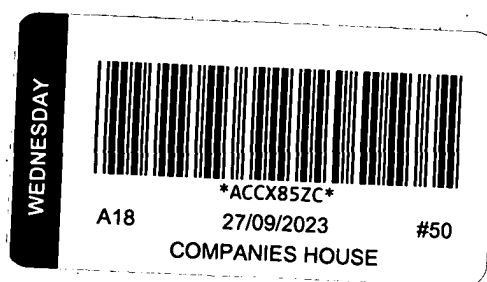


GPT Special Project Management Limited

Annual report and financial
statements

Registered number 2984211

28 December 2022



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Strategic report

Principal activity and review of the business

The Company's principal activity was that of the prime contractor offering design and build capital replacement projects of communications systems and associated projects, plus associated managed services – operations maintenance and customer training to a single customer (the "MoD") for the benefit of the Saudi Arabian National Guard. There have not been any significant changes in the Company's principal activities in the year under review.

Future developments and basis of preparation

The Company served a single customer since its formation due to its status as prime contractor to the UK Ministry of Defence. The last 10-year programme expired on 31 December 2019 and the Company has no intention either to bid for new work with the UK Ministry of Defence or seek new business with other customers. The Company is in the process of closing down its operations and will eventually (voluntarily) liquidate the entity. As the shareholders and directors of the Company do not intend to acquire a replacement trade they have prepared the financial statements on a non-going concern basis. The effect of this is explained in note 1.

The activities of the Company's Branch in the Kingdom of Saudi Arabia are regulated by its commercial licence to operate and, as such, has served a single customer since its formation due to its status as prime contractor to its single customer.

In May 2019 the managed services project came to an end and the 10-year capital replacement programme expired at the end of 2019, however, the last project completed delivery in April 2020.

The Company's turnover in the year was nil (2021: Nil). As mentioned above the capital replacement project came to a close at 31 December 2019, and no work was undertaken in 2021 or 2022.

The Company made a loss before tax of SAR 6.2 million compared to a loss of SAR 13.0 million in the previous year. This is a result of the cessation in trading activities, and the ongoing winding down of operations.

The cash position of the Company has decreased by 10% in the year due to costs incurred in winding down the Company.

The overall equity decreased in the year by 134% due to the provision made for the tax liability.

On 9 September 1997, a Saudi Royal Decree was granted in favour of the Company. As the customer's Prime Contractor in the Kingdom of Saudi Arabia, the Company's Branch was exempted from Saudi Arabian taxation rules and exempted from liability for tax in that country.

In 2019, the Company was issued with a number of tax assessments covering the years from 2004 to 2019. The aggregate value of these tax assessments, including late payment penalties accruing daily, was circa SAR 1,091.6 million.

On 1 March 2023 it was announced that GPT had been found not to be liable for income tax in the Kingdom due to the existence of the Saudi Royal Decree outlined above. There are two specific years that are still under review and are being clarified with the tax authority.

On 4 February 2023 the final decision of the appeal process was announced and GPT was found to be liable for withholding tax in the Kingdom. As a result, the Directors have made the decision to utilise the option available under the tax amnesty scheme currently operating in the Kingdom. This has the effect of waiving all interest and penalties and restricts the liability to the initial principal amount of SAR 227.1 million. In addition, GPT retains the right to challenge the decision and has filed review petitions with ZATCA.

A tax liability for the SR 227.1 million has been included in these financial statements.

The directors of Airbus Defence and Space Limited, as the parent of Paradigm Services Limited, itself, the immediate parent of GPT, have resolved to provide sufficient financial support to the Company up to a limit of SAR 130 million. The Directors of the Company believe this financial support will be sufficient to allow the Company to meet its liabilities as they fall due.

Strategic report (continued)

The Company's key financial and other performance indicators during the year were as follows:

	2022	2021	Change
	SAR 000	SAR 000	
Turnover	-	-	-
Gross (loss)	-	(2,984)	(100%)
(Loss) before tax	(6,244)	(13,040)	52%
Equity	(59,338)	174,022	(134%)
Cash at bank and in hand	115,529	128,002	(10%)

Section 172 Statement

In line with the Companies Act requirement for years commencing on or after 1 January 2019, the Directors set out below their key considerations and steps taken with regard to the 'enlightened shareholder value' requirements of s172 in performing their duties.

The Board continuously reviews which relationships support the generation and preservation of value in the Company. The Directors have identified the following parties who have an interest in, or are impacted by, the decisions taken by the Company: customer (including the ultimate customer), suppliers, employees, pension scheme members, shareholders, tax authorities in the UK and KSA, regulators, Her Majesty's Government and local communities. All strategic decisions take into account these stakeholders' interests and the Directors consider that they have acted in a way that is most likely to promote the success of the Company for the benefit of its members as a whole. In particular, the Directors have considered the following matters:

- Long-term factors affecting the Company - the Company aligns its development and production strategy with the order book alongside customer's satisfaction. The Company has been serving a single customer since its formation due to its status as prime contractor to the UK Ministry of Defence. The last 10-year programme expired on 31 December 2019 and the Company has no intention either to bid for new work with the UK Ministry of Defence or seek new business with other customers. The Company is in the process of closing down its operations.
- Business relationships with customer - the Company's only customer is the UK Ministry of Defence and the ultimate sole customer was Saudi National Guard.
- Business relationships with others - the Company has a number of other stakeholders with which it has business relationships, notably ZATCA, HMRC and other Government bodies in both KSA and the UK. The Company is an important contributor to the UK economy through tax payments and KSA for job creation. The Company always aims to be transparent, provide information in a timely manner and operate in a collaborative manner.
- Impact of the Company's operations in the community and the environment - Responsible behaviour is an integral part of everyday business decisions. We do this by making safety our priority and integrating high standards of environmental performance at our sites and in our activities. We respect and value our employees, work closely with our suppliers and strive to maintain high standards of ethical conduct. We aim to be a trusted and responsible Company and take pride in our reputation to strive for excellence.
- Reputation for high standards of business conduct - GPT has established a robust internal control framework and actively considers risks and opportunities that might impact in the long or short term.
- Acting fairly between members of the Company - The Company only has one member.

Strategic report (continued)

Principal risks and uncertainties

The 10-year capital replacement programme officially finished at the end of 2019, however, the last project completed delivery on 23 April 2020. As part of the programme, GPT undertook to provide certain warranties for work performed. To date no claims have been raised against GPT in respect of this undertaking. Consequently, the Company believes the likelihood of any claims is remote and no provision is required. Note 12 includes a contingent liability disclosure in respect of warranties.

The Company is owed SAR 87.7 million by the UK Ministry of Defence ("MoD"). The Company does not believe there is any credit risk in respect of the recoverability of this sum as the MoD is backed by the United Kingdom government. The sum has been confirmed by the MoD and will be paid upon closure of the ongoing case with ZATCA.

The Company has no loan arrangements and sufficient working capital (subject to agreed parent company support) for its needs therefore the Company has no interest rate exposure.

The Company has immaterial exposure to Foreign Exchange risk as its cash inflows and outflows are primarily in Saudi Arabian Riyals.

Employees

Considerable importance is placed on communication, involvement and motivation of the employees of the Company. Two-way communication ensure that employees are kept informed of the performance of the Company and of any key initiatives or projects, through regular briefings and bulletins.

Managing Environmental Impact

The Company applies Airbus Group's environmental policy which aims to continuously improve performance in the following areas: Energy efficiency, Air pollutants emissions, Noise and Substances of Concern. This is undertaken by promoting and implementing principles of industrial ecology, encouraging suppliers to act responsibly and constantly engaging with regulatory bodies.

Respect for Human Rights

Modern slavery, including servitude, forced labour and human trafficking is a global issue and affects every country, sector and industry. It represents some of the gravest forms of human rights abuse in society. The Company has a zero-tolerance approach to modern slavery within its business, its operations and its supply chain.

Everyone within the Company has a responsibility to be alert to the issues around modern slavery. As such, the Company has held awareness-raising sessions with key people working in its Commercial and Procurement teams on Modern Slavery. Those sessions included information, guidance and advice on identifying potential risks in the supply chain.

Strategic report (continued)

Anti-bribery and Corruption Compliance

The Company is committed to ensuring it meets its legal obligations and prevents, detects and eliminates corrupt practices, and cooperates to reduce opportunities for bribery and corruption.

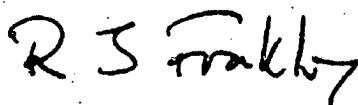
Staff are always required to act honestly and with integrity and to safeguard the resources for which they are responsible. Bribery is an ever-present threat to these resources and therefore must be a concern to all members of staff.

The Company does not tolerate any form of corruption (including the giving and receiving of bribes) within the organization and takes the most serious view of any attempt to commit corrupt practices by members of staff, contractors, agents and business partners. Cases of suspected corruption will be properly investigated, and appropriate action taken, including reporting to the appropriate authorities, disciplinary action, prosecution and active pursuit of recovery. Any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action.

Health and Safety at Work

The health and safety of the Company's employees and supply chain remains a top priority. To meet the requirements of the Health and Safety at Work Act 1974, the Company created a Health Safety & Environment Committee for applying and enforcing health, safety and environmental regulations on all sites where the Company had an ongoing activity. The Company has in place its policy on how Health and Safety is to be managed within the workplace, to ensure, so far as is reasonably practicable, the health, safety and welfare of all its employees and supply chain personnel. Regular performance reports are provided to senior management by the committee. The Company's in-house Health and Safety team manages all appropriate health surveillance and any work-related health issues are followed up and reported appropriately.

By order of the board



Richard Franklin
Director
Date: 20 September 2023

Gunnels Wood Rd,
Stevenage,
SG1 2AS

Directors' report

The Directors present their annual report and financial statements for the year ended 28 December 2022.

The Company is a wholly owned subsidiary of Paradigm Services Limited and operates exclusively in the Kingdom of Saudi Arabia through its Branch and sole trading office.

Results and dividends

The loss for the year amounted to SAR 233,360 (2021: loss of SAR 13,040).

No interim dividend was paid (28 December 2021: Nil). The Directors do not recommend the payment of a final dividend (28 December 2021: Nil).

Directors and Directors' interests

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

Richard Franklin
Muhammad Atif Mirza
Nigel Ede

As the Company is a wholly owned subsidiary of Airbus S.E., the Directors of the Company are covered under the Directors and Officers Liability insurance policy.

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

Business relationships with suppliers, customers and others

The directors have full regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year is included within the section 172 statement within the Strategic report.

Political and charitable contributions

The Company made no political or charitable contributions during the year (28 December 2021: Nil).

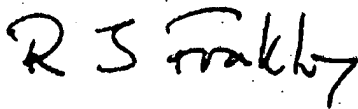
Disclosure of information to auditor

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

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



Richard Franklin
Director
Date: 20 September 2023

Gunnels Wood Rd,
Stevenage,
SG1 2AS

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 year. 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of GPT Special Project Management Limited

Opinion

We have audited the financial statements of GPT Special Project Management Limited ("the Company") for the year ended 28 December 2022 which comprise the Profit and Loss account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1. These financial statements have not been prepared on the going concern basis for the reason set out in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company ceased trading in April 2021 and all revenue recognised has been agreed with the customer as part of final reconciliation of the contract.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Independent auditor's report to the members of GPT Special Project Management Limited (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery and employment law recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the Taxation matter discussed in note 9 we assessed disclosures against our understanding from correspondence from ZATCA.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud; as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Independent auditor's report to the members of GPT Special Project Management Limited (continued)

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Chris Newton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

66 Queen Square
Bristol
BS1 4BE

25 September 2023

Profit and Loss account and Other Comprehensive Income
for the year ended 28 December 2022

	Note	Year ended 28 December 2022 SAR 000	Year ended 28 December 2021 SAR 000
Turnover		-	-
Cost of Sales		-	(2,984)
Gross Loss		-	(2,984)
Administrative Expenses		(6,244)	(10,056)
Operating Loss		(6,244)	(13,040)
Loss before taxation	3	(6,244)	(13,040)
Tax on loss	5	(227,116)	-
Loss for the year and total comprehensive loss for the year		(233,360)	(13,040)

The notes on pages 13 to 19 form part of these financial statements.

Balance sheet
at 28 December 2022

	Note	28 December 2022 SAR 000	28 December 2022 SAR 000	28 December 2021 SAR 000	28 December 2021 SAR 000
Current assets					
Debtors	6	89,110		88,973	
Cash at bank and in hand		115,529		128,002	
		<u>204,639</u>		<u>216,975</u>	
Creditors: amounts falling due within one year	7	(33,249)		(42,953)	
Taxation	9	<u>(230,728)</u>		<u>-</u>	
		(263,977)		(42,953)	
Net current (liabilities)/assets			(59,338)		174,022
Total assets less current liabilities			(59,338)		174,022
Net (liabilities)/assets			(59,338)		174,022
Capital and reserves					
Called up share capital	8				
Profit and loss account			(59,338)		174,022
Equity			(59,338)		174,022

The notes on pages 13 to 19 form part of these financial statements.

These financial statements were approved by the board of directors on 20 September 2023 and were signed on its behalf by:

Richard Franklin

Richard Franklin
Director
Registered number - 2984211

Statement of changes in equity

	Called up share capital	Profit and loss account	Total equity
	SAR 000	SAR 000	SAR 000
Balance at 28 December 2021	-	174,022	174,022
Total comprehensive loss for the year			
Loss for the year	-	(233,360)	(233,360)
Total comprehensive loss for the year	-	(59,338)	(59,338)
Total contributions by and distributions to owners	-	-	-
Balance at 28 December 2022	-	(59,338)	(59,338)

	Called up share capital	Profit and loss account	Total equity
	SAR 000	SAR 000	SAR 000
Balance at 28 December 2020	-	187,062	187,062
Total comprehensive loss for the year			
Loss for the year	-	(13,040)	(13,040)
Total comprehensive income for the year	-	174,022	174,022
Total contributions by and distributions to owners	-	-	-
Balance at 28 December 2021	-	174,022	174,022

The called up share capital of SAR 14 has remained unchanged for the above years.

Notes

(forming part of the financial statements)

1 Accounting policies

GPT Special Project Management Ltd (the "Company") is a private Company incorporated and registered in England in the UK. The registered number is 2984211 and the registered address is Gunnels Wood Road, Stevenage SG1 2AS

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Saudi Arabian Riyal (SAR). All amounts in the financial statements have been rounded to the nearest thousand (SAR 000).

The Company's ultimate parent undertaking, Airbus S.E. (formerly, Airbus Group S.E.) includes the Company in its consolidated financial statements. The consolidated financial statements of Airbus S.E. are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the year;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Airbus S.E. (formerly, Airbus Group S.E.) include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt these exemptions under FRS 102 in its next financial statements.

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

As allowed by the Companies Act, the Company has taken advantage of the ability to prepare accounts up to seven days either side of its accounting reference date, and the balances are as at 31 December 2022.

Non-Going Concern

The Directors have adopted a non-going concern basis for preparing the financial statements. In so doing, they have considered the business activities as well as the Company's principal risks and uncertainties.

The Company has served a single customer, UK Ministry of Defence, since its formation and enjoys an exclusive right as prime contractor. The last 10-year programme expired on 31 December 2019 and the Company has no intention either to bid for new work with the UK Ministry of Defence or seek new business with other customers. The Company is in the process of closing down its operations and eventually (voluntarily) liquidating the entity. For these reasons, the Directors believe that the Company is no longer a going concern and in line with this the Company has adopted a non-going concern basis for the purpose of preparation these financial statements. No adjustments have been made to the financial statements as a consequence of the change in the basis of preparation.

As a result of the provision made in these accounts for the withholding tax liability, equity is now in a negative position. The directors of Airbus Defence and Space Limited, as the parent of Paradigm Services Limited, itself, the immediate parent of GPT, have resolved to provide sufficient financial support to the Company up to a limit of SAR 130 million to enable it to pay its creditors as they fall due and to continue to be in a solvent position.

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

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

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost less accumulated depreciation. Provision is made for impairment. Depreciation is provided over the estimated useful economic life of each of the assets using the straight line method at the following annual rates:

Motor vehicles	- over 2 to 4 years
IT equipment	- over 3 years
Fixtures and fittings	- over 4 years.

Taxation

The charge for taxation is based upon the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by the applicable provisions of FRS 102.

On 9 September 1997, a Royal decree for tax exemption was granted in favour GPT as the customer's Prime Contractor in the Kingdom of Saudi Arabia whereby the GPT's Branch was exempted from Saudi Arabian taxation rules.

At the balance sheet date, the Company had various tax assessments issued by the Zakat, Tax and Customs Authority 'ZATCA' covering the years from 2004 to 2019. Further details are outlined in note 12.

Revenue and Profit Recognition

Revenue represents sales made by the Company under its customer contracts.

The Company's long-term contract arrangements are accounted for under the provisions of FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

Capital replacement project contract revenue is recognised using the output method to estimate the stage of completion. Revenue is recognised based upon completion of contractual milestones which the directors believe best represent stage of completion.

Service contract revenue is recognised using the input method to measure the stage of completion based upon costs incurred and the allowable margins per the contract.

Attributable profit is recognised on long-term contracts, including service contracts, as appropriate to their stage of completion. Profit is calculated by reference to estimates of contract revenue and forecast costs after making suitable allowances for risks related to performance milestones yet to be achieved.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Notes (continued)

1 Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. There is no discount factor included in the provision.

Provisions for Warranties

The Company has an obligation under its customer contracts to provide defects warranties to the UK Ministry of Defence in respect of project works carried out in relation to systems and civils (construction) based work included within the scope of the respective project.

GPT Management regularly monitors the potential exposure under such projects in relation to the warranty provisions within the contracts.

2 Expenses and auditor's remuneration

	Year ended 28 December 2022	Year ended 28 December 2021
	SAR 000	SAR 000
<i>Included in the profit and loss account are the following:</i>		
Operating lease cost	<u>531</u>	<u>929</u>
	Year ended 28 December 2022	Year ended 28 December 2021
	SAR 000	SAR 000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	<u>421</u>	<u>333</u>

3 Remuneration of Directors

	28 December 2022 SAR 000	28 December 2021 SAR 000
Directors Remuneration	<u>32</u>	<u>32</u>
	<u>32</u>	<u>32</u>

Of all the directors who held office during the year none were paid by the Company. All the directors were paid by other group companies.

Directors' emoluments include expenses of SAR NIL (2021: SAR NIL) in respect of equity-settled share-based payment transactions.

The emoluments of the highest paid Director were KSAR 32 (2021: KSAR 32).

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors, but excluding contractors) during the year was as follows:

	Year ended 28 December 2022	Year ended 28 December 2021
Administration and closure	4	4
	<u>4</u>	<u>4</u>

	Year ended 28 December 2022 SAR 000	Year ended 28 December 2021 SAR 000
Wages and salaries	3,620	3,924
Social security costs	53	131
	<u>3,673</u>	<u>4,055</u>

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 28 December 2022 SAR 000	Year ended 28 December 2021 SAR 000
<i>Corporation tax</i>		
Group relief paid for	-	-
Current tax for the year	-	-
Foreign taxation	227,116	-
Total current tax charge	<u>227,116</u>	<u>-</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Deferred tax charge	-	-
Total tax expense	<u>227,116</u>	<u>-</u>

Notes (continued)

5 Taxation (continued)

Reconciliation of effective tax rate

The total tax charge for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Year ended 28 December 2022	Year ended 28 December 2021
	SAR 000	SAR 000
Loss before tax	(6,244)	(13,040)
Tax credit at the standard rate of tax of 19% (2021: 19%)	(1,186)	(2,478)
Effects of:		
Deferred tax not recognised	1,186	2,478
Foreign taxation adjustment	(227,116)	-
Total tax expense	(227,116)	-

The tax assessment amount represents an amount in respect of withholding tax to be paid in the Kingdom of Saudi Arabia where GPT was found to be liable for withholding tax. See Note 9 for further details.

The 2022 budget announced that corporation tax would be held at 19% until 1 April 2023 when the rate would be increased to 25%. This was substantively enacted on 24 May 2021 and will increase the Company's future tax charge accordingly.

Deferred tax assets in the sum of SAR 4.0 million (2021: SAR 3.8 million) are not recognised in the financial statements as the directors do not believe this sum will be recoverable due to insufficient future profits.

6 Debtors

	28 December 2022	28 December 2021
	SAR000	SAR000
Trade debtors	87,654	87,654
VAT recoverable	1,391	1,187
Prepayments and accrued income	65	132
	<u>89,110</u>	<u>88,973</u>

Notes (continued)

7 Creditors: amounts falling due within one year

	28 December 2022 SAR000	28 December 2021 SAR000
Trade creditors	2,456	4,639
Amounts owed to group undertakings	2,508	6,377
Taxation and social security	13	69
Accruals and deferred income	28,272	31,868
	<u>33,249</u>	<u>42,953</u>

Included within accruals and deferred income is SAR 166k (2021: SAR 110k) relating to employee end of service accrual.

8 Called up share capital

	28 December 2022 SAR	28 December 2021 SAR
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>14</u>	<u>14</u>

9 Contingencies

GPT Special Project Management Limited, a UK registered entity, operates solely through a Branch in the Kingdom of Saudi Arabia. The activities of the Branch are regulated by its commercial licence, dated 15 March 1995, which permits it to serve a single customer, the MoD, for the benefit of the ultimate customer, the Saudi Arabian National Guard. The Company is the Prime Contractor to the MoD.

On 9 September 1997, a Saudi Royal Decree was granted in favour of the Company. As the customer's Prime Contractor in the Kingdom of Saudi Arabia, the Company's Branch was exempted from Saudi Arabian taxation rules and exempted from liability for tax in that country.

In 2019, the Company was issued with a number of tax assessments covering the years from 2004 to 2019. The aggregate value of these tax assessments, including late payment penalties accruing daily, was circa SAR 1,091.6 million.

On 1 March 2023 it was announced that GPT had been found not to be liable for income tax in the Kingdom due to the existence of the Saudi Royal Decree outlined above. There are two specific years that are still under review and are being clarified with the tax authority.

On 4 February 2023 the final decision of the appeal process was announced and GPT was found to be liable for withholding tax in the Kingdom. As a result, the Directors have made the decision to utilise the option available under the tax amnesty scheme currently operating in the Kingdom. This has the effect of waiving all interest and penalties and restricts the liability to the initial principal amount of SAR 227.1 million. In addition, GPT retains the right to challenge the decision and has filed review petitions with ZATCA.

A tax liability for the SR 227.1 million has been included in these financial statements. As part of the Amnesty scheme the Company has agreed a payment profile to settle the tax liability by February 2024. A further liability for SR 3.6 million is included in respect of withholding tax deducted from suppliers.

Notes *(continued)*

9 Contingencies (continued)

Warranty

As part of the 10-year capital replacement programme, the Company undertook to provide certain warranties to the Ministry of Defence for work performed on specific contracts. The final warranty obligations do not expire until 2030. The Directors do not believe it probable that any amounts will be payable under the warranty obligation and therefore no provision is made for these potential obligations. Negotiations are ongoing with a third party to potentially sell the obligation. These negotiations are not sufficiently progressed to determine a reliable estimate. In light of this, no liability has been recognised in the financial statements.

10 Related party disclosures

The Company has taken advantage of the exemption in accordance with section 33.1A of FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the Group.

11 Accounting estimates and judgements

The Directors do not believe there are any significant judgements or estimates within these financial statements.

12 Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member

The Company's immediate parent Company is Paradigm Services Limited which is registered in the United Kingdom. The registered office of the immediate parent Company is Gunpels Wood Road, Stevenage, Hertfordshire, SG1 2AS.

The Company's ultimate parent Company and controlling party is considered by the Directors to be Airbus S.E. The registered office is Mendelweg 30, Leiden P7 2333CS. Airbus S.E. is the parent undertaking of the largest and the smallest group of undertakings of which the Company is a subsidiary undertaking for which group financial statements are prepared.