

NP AEROSPACE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The principal operating activities of the Company continue to be the that of:

- Design and manufacture of composite products
- Provision of vehicle engineering & technical services
- Provision of vehicle spares

Business review

Turnover increased significantly from £14.0m to £25.3m in line with expectations. Vehicle engineering services, vehicle spares, personal protection and vehicle armour product groups all experienced growth in activity and turnover.

Commercial composites saw a temporary reduction in business activity while access to hospitals was limited during the COVID-19 pandemic, but activity is expected to return to previous levels in 2021.

UK Ministry of Defence represented 50.7% of Company revenue in 2020 (2019: 38.3%).

Operating profit/ (loss) before exceptional items increased from £96k to £2,120k as the Company realised returns on prior year investment in skills and product development.

Future developments

The Company will continue to focus on developing NP Aerospace products and market share in the UK, European and North American markets, in addition to growing vehicle related activities. The directors believe this approach generated the positive results reported for 2020 and is in the best long-term interest of the Company.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The most significant risks to the business are those that directly impact on cash flow and profitability, which are correlated with general economic activity.

The principal risks facing the Company and the policies in place to mitigate such risks are as follows:

Price risk

The business may be affected by rising costs of inputs and seeks to mitigate such risks, where practicable, through efficient purchasing policies and seeking best value supply chain partners. The business continues to offset the risk of competitive market pricing through continual improvement in all operational activities and focusing on providing a good quality service at a market price.

Interest rate risk

Where appropriate, the Company enters into agreements bearing interest. In these circumstances, interest rates are secured on the most beneficial market rates available.

Currency risk

The Company is exposed to movements in exchange rates due to both input costs and sales recorded in foreign currency. The company seeks to mitigate this risk by entering into appropriate forward contracts on the most beneficial terms available and by holding natural hedges.

Credit risk

Credit risk arises for the Company on assets such as trade debtors. Policies and procedures exist to ensure that trade debtors have an appropriate credit history before credit is granted and debt is recovered in accordance with terms.

Liquidity risk

The Company has cash balances of £3,670,565 as at the year end (2019: £675,233). Short term borrowing facilities exist between the company, its sibling and its parent to ensure liquidity is available where required. An additional facility of £1,635,000 was secured during the year via the government CBILS scheme.

EU Membership

The Company currently receives input goods from within the European Union and sells finished products into the European Union. The UK's decision to leave the EU as a result of the 2016 EU referendum and the UK-EU trade agreement which took effect from 1 January 2021 has not presently resulted in restricted access to the European Union market or substantial tariff barriers. The directors continually assess events closely and currently do not believe that the UK's exit from the European Union will significantly impact underlying trade.

Delegated Levels of Authority

The Company operates a Delegated Level of Authority policy, which is reviewed on a regular basis. This ensures decisions which impact the business are made with an appropriate level of experience and oversight.

Legislative risk

Many of the Company's products are export controlled items. The company ensures relevant employees are trained in export compliance and the company seeks dedicated external expertise as required. The Company has appropriate policies and procedures in place to comply with legislative requirements in areas of health, safety, environmental matters, product compliance, employment law and financial controls.

Product & Quality risk

The Company ensures that rigorous product quality and testing controls are maintained with appropriately qualified employees to oversee procedures.

The company is independently accredited to ISO9001, ISO14001 and UKAS 17025.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

COVID-19

The rapidly developing situation surrounding the COVID-19 global pandemic in March 2020 caused the Directors to face uncertainty in COVID-19 infection rates, UK Government public health policies and economic trading conditions and their effect on the Company's future production capability, contracted delivery schedules and cash flow.

The Company took appropriate measures to protect the health of employees and limit the financial impact on the business, as detailed in the financial statements for the year ended 31 December 2019.

The Company continues to follow UK Government advice and public health policies in order to minimise COVID-19 infection rates. Employees continue to be categorised as Key-Workers due to the support provided to critical UK government contracts.

The company has continued operational and trading activities throughout 2020 without suffering significant and irreversible negative effects resulting from the COVID-19 global pandemic. The Directors believe that measures already taken and experience gained place the Company in a strong position to overcome any subsequent waves of COVID-19 infection. The Directors have concluded that the Financial Statements should be prepared on a going concern basis and any impact is a non-adjusting event for the purpose of these financial statements. An explanation is included under note 2.3 of the financial statements.

Environmental impact

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements appropriate policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption. The Company continues to be independently accredited to ISO14401.

Financial key performance indicators

The Company using the following Key Performance Indicators (KPIs):

2020 2019**£000 £000**

Turnover	25,348	14,068
Operating profit/(loss) before exceptionals	2,120	96
Shareholder's funds	7,199	5,813
Average number of permanent employees	113	92

Except for Average Number of Permanent Employees, the KPIs are defined under UK Generally Accepted Accounting Practice (GAAP).

This report was approved by the board on 21 May 2021 and signed on its behalf.

J B Kempston
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,386,121 (2019 - £411,007).

The directors do not recommend the payment of a dividend.

Directors

The Directors who served during the year were:

J B Kempston
D A Petheram
A P Smith
W R Davis

Research and development

The Company will continue its program of research and development in order to develop new products and improve existing products.

Research and development incurred during the year was £872,388 (2019: £729,204).

Research and development costs have been expensed in full during the year.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Employees

The Company aims to create a good, secure and safe working environment for all employees.

Disabled Persons

Applications for employment by disabled persons are always fully considered, considering the respective aptitudes and abilities of the applicant concerned. In the event of current employees becoming disabled, every effort is made to ensure that their employment within the Company continues and appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as reasonably possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

The Company seeks to engage with employees at all levels where appropriate. The Company operates an Employee Forum, where nominated employee representatives are able to meet directly with senior management to be informed about company developments and raise any employee issues.

Future developments

A business review and likely future developments in the business of the Company are discussed in the Strategic report on pages 1 to 3.

Disclosure of information to auditor

Each of the persons who is a Director at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 May 2021 and signed on its behalf.

J B Kempston
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NP AEROSPACE LIMITED

Opinion

We have audited the financial statements of NP Aerospace Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit 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 United Kingdom, including the Financial Reporting Council'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. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- A review including stress testing of profit and loss and cash flow forecasts prepared by management for the period to 31 December 2022 and challenging management on principal assumptions used in the forecast and levels of stress testing adopted.
- Analytical review of the profit and loss forecast with reference to historical trading performance and our understanding of the Company and its plans and review of sales forecasts against committed order book.
- Testing of covenant compliance both during the year and against forecasts prepared.
- A review of after date management accounts showing the Company has been profitable and cash generative in the after date period and comparing performance to budgets prepared.
- Consideration of financial headroom with reference to existing and proposed financing facilities under both full and stress tested forecasts together with discussions with the Company's bankers in respect of level of funding facilities anticipated to be available.
- A review of the adequacy of disclosures made by the directors in the strategic report and notes to the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NP AEROSPACE LIMITED (CONTINUED)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 the 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 the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NP AEROSPACE LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- A review of legal and professional expense nominal accounts for any indications of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of larger or otherwise unusual journal entries and other adjustments for appropriateness.
- Review of cashbook for evidence of large and other unusual payments.
- Reviewing significant accounting estimates and areas of judgment and assessing their reasonableness including, but not limited to, assessment of long term contract percentage completion in respect of impact on turnover and contract profit recognition.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NP AEROSPACE LIMITED (CONTINUED)

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.

Tobias Stephenson BA ACA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

Birmingham

21 May 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	25,348,109	14,004,132
Cost of sales		(17,445,707)	(8,421,806)
Gross profit		7,902,402	5,582,326
Administrative expenses		(5,962,718)	(5,577,711)
Exceptional administrative expenses	12	-	250,000
Other operating income	5	180,350	90,936
Operating profit	6	2,120,034	345,551
Impairment of investments		(23,025)	(23,811)
Interest receivable and similar income		541	3,584
Interest payable and similar expenses	10	(349,429)	(317)
Profit before tax		1,748,121	325,007
Tax on profit	11	(362,000)	86,000
Profit for the financial year		1,386,121	411,007

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 15 to 35 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	165,750	185,250
Tangible assets	14	824,553	846,845
Investments	15	677,741	700,766
		<u>1,668,044</u>	<u>1,732,861</u>
Current assets			
Stocks	16	1,404,504	1,831,650
Debtors: amounts falling due within one year	17	9,258,418	4,439,693
Current asset investments	18	-	59
Bank and cash balances		3,670,565	675,233
		<u>14,333,487</u>	<u>6,946,635</u>
Creditors: amounts falling due within one year	19	(7,299,162)	(2,813,867)
Net current assets		<u>7,034,325</u>	<u>4,132,768</u>
Total assets less current liabilities		<u>8,702,369</u>	<u>5,865,629</u>
Creditors: amounts falling due after more than one year	20	(1,476,491)	-
Provisions for liabilities	24	(27,128)	(53,000)
Net assets		<u><u>7,198,750</u></u>	<u><u>5,812,629</u></u>
Capital and reserves			
Called up share capital	25	100,000	100,000
Profit and loss account	26	7,098,750	5,712,629
		<u><u>7,198,750</u></u>	<u><u>5,812,629</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 May 2021.

J B Kempston
Director

The notes on pages 15 to 35 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	100,000	5,301,622	5,401,622
Profit for the year	-	411,007	411,007
Total comprehensive income for the year	-	411,007	411,007
At 1 January 2020	100,000	5,712,629	5,812,629
Profit for the year	-	1,386,121	1,386,121
Total comprehensive income for the year	-	1,386,121	1,386,121
At 31 December 2020	100,000	7,098,750	7,198,750

The notes on pages 15 to 35 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,386,121	411,007
Adjustments for:		
Amortisation of intangible assets	19,500	9,750
Depreciation of tangible assets	267,162	335,174
Impairment of fixed asset investments	23,025	23,811
Profit on disposal of tangible assets	(4,539)	(2,275)
Interest paid	349,429	317
Interest received	(541)	(3,584)
Taxation charge/(credit)	362,000	(86,000)
Decrease/(increase) in stocks	427,146	(697,292)
(Increase) in debtors	(4,624,619)	(220,380)
(Increase)/decrease in amounts owed by group undertakings	(319,066)	307,416
Increase in creditors	4,348,263	41,801
(Decrease) in provisions	(25,872)	(71,828)
Corporation tax received/(paid)	-	(31,198)
Reversal of impairment	-	(250,000)
Net cash generated from operating activities	2,208,009	(233,281)
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(195,000)
Purchase of tangible fixed assets	(244,870)	(65,477)
Sale of tangible fixed assets	4,539	2,275
Sale of short term unlisted investments	59	-
Interest received	541	3,584
Net cash from investing activities	(239,731)	(254,618)

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from financing activities		
New secured loans	1,635,000	-
Other new loans	-	441,346
Repayment of other loans	(441,346)	-
Repayment of/new finance leases	84,869	-
Financing provided from/(to) parent entity	97,960	(1,068,315)
Interest paid	(349,429)	(317)
Net cash used in financing activities	1,027,054	(627,286)
Net increase/(decrease) in cash and cash equivalents	2,995,332	(1,115,185)
Cash and cash equivalents at beginning of year	675,233	1,790,418
Cash and cash equivalents at the end of year	3,670,565	675,233
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,670,565	675,233
	3,670,565	675,233

ANALYSIS OF NET (DEBT)/FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2020

	At 1 January 2020 £	Cash flows £	New finance leases £	At 31 December 2020
Cash at bank and in hand	675,233	2,995,332	-	3,670,565
Debt due after 1 year	-	-	-	-
Debt due within 1 year	(441,346)	(1,193,654)	-	(1,635,000)
Finance leases	-	-	(84,869)	(84,869)
	233,887	1,801,678	(84,869)	1,950,696

The notes on pages 15 to 35 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

NP Aerospace Limited ("the Company") is a private company, limited by shares, incorporated and domiciled in England and Wales. The address of the registered office and principal place of business is 473 Foleshill Road, Coventry, CV6 5AQ, England, UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

These financial statements present information about the Company as an individual company and not about its Group.

In accordance with section 405 of the Companies Act 2006, the Company has applied the exemption available from the requirement to prepare consolidated financial statements for the Group it heads, on the basis of its subsidiary being held exclusively with a view for resale to its parent company at the previous reporting date. The transaction occurred during the year ended 31 December 2020.

The investment in subsidiary has accordingly been shown at the previous reporting date as a current asset investment.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered the relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment having adjusted forecasts to take account of the perceived effects on trading associated with the COVID-19 pandemic and the ensuing economic effect which impacts on the company's operations. The forecasts prepared by management include the purchase of property currently leased by the company which will require additional finance to be raised. The directors are in advanced stages of negotiation with lenders in respect of this and are confident the required level of funding will be forthcoming.

Based on the Directors' assessments and having regards to the resources available to the company and the cashflow headroom within existing and proposed facilities for the property purchase, the Directors have concluded at the time of approving the financial statements that there is no material uncertainty that may cast significant doubt about the company's ability to continue to trade and accordingly that they can continue to trade and adopt the going concern basis in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

All foreign exchange gains and losses that arise in the period are presented in the Statement of comprehensive income within 'Administrative expenses'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

Where contracts are considered to be long term, turnover includes the value of work carried out in the year. Long term contracts are assessed on a contract by contract basis, and where considered material to the financial statements, are reflected in the statement of comprehensive income by recording turnover and related costs as contract activity progresses. Where the outcome of each long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the statement of comprehensive income as the difference between the reported turnover and related costs for that contract.

2.6 Operating leases: the Company as lessee

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.7 Research and development

Expenditure on research and development activities is recognised in the profit and loss account as an expense as incurred.

2.8 Government grants

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough') and interest on the Coronavirus Business Interruption Loan Scheme being settled by the government with the corresponding cost being shown gross within the profit and loss account.

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Intangible assets

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

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

Amortisation is provided on the following bases:

Licences	-	15 % straight-line
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2.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis per annum:

Plant and machinery	-	10% to 50%
Motor vehicles	-	20%
Office equipment	-	20%
Computer equipment	-	33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.14 Investments

Investments in subsidiaries, associates and jointly controlled entities are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase under a standard costing methodology that approximates cost following a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.17 Cash and cash equivalents

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

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.18 Creditors

Short term creditors are measured at the transaction price.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.21 Financial instruments

Financial assets that are measured at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income. The impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance sheet date.

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following judgments and estimates have had the most significant effect on amounts recognised in these financial statements.

Stock impairments and provisions

Stocks are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these estimates require judgments to be made and provide a source of estimation uncertainty, the assumptions of which are largely derived from stock usage data. These provisions are reviewed by the directors on a regular basis and they do not consider this estimation to expose the stock balance to a material risk of uncertainty over the carrying amount as stated at the reporting date.

Contracted obligation provisions

Following the completion of sales contracts with customers, the Company has entered into a number of post contract obligations that provide a source of estimation uncertainty.

The post costing provisions and settlement in connection with sales made to the UK Ministry of Defence provide a source of estimation uncertainty. The provisions are based on assumptions which are derived from the level of outstanding retention and post costing profit calculations. The directors consider this estimation to be reasonable with the information available at the time of making their assessment.

Bad debt provisioning

An allowance for bad debts is made when collection of the full amount of a debtor is no longer probable. Bad debts are written off when identified. The trade debtors balance is assessed at the end of each reporting period as to whether there is objective evidence of impairment and, if such evidence arises, a bad debt allowance is recognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Judgments in applying accounting policies (continued)**Dilapidation and environmental provisions**

An estimate of the costs required to return leasehold properties of the business to a reasonable state at the end of the lease term.

Acquisition obligations and indemnities

Following the change of ownership of the Company in 2018, the directors have applied their judgment to the treatment of various matters arising out of the acquisition of the Company. Where contractual liabilities have been indemnified, the Company has continued to recognise the associated liabilities at the reporting date, as there is no right of offset available in accordance with the criteria of FRS102.

Long-term contracts

Long term contracts are assessed on a contract by contract basis, and where considered material to the

financial statements, are reflected in the statement of comprehensive income by recording turnover and

related costs as contract activity progresses. Where the outcome of a long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the statement of comprehensive income as the difference between the reported turnover and related costs for that contract.

4. Turnover

	2020 £	2019 £
By activity		
Advanced composites/medical	1,962,750	3,030,259
Personal protection	4,884,588	4,722,852
Vehicles	14,789,583	4,758,015
Other	3,711,188	1,493,006
	<u>25,348,109</u>	<u>14,004,132</u>
	2020 £	2019 £
By geographical market		
United Kingdom	17,426,123	9,989,216
Continental Europe	2,511,201	67,675
The Americas	5,366,482	3,905,365
Other	44,303	41,876
	<u>25,348,109</u>	<u>14,004,132</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Other operating income

	2020 £	2019 £
Other operating income	15,245	90,936
Government grants receivable	165,105	-
	<u>180,350</u>	<u>90,936</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Research & development charged as an expense	872,388	729,204
Exchange differences	(11,676)	1,565
Other operating lease rentals	363,735	520,981
Depreciation	267,162	335,174
Amortisation	<u>19,500</u>	<u>9,750</u>

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>25,500</u>	<u>24,500</u>

Fees payable to the Company's auditor and its associates in respect of:

Taxation compliance services	2,500	2,250
Other services	26,404	16,342
	<u>28,904</u>	<u>18,592</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020 £	As restated 2019 £
Wages and salaries	4,787,232	3,272,380
Social security costs	513,784	388,077
Cost of defined contribution scheme	118,830	93,519
	<u>5,419,846</u>	<u>3,753,976</u>

In the 2019 financial statements staff costs were stated as £3,915,206 including £179,407 of temporary labour provided by third parties who were not employees of the Company. This has been reclassified in these financial statements with no impact on profit or net assets.

The average monthly number of employees, including the Directors, during the year was as follows:

	2020 No.	2019 No.
Sales and marketing	4	4
Manufacturing	69	59
Administration	40	29
	<u>113</u>	<u>92</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	538,588	326,364
Company contributions to defined contribution pension schemes	8,095	5,533
	<u>546,683</u>	<u>331,897</u>

During the year retirement benefits were accruing to 3 Directors (2019 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £218,491 (2019 - £136,395).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2019 - £3,066).

Key management personnel of the Company are considered to be the Directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest and other charges payable	104,927	317
Fees payable in respect of guarantees	244,502	-
	<u>349,429</u>	<u>317</u>

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	335,000	34,000
Total current tax	<u>335,000</u>	<u>34,000</u>
Deferred tax		
Origination and reversal of timing differences	27,000	(120,000)
Total deferred tax	<u>27,000</u>	<u>(120,000)</u>
Taxation on profit/(loss) on ordinary activities	<u>362,000</u>	<u>(86,000)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,748,121</u>	<u>325,007</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	332,143	61,751
Effects of:		
Expenses not deductible for tax purposes	29,857	19,749
Non-taxable credits	-	(47,500)
Previously unrecognised deferred tax asset	-	(120,000)
Total tax charge for the year	<u><u>362,000</u></u>	<u><u>(86,000)</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Exceptional items

	2020 £	2019 £
Reversal of impairment in respect of group debtors	<u>-</u>	<u>(250,000)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Intangible assets

	Licenses £
Cost	
At 1 January 2020	195,000
At 31 December 2020	<u>195,000</u>
Amortisation	
At 1 January 2020	9,750
Charge for the year	19,500
At 31 December 2020	<u>29,250</u>
Net book value	
At 31 December 2020	<u><u>165,750</u></u>
At 31 December 2019	<u><u>185,250</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2020	3,766,029	25,509	7,682	221,835	4,021,055
Additions	111,485	-	6,769	126,616	244,870
Disposals	(93,563)	-	-	-	(93,563)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	3,783,951	25,509	14,451	348,451	4,172,362
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2020	2,942,232	25,509	7,682	198,787	3,174,210
Charge for the year	242,328	-	226	24,608	267,162
Disposals	(93,563)	-	-	-	(93,563)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	3,090,997	25,509	7,908	223,395	3,347,809
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2020	<u>692,954</u>	<u>-</u>	<u>6,543</u>	<u>125,056</u>	<u>824,553</u>
At 31 December 2019	<u>823,797</u>	<u>-</u>	<u>-</u>	<u>23,048</u>	<u>846,845</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Fixed asset investments

	Investment in joint ventures £
Cost	
At 1 January 2020	1,540,313
At 31 December 2020	1,540,313
Impairment	
At 1 January 2020	839,547
Charge for the period	23,025
At 31 December 2020	862,572
Net book value	
At 31 December 2020	677,741
At 31 December 2019	700,766
Joint venture	

The following was a joint venture of the Company:

Name	Registered office	Holding
Integrated Survivability Technologies Limited	21 Holborn Viaduct, London, EC1A 2DY	50 %

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Stocks

	2020 £	2019 £
Raw materials and consumables	806,588	942,910
Work in progress	432,939	386,583
Finished goods and goods for resale	164,977	502,157
	<u>1,404,504</u>	<u>1,831,650</u>

An impairment provision of £395,921 (2019: £229,668 impairment reversal) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

17. Debtors

	2020 £	2019 £
Trade debtors	1,551,727	565,128
Amounts owed by group undertakings	3,098,142	2,877,036
Other debtors	-	73,285
Prepayments and accrued income	186,275	300,690
Amounts recoverable on long term contracts	4,329,274	503,554
Deferred taxation	93,000	120,000
	<u>9,258,418</u>	<u>4,439,693</u>

An impairment reversal of £11,268 (2019: £33,803 impairment loss) was recognised in administrative expenses against trade debtors during the year due to previously irrecoverable balances.

18. Current asset investments

	2020 £	2019 £
Investment in subsidiary held for immediate sale	<u>-</u>	<u>59</u>

At the previous reporting date, the Company held for impending sale its investment in the following wholly owned subsidiary company:

NP Aerospace (Canada) Limited, a private company limited by shares, incorporated and domiciled in Canada. The address of the registered office and principal place of business is 24 Swiftsure Court, Unit 2, London, Ontario, NV5 4L1.

The investment was transferred to the parent company of NP Aerospace Limited during the year at its book value which in the opinion of the directors equated to its open market value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	204,375	-
Other loans	-	441,346
Trade creditors	2,015,122	1,636,500
Corporation tax	368,198	34,000
Other taxation and social security	490,199	119,199
Obligations under finance lease and hire purchase contracts	39,003	-
Other creditors	51,856	150,497
Accruals and deferred income	4,130,409	432,325
	<u>7,299,162</u>	<u>2,813,867</u>

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

Other loans which were repaid during the year consisted of a short term loan secured by a fixed charge over the assets of the Company and personal guarantees from the directors.

The nature and form of the security given over bank loans is detailed in note 21.

20. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	1,430,625	-
Net obligations under finance leases and hire purchase contracts	45,866	-
	<u>1,476,491</u>	<u>-</u>

The nature and form of the security given over bank loans is detailed in note 21.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	204,375	-
Other loans	-	441,346
	<u>204,375</u>	<u>441,346</u>
Amounts falling due 1-2 years		
Bank loans	408,750	-
Amounts falling due 2-5 years		
Bank loans	1,021,875	-
	<u>1,635,000</u>	<u>441,346</u>

Bank loans consists of a Coronavirus Business Interruption Loan Scheme (CBILS) loan secured against the assets of the Company, a personal guarantee from the directors and a guarantee from the UK government.

The CBILS loan has an initial capital repayment holiday of 12 months after which it is repayable in quarterly instalments over 4 years starting from May 2021.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	39,003	-
Between 1-5 years	45,866	-
	<u>84,869</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

23. Deferred taxation

	2020 £
At beginning of year	120,000
Charged to profit or loss	(27,000)
At end of year	93,000

The deferred tax asset is made up as follows:

	2020 £	2019 £
Pension surplus	9,150	-
Timing differences on capital allowances	83,850	120,000
	<u>93,000</u>	<u>120,000</u>

24. Provisions

	Dilapidation provision £
At 1 January 2020	53,000
Utilised in year	(25,872)
At 31 December 2020	27,128

25. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100,000 (2019 - 100,000) Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

26. Reserves

Profit and loss account

This reserve represents all current and prior period retained profits and losses available for distribution to the members plus capital contributions received from parent undertakings less dividends and other distributions to shareholders.

27. Contingent liabilities

At the reporting date, the Company has provided a guarantee to HMRC in respect of payment of Deferred Payment Duty, on imports from non-EEC countries, for £1,000,000 (2019: £1,000,000).

28. Contingent assets

The Company and its parent undertaking has received indemnities in respect of contractual obligations incurred by the Company under its previous ownership.

Due to the inherent uncertainty of the final settlement value, the following provisions recognised in these financial statements, which are subject to indemnities, are considered to give rise to a probable corresponding financial asset, which meets the recognition criteria of a contingent asset in accordance with FRS 102.

Dilapidations provision £Nil (2019: £53,000)

Offset obligation provision (included within accruals and deferred income) £Nil (2019: £22,353)

These indemnified amounts are recognised as financial assets once it is reasonably certain that the indemnifier will make good the liability and that the amount can be measured reliably. In the directors' judgment, these are recognised upon settlement of the liability by the Company.

29. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £118,830 (2019: £93,519). Contributions totalling £48,161 (2019: £20,498) were payable to the fund at the Balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

30. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	396,959	322,284
Later than 1 year and not later than 5 years	55,296	175,589
	<u>452,255</u>	<u>497,873</u>

31. Related party transactions

The Company has taken advantage of the exemption available within FRS 102, not to disclose transactions and balances with wholly-owned members of the group of which it forms a part.

The ultimate parent company has provided a financial guarantee in respect of certain contracts with the UK Ministry of Defence with total aggregate liability of £18.6m. In the year the Company incurred costs of £222,502 in respect of this guarantee from the ultimate parent company.

£24,000 has been accrued in respect of fees payable to two of the directors and their spouses in return for providing personal guarantees on the now fully repaid short term loan.

32. Controlling party

As 31 December 2020 the Company's immediate parent was 11046896 Canada Inc., a company registered in Canada. The ultimate parent company is PFN Group of Companies Inc. a company registered in Canada.

In the opinion of the directors the ultimate controlling party as at 31 December 2020 was M. Todd Peigan

on behalf of Pasqua First Nation.

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