements*;
- (f) The requirements of IAS 7 *Statement of Cash Flows*;
- (g) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (h) The requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (i) The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (j) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*; and
- (k) The requirements of paragraph 58 of IFRS 16 *Leases*.

Notes to the financial statements

at 31st December 2024

1 Accounting policies (continued)

1.4 Judgement and key sources of estimation uncertainty

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

Revenue recognition

The PoC method is used to recognise revenue on major contracts (as detailed below). This method places considerable importance on the accurate estimates of total revenues and costs at completion as well as on the extent of progress towards completion. For the determination of the progress of the construction contract significant estimates include remaining costs to completion, total contract revenues, contract risks and other judgements. Management continually review all estimates involved in such contract estimates.

Provisions

The determination of provisions is based on best available estimates. The major provision within the financial statement is the leased building dilapidation provision. This is based on engineer reports on the cost related to bring the building back to its conditions based on the current level of upkeep.

Useful lives

Determination of the useful lives of asset classes involves taking into account historical trends and making assumptions related to future socio-economic and technological development and expected changes in market behaviour. These assumptions are prepared by management and subject to annual review.

Revenue from contracts with customers

Revenue is produced from the design and construction of satellites and subsystems, the provision of related services and the sale of satellite ground stations. When control of produced goods or rendered services is transferred over time to the customer, revenue is recognised over time, i.e. under the percentage of completion method ("PoC" method). For the application of the overtime method (PoC method), the measurement of progress towards complete satisfaction of a performance obligation is based on inputs (i.e. cost incurred). Variable considerations are included in the transaction price when it is highly probable that there will be no significant reversal of the revenue in the future. The Company identifies the various performance obligations of the contract and allocates the transaction price to these performance obligations. Advances and pre-delivery payments (contract liabilities) are normal and not considered a significant financing component as they are intended to protect the Company from the customer failing to complete its obligations under the contract. Turnover is stated net of valued added tax.

Capitalised satellites

Recoverability

Management continually reviews the recoverability of the capitalised satellites. A breakeven analysis is performed for each satellite which takes into account secured and planned customer contracts. If the analysis resulted in less revenue expected than the costs to be incurred over the life of the satellites then an impairment of the asset would be recognised.

Notes to the financial statements

at 31st December 2024

1 Accounting policies (continued)

1.5 Significant Accounting Policies

Contract Assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. If the Company transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received a consideration (or an amount of consideration is due) from the customer. If a customer pays a consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due. Contract liabilities are recognised as revenue when the Company performs the related contact obligation.

Tangible Fixed Assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes cost directly attributable to making the asset capable of operating as intended. Assets in the course of construction are not depreciated. Depreciation commences when the asset is brought into use. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Tools, equipment	–	3 - 5 years (33%-20% per annum)
Plant and machinery	–	7 years (14% per annum)
Satellites	–	2 - 10 years (50%-10% per annum)
Fixtures and fittings	–	10 years (10% per annum)
Leasehold improvements	–	Residual life of lease

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Tangible fixed assets are derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the income statement in the period of de-recognition. For satellites where capacity is leased and 100% has not yet been sold, the associated depreciation will be split between cost of sales for the percentage sold, with the balance to admin expenses.

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

Intangible Assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected consumption of future economic benefits is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised. Amortisation is provided to write off the cost over the estimated useful life as follows this is dependent on either the length of the licence or if not defined or indefinite our internal estimate based on previous experience.

Notes to the financial statements

at 31st December 2024

1 Accounting policies (continued)

Research and development expenditure

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during the development. The Company claims tax credits on eligible expenditure based on how innovative the work is deemed to be. Claims have previously been approved and repaid in a timely manner.

Stocks

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

- Raw materials and components – purchase cost on a first in, first out basis.
- Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is the estimated proceeds from the sale of items of stock less all further costs to completion.

Foreign currency translation

Financial statements are presented in sterling, which is also the functional currency. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the rate of exchange at the balance sheet date. All differences are taken to the profit and loss.

Investments

Investments in minority equity interests are held at fair value and subsequently measured annually at fair value through the profit or loss.

Provisions

A provision is recognised when the Company has a legal or contractual obligation as a result of a past event; it is probable that an outflow of economic value will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Impairment of non-financial assets

The Company assess at each reporting date whether there are any impairment indicators. If any such indicators exist, an estimate of the assets new recoverable amount is made in order to determine the extent of any impairment loss. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and the recoverable amount. An expected credit loss (ECL) provision is raised through the profit and loss where there is objective evidence that the receivable is unlikely to be recovered in full.

Lease obligations

At the commencement date the Company recognises the lease liability as the present value of future lease payments discounted at its incremental borrowing rate as the rate implicit to leases is not readily determinable. After the commencement date, the liability is increased in line with the rate of interest and reduced by the lease payments made.

Notes to the financial statements

at 31st December 2024

1 Accounting policies (continued)

Derivative financial instruments and hedging

Forward currency contracts are used to hedge risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they are actually effective throughout the reporting period for which they were designated. For the purpose of hedge accounting, forward currency contracts are classified as cash flow hedges. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gain and losses arising from revaluing derivatives designated as cash flow hedging is as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. The Company currently uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. See note 19 for further details.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax rates of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

Notes to the financial statements

at 31st December 2024

1 Accounting policies (continued)

Government Grants

Government grants of a revenue nature are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to expenses incurred are treated as Revenue in the Profit and Loss account so as to match with the expenditure to which they relate.

Government grants in respect of capital expenditure are credited to a deferred income account or contract liability accrual and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Pensions

Employees of the Company are members of a number of pension schemes run and administered by the wider Airbus Group that are principally defined benefit in nature, although some schemes do have a defined contribution element to them. The sponsoring company for these plans are other group companies (mainly Airbus Defence and Space Limited) and full accounting for the pension schemes is carried out in the financial statement of these in accordance with IAS 19 "Employee Benefits". Therefore the pension costs charged in the financial statements of the Company represent the contributions payable by the Company during the year.

Share based payments

A small number of employees are participants in the long term incentive plans established by the Company's parent undertaking, Airbus Group SE. Further details of these plans are given in the financial statements of Airbus Group SE. As the related IFRS2 share based payment charges and transactions for these employees are not considered material to the Company's financial statements, no further adjustments or disclosures relating to them are made in the financial statements.

Financial liabilities at amortised cost

Loans and payables, held-to-maturity investments, and non-derivative financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the instrument to the net carrying amount of the financial liability. If expected life cannot be determined reliably, then the contractual life is used.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at fair value through profit and loss (FVTPL). This classification includes derivative liabilities.

De-recognition

a) Financial assets

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

b) Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Notes to the financial statements

at 31st December 2024

2. Turnover

Turnover, which is stated net of value added tax, represents the revenue recognised on contracts with customers. Turnover is attributable to one continuing activity, the design and construction of satellites and subsystems, the provision of related services and sale of satellite ground stations. An analysis of turnover by geographical market is given below:

	2024	2023
	£'000	£'000
Europe - UK	19,520	24,074
Europe - other countries	16,144	14,500
Asia	16,689	12,521
Africa	102	54
Americas	1,636	2,669
Australia	1,154	-
	<u>55,245</u>	<u>53,818</u>

3. Operating loss

This is stated after charging / (crediting):

	2024	2023
	£'000	£'000
Depreciation of owned fixed assets	8,969	9,843
Impairment of owned fixed assets	-	5,641
Depreciation of right of use assets	1,587	1,657
Amortisation of intangibles	161	161
Research and development expenditure		
– Internally funded	3,102	4,317
– Externally funded	1,011	86
Above the line R&D tax credit (income)	(3,242)	(1,776)
Foreign exchange gains	1,131	193
Cost of stocks recognised as an expense (included in cost of sales)	3,416	2,333
	<u> </u>	<u> </u>

4. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided by the Company.

	2024	2023
	£'000	£'000
Audit of the financial statements	94	90
	<u> </u>	<u> </u>

Notes to the financial statements

at 31st December 2024

5. Directors' remuneration

	2024	2023
	£'000	£'000
Aggregate remuneration in respect of qualifying services	461	503
Company contributions to pension schemes	79	100
	<u> </u>	<u> </u>
	<i>No.</i>	<i>No.</i>
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	3	2
Defined benefit schemes	1	1
	<u> </u>	<u> </u>

The remuneration of the highest paid director for the year was £145k (2023: £191k). In addition, Company pension contributions of £13k were made to a money purchase pension scheme on the director's behalf (2023: £37k). No share options were exercised by directors during this period (2023: none).

6. Staff costs

The costs of staff (including directors) during the year amounted to:

	2024	2023
	£'000	£'000
Wages and salaries	20,918	20,513
Social security costs	2,289	2,321
Other pension costs	2,724	3,107
	<u> </u>	<u> </u>
	25,931	25,941
	<u> </u>	<u> </u>

The average monthly number of staff employed during the year was as follows:

	2024	2023
	<i>No.</i>	<i>No.</i>
Average employed staff	363	368

7. Interest payable and similar charges

	2024	2023
	£'000	£'000
Interest payable to group undertakings	3,014	2,157
Interest on lease liability	271	177
	<u> </u>	<u> </u>
	3,285	2,334
	<u> </u>	<u> </u>

Notes to the financial statements

at 31st December 2024

8. Taxation

(a) Tax on Loss on ordinary activities

The tax charge is made up as follows:

	2024	2023
	£'000	£'000
<i>Current tax:</i>		
UK corporation tax on the profits for the year	554	451
Tax over provided in previous years	(131)	(27)
Total current tax	423	424
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(486)	(1,392)
Tax (over) / under provided in previous years	-	(33)
R&D tax set off	211	1,112
Losses/gains	19	(379)
Cashflow hedge	-	-
Total deferred tax	(256)	(692)
Total tax charge/ (credit) for the year	167	(268)

(b) Reconciliation of the total tax charge / (credit)

	2024	2023
	£'000	£'000
Loss on ordinary activities before tax	(8,344)	(9,873)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 23.52%)	(2,086)	(2,322)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	91	685
Tax over provided in previous years	(130)	(60)
Share options	(25)	(27)
Amounts not recognised	2,421	1,564
Income not taxable	(104)	-
Effect of change in tax rates	-	(107)
Total tax charge/ (credit) for the year	167	(268)

(c) Tax relating to items charged / (credited) to other comprehensive income

	2024	2023
	£'000	£'000
<i>Deferred Tax</i>		
Cashflow hedging adjustment	256	(256)
Total tax (credit) / charge for the year	256	(256)

Notes to the financial statements

at 31st December 2024

9. Tangible fixed assets

	<i>Tool and equipment</i>	<i>Satellites, Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Assets in the course of construction</i>	<i>Leasehold imp'ments</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
At 1st January 2024	6176	82,704	1,816	21,022	7,785	119,503
Additions	-	-	-	3,837	-	3,837
Disposals	-	-	-	-	-	-
Transfers	299	729	-	(1,028)	-	-
At 31 st December 2024	6,475	83,433	1,816	23,831	7,785	123,341
Depreciation:						
At 1 st January 2024	5,920	53,720	1,614	-	6,868	68,122
Charge for year	143	8,406	55	-	365	8,969
Disposals	-	-	-	-	-	-
At 31 st December 2024	6,063	62,126	1,669	-	7,233	77,091
Net book value:						
At 31 st December 2024	412	21,307	147	23,831	552	46,249
At 1 st January 2024	256	28,984	202	21,022	917	51,381

On 30th June 2025, the S1-4 spacecraft was impaired by £4.7m due to a contract change requested by a customer in January 2025 to move from a fixed data commitment to a variable data commitment. The remaining asset value is deemed to be recoverable under other existing customer contracts.

Notes to the financial statements

at 31st December 2024

10. Intangible assets

	<i>Software Costs £'000</i>	<i>Total £'000</i>
Cost:		
At 1 st January 2024	6,127	6,127
Additions	-	-
Transfers from tangible fixed assets	-	-
At 31 st December 2024	<u>6,127</u>	<u>6,127</u>
Depreciation		
At 1 st January 2024	5,798	5,798
Charge for year	161	161
At 31 st December 2024	<u>5,959</u>	<u>5,959</u>
Net book value:		
At 31 st December 2024	<u>168</u>	<u>168</u>
At 1 st January 2024	<u>329</u>	<u>329</u>

11. Investments

	<i>Equity Investment £'000</i>	<i>Total £'000</i>
Cost:		
At 31 st December 2023	640	640
Gain on revaluation	414	414
At 31 st December 2024	<u>1,054</u>	<u>1,054</u>
Provision:		
At 31 st December 2023	-	-
At 31 st December 2024	<u>-</u>	<u>-</u>
Net book value:		
At 31 st December 2024	<u>1,054</u>	<u>1,054</u>
At 1 st January 2024	<u>640</u>	<u>640</u>

Gain on revaluation of the equity investment is included in the income statement in other income.

Notes to the financial statements

at 31st December 2024

11. Investments (continued)

The Equity Investment represents 1,786,588 shares in Seraphim Space Investment Trust plc (SSIT) and 2,525 shares in Arqit Quantum Inc. publicly traded on the London Stock exchange and NASDAQ respectively. These investments are measured at fair value through the income statement based on quoted prices on active markets.

The share price as at 31st December 2024 was £0.544 (£0.345 in 2023) for SSIT and \$40.90 (\$0.47 in 2023) for Arqit Quantum Inc.

12. Right of Use Asset

<i>Assets:</i>	<i>Dilapidations Asset £'000</i>	<i>Leases land & Buildings £'000</i>	<i>Total £'000</i>
At 31 st December 2023	1,344	6,880	8,224
Additions	73	-	73
Depreciation expense	(232)	(1,355)	(1,587)
At 31 st December 2024	<u>1,185</u>	<u>5,525</u>	<u>6,710</u>
 <i>Lease Liability:</i>		<i>Leases land & Buildings £'000</i>	<i>Total £'000</i>
At 31 st December 2023		7,065	7,065
Accretion of interest		271	271
Payments		(1,553)	(1,553)
At 31 st December 2024		<u>5,783</u>	<u>5,783</u>
Current		1,357	1,357
Non-Current		4,426	4,426

13. Stocks

	<i>2024 £'000</i>	<i>2023 £'000</i>
Raw materials and components	2,279	2,670
Work in progress	1,380	832
	<u>3,659</u>	<u>3,502</u>

Notes to the financial statements

at 31st December 2024

14. Trade and other receivables

	2024	2023
	£'000	£'000
Trade debtors	7,655	14,426
Contract assets	12,078	20,195
Amount owed by group undertakings – parent and fellow subsidiaries (including group relief)	90	590
R&D tax receivable	4,288	2,969
Other debtors	717	51
Prepayments	1,563	2,572
Expected credit losses	(948)	-
	<u>25,443</u>	<u>40,803</u>

There has been no significant change in contract assets as a result of cumulative catch up adjustments to revenue.

15. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Contract liabilities	42,657	48,743
Trade creditors	2,636	3,624
Amounts owed to group undertakings – parent and fellow subsidiaries	46,535	52,820
Financial Instruments – FX contracts	1,078	52
Other creditors	444	155
Other taxation & social security	594	608
Accruals	3,969	4,359
	<u>97,913</u>	<u>110,361</u>

Amounts owed to group undertakings above includes short term finance balances of £46,422k (2023: £49,741k) on which interest is charged at a rate linked to Bank of England Rates.

£20,540k of revenues recognised in the reporting period were included in the contract liability balance at 1st January 2024.

There has been no significant change in contract liabilities as a result of any cumulative catch up adjustments to revenue.

Notes to the financial statements

at 31st December 2024

16. Provisions

	<i>Onerous Contracts</i>	<i>Dilapidation Provision</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 st January 2024	0	3,899	3,899
(Utilised)/additions in year	2,049	74	2,123
At 31 st December 2024	2,049	3,972	6,022
Current	-	-	-
Non-Current	2,049	3,972	6,022

The dilapidation provision is in relation to three buildings that have an obligation to return to their original condition at the end of the lease period. The provision comprises £1,035k for leases ending in 2032/33 and £2,937k for leases ending in 2026.

During the year the Company recorded an onerous contract provision of £2m in relation to costs to complete loss-making projects.

17. Authorised, issued and called up share capital

	2024	2023
	£	£
<i>Allotted, called up and fully paid</i>		
1,179 "A" Ordinary shares of 1p each	1	1
116,739 Ordinary shares of 1p each	117	117
	<u>118</u>	<u>118</u>

18. Pension schemes

The Company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The unpaid contributions outstanding at the year end, included in 'Creditors: amounts falling due in one year' are £nil (2023: £nil).

The Company also makes contributions to the parent company's defined benefit pension scheme. The unpaid contributions outstanding at the year end, included in 'Creditors: amounts falling due within one year' are £113k (2023: £148k).

19. Derivatives

The Company purchases forward foreign currency contracts to hedge currency exposure on firm future commitments. The fair values of the derivatives are held at the balance sheet date in debtors or creditors and are determined by reference to their market values, as follows:

	2024	2023
	£'000	£'000
Foreign forward currency contracts – (creditor)/debtor	(1,078)	(52)

Notes to the financial statements

at 31st December 2024

20. Ultimate parent undertaking and controlling party

The Company's ultimate parent company and controlling party is considered by the directors to be Airbus S.E. which is registered in The Netherlands. Airbus S.E. is the parent undertaking of the largest group of undertakings of which the Company is a subsidiary undertaking for which group financial statements are prepared. The parent undertaking of the smallest group of undertakings of which the Company is a subsidiary undertaking for which group financial statements are prepared is Airbus Defence and Space Ltd, a company registered in England. The financial statements of Airbus S.E. are available on the company's website, airbus.com, in the Investors section. Copies of the financial statements of Airbus Defence and Space Ltd are available from Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2AS.