

DIRECTORS REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

SKYRORA LIMITED

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SKYRORA LIMITED

COMPANY INFORMATION

Directors	L. Edison V Levykin
Registered number	SC569511
Registered office	7 Drum Mains Park Cumbernauld Glasgow Scotland G68 9LD
Independent auditors	MHA 2 London Wall Place London EC2Y 5AU

SKYRORA LIMITED

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SKYRORA LIMITED

REGISTERED NUMBER:SC569511

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	5	669,254	723,881
Investments	6	1,902,269	1,902,269
		<u>2,571,523</u>	<u>2,626,150</u>
Current assets			
Debtors: amounts falling due within one year	7	9,741,223	2,664,876
Cash at bank and in hand		293,671	1,114,707
		<u>10,034,894</u>	<u>3,779,583</u>
Creditors: amounts falling due within one year	8	(1,748,150)	(1,969,823)
Net current assets		<u>8,286,744</u>	<u>1,809,760</u>
Total assets less current liabilities		<u>10,858,267</u>	<u>4,435,910</u>
Net assets		<u>10,858,267</u>	<u>4,435,910</u>
Capital and reserves			
Allotted, called up and fully paid share capital	11	30,000,000	9,000,000
Capital contribution reserve	11	-	11,256,663
Profit and loss account	11	(19,141,733)	(15,820,753)
		<u>10,858,267</u>	<u>4,435,910</u>

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

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

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

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

V Levykin

Director

Date: 29 September 2023

The notes on pages 2 to 7 form part of these financial statements.

SKYRORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Skyrora Limited is a private company limited by shares and is incorporated in Scotland. The address of the registered office is disclosed on the company information page. The company's principal trading activity is in relation to researching and developing launch vehicle technology.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.3 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.

2.4 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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:

Plant and machinery	-	10 years straight line
Motor vehicles	-	3 years straight line
Fixtures and fittings	-	10 years straight line
Office equipment	-	3 years straight line

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

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

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

2.8 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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 reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Cash and cash equivalents

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

2.11 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of financial position.

2.12 Financial instruments

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

2.13 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.

SKYRORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported. These estimates and judgement are continually reviewed and are based on experience and other factors, including expectations of future events that are believe to be reasonable under the circumstances. These estimates and judgement are as follows:

Valuation of Investment in subsidiaries

The valuation of investments in subsidiaries are reviewed on an annual basis and are held at cost less impairment.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

4. Employees

The average monthly number of employees, including directors, during the year was 53 (2021 - 44).

5. Tangible fixed assets

	Plant and machinery	Motor vehicles	Fixtures and fittings	Office equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2022	404,926	24,435	293,247	131,041	853,649
Additions	35,084	-	25,852	-	60,936
At 31 December 2022	440,010	24,435	319,099	131,041	914,585
Depreciation					
At 1 January 2022	30,958	14,604	30,793	53,413	129,768
Charge for the year	43,464	6,184	30,822	35,093	115,563
At 31 December 2022	74,422	20,788	61,615	88,506	245,331
Net book value					
At 31 December 2022	365,588	3,647	257,484	42,535	669,254
At 31 December 2021	373,968	9,831	262,454	77,628	723,881

SKYRORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Investments

	Investments in subsidiaries £
Cost or valuation	
At 1 January 2022	1,902,269
At 31 December 2022	<u>1,902,269</u>

7. Debtors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed by group undertakings	505,450	764,590
VAT recoverable	106,832	279,062
Other debtors	83,059	68,059
Called up share capital not paid	4,613,005	-
Prepayments	101,408	26,800
Tax recoverable	2,749,318	1,526,365
Deferred taxation	1,582,151	-
	<u>9,741,223</u>	<u>2,664,876</u>

8. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank overdrafts	-	4,126
Amounts owed to group undertakings	1,662,022	1,686,722
Accruals and deferred income	86,128	278,975
	<u>1,748,150</u>	<u>1,969,823</u>

SKYRORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	390,735	434,216
Later than 1 year and not later than 5 years	1,167,431	1,408,165
Later than 5 years	229,500	-
	<u>1,787,666</u>	<u>1,842,381</u>

10. Parent company

The parent of the smallest group for which consolidated financial statements are drawn up is Skyrora Ventures Limited. The address of their registered office is: 4th Floor 115 George Street, Edinburgh, United Kingdom, EH2 4JN.

11. Reserves

Share capital

The share capital account represents the par value of the shares allotted in the company. This includes, unpaid share capital of £4,613,005 (2021: £Nil).

Capital contribution reserve

The capital contribution reserve represents funds contributed without the issuing of additional shares.

Profit and loss account

The profit and loss account contains the balance of retained earnings to carry forward. It is fully distributable and shown as part of shareholders' reserves on the balance sheet.

12. Controlling party

The director, V Levykin, is considered to be the ultimate controlling party.

13. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed on 29 September 2023 by Andrew Moyser FCA FCCA (Senior statutory auditor) on behalf of MHA.

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.