SYSTEMS ENGINEERING & ASSESSMENT LTD

ANNUAL REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

Registered No. 02302168

CONTENTS OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2021

SYSTEMS ENGINEERING & ASSESSMENT LTD
02302168
COMPANY INFORMATION
For the year ended 30 April 2021

DIRECTORS	J C Whalvin A S Thomis R A Flitton S R Walther
SECRETARY	S Bilkhu
REGISTERED OFFICE	Beckington Castle 17 Castle Corner Beckington Frome BA11 6TA
REGISTERED NUMBER	02302168
AUDITOR	RSM UK AUDIT LLP Chartered Accountants The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP

PRINCIPAL ACTIVITIES

The Company's core business continues to be the design, build and in-service support of advanced systems and products, and the delivery of defence related research and development activities. These activities are expected to continue in the next financial year.

REVIEW OF THE BUSINESS

Sales revenue of £30.0m was achieved, compared with £31.8m last year, with gross profit of £11.2m compared to £12.6m last year.

The business delivers its services to customers in the Defence, Transport and Energy markets in the areas described below:

Maritime Mission Systems provide communication and infrastructure systems for UK and overseas platforms. In the last year it has successfully delivered and won follow on work on an important overseas contract to design a communications system for a new submarine class. Its work in the UK suffered in the first half of the year due to Covid with delays in accessing infrastructure which is still on contract to be delivered.

In the Anti-Submarine Warfare domain, the business delivers and supports, sonar and torpedo launching equipment. This area continues to be a focused area for investment and secured an order in year for multiple arrays. The launcher team had success in winning a contract to deliver torpedo launchers into South America as well as a contract with our Joint Venture in Canada . Work to deliver these over the next 7 years is now in progress.

The Research and Technical Advice area, which performs research and provides technical specialists in the maritime and land domains, has had a difficult year in the land domain although the maritime research area remains strong.

The transport domain has struggled due to Covid restrictions with all of the US business being put on hold along with very slow order placement from the UK. The team has had great success in what it has delivered with the positive impact of the product in supporting local authorities.

The product support business secured a renewal, through competition, of a 10 year support contract for the UK Navy and although had some early impact from Covid in the year went onto deliver a strong performance.

The subsea area, which provides services to the operational segment of the oil and gas industry in the UK has seen steady revenues despite very challenging conditions at the end of the financial year. In August 2020 this business was sold in a management buy out and continues to operate as an independent company trading as J+S Subsea Ltd.

In August 2021 the company completed the acquisition of 50% of JSK, a Canadian Entity of which it previously owned 50%. JSK has a healthy order book and with support from SEA will deliver core products to the Canadian Navy.

FUTURE DEVELOPMENTS

We believe that with a strong order book and some key contracts currently in negotiation, we are well placed for the coming year.

Section 172 Statement

Section 172 (s172) of the Companies Act 2006 requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so to have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the Company.

This statement describes how the Directors and management team have considered the matters set out in s172.

How the Directors have discharged their s172 duties
SEA has its own board and management team which meets regularly. Monthly reporting by SEA to Cohort, facilitates good oversight and communication and enables a continuous exchange of information on engagement with stakeholders and other s172 considerations at both Group and SEA level. When making a decision, the Directors, together with the SEA management team, take into consideration the Company's mission and core values, together with its strategic priorities.

Key activities which support s172
In addition to our activities engaging with stakeholders outlined above, the following key activities undertaken by the SEA Directors support it in fulfilling its duties under s172:

Strategy planning
The Directors and the management team conduct a detailed review of the strategy for SEA on an annual basis. As part of this exercise, the long-term opportunities and risks for the business and how best to manage these for the benefit of all stakeholders is considered.

Investment in our people
The success of our business depends on our ability to deliver innovative solutions to our customers. This drives us to attract the best talent and to nurture this ability within our employees, providing them with a stimulating workplace and career development and supporting the creation of long-term value for our business.
SEA has its own internal recruitment team and are investing in career mapping and benchmarking systems to ensure we are keeping up with the employment market trends to retain and reward our employees.

Focus on delivering long term value
We are committed to delivering value to shareholders and ensuring that they benefit from our success. This is achieved through our business model and strategic plan. Our strategy is clearly defined and communicated across our business by face to face briefings from the MD.

Managing risk
Our effective risk management framework enables the Directors and management team to take risk based decisions which are well understood and managed within our strategic guidelines to deliver growth above target market and to protect shareholder value.

Building strong relationships with our customers
Our global customers depend on us to be their trusted partner to deliver reliably and on time.
We have regular contact with our customers at many levels within the organisation. There are regular contract status reviews at project level. Business development meetings are held at various levels and senior engagement meetings are held by the Business Development

Directors and Managing Director. These meetings happen on a global basis depending on the customer location. The majority of SEA new business is through trusted relationships with its customers allowing both follow on and expansion of the current contracts.

Working as a team with our suppliers and other partners
Our suppliers are critical to our business, as we rely on them for specific elements of our technical and product offering. We often secure business through teaming and partnering with other suppliers. We ensure there is an appropriate framework for managing these arrangements. This includes close liaison and regular review meetings, good project management and ensuring suppliers are paid promptly for the goods and services received.

We work with agents and in-country representatives to facilitate the export of our products and services. We conduct rigorous due diligence on these partners to ensure that they comply with our ethical and legal requirements and liaise with them frequently to maintain contact.

Supporting our communities
SEA supports the local community through charitable donations and sponsorship of STEM projects in local schools.

Caring for the Environment
The Directors consider the impact of our operations on the community and environment. We comply with reporting requirements under the Streamlined Energy and Carbon Reporting (SECR). The Cohort Group's SECR Report can be viewed in Cohort plc's 2021 Annual Report and Accounts.

Ethical Conduct
The Directors and management team place great emphasis on maintaining high standards of business conduct and our culture encourages our people to act with the highest ethical standards and integrity at all times. This is supported by the policies and processes we have implemented including our anti-bribery and corruption policy and modern slavery policy. We ensure clear communication of our policies through our employee induction, training, management briefings, our employee handbook and our intranet. Our policies are reviewed regularly to ensure they are in line with best practice.

PRINCIPAL RISKS AND UNCERTAINTIES

Revenue	The Company takes a prudent approach to the recognition of revenue. Any work done at risk (i.e. before contractual agreement) is minimal and controlled by management through authorisation at the appropriate level and regular review. The Company manages payment risk through informed choice of customer and effective control processes.
Operations	The primary operational risk is to maintain the appropriate level and skill of employees in order to deliver successfully to customers and maximise profitability. In order to do so, the level of utilisation of employees is reviewed regularly by management, both in terms of past performance and future tasks. The Company mitigates this risk by employing sub-contractors where appropriate in order that specific skills are contracted as needed; in order to maximise the effectiveness of this measure, the Company is active in maintaining a database of skilled sub-contractors. All sub-contractors are subject to checks both before and during delivery to ensure they are appropriately incorporated and delivering to a high standard.

The Company's contracts with customers are either priced based upon the level of resources expended or on a fixed-price basis. Both types of contracts are reviewed in detail on a regular basis; profit is taken in a prudent manner, reflecting risk and level of future costs expected.

The COVID-19 pandemic and subsequent lockdowns across the world came in the last quarter of our financial year, typically our busiest period. This resulted in some restriction of our activities, particularly access to customer sites and access of some customers to our training facilities. However, the Company was able to demonstrate flexibility of the workforce during these times.

Treasury

The Company takes a prudent approach to managing foreign currency exchange rate risk, which is governed by Cohort plc group policy. The fair value of FX derivatives at 30 April 2021 was a debtor of £3,000 (included within Other Debtors) (2020: creditor of £1,000).

With regard to cash flow, performance and future expectations are reviewed in detail on a regular basis to ensure that the business has maximised its working capital position and maintains adequate funds.

Further to the mitigating activities above, the Company maintains appropriate insurance cover in respect of legal actions against the directors as well as against material loss or claims against the Company and the adequacy of cover is reviewed regularly.

KEY PERFORMANCE INDICATORS (KPIs)

The Management Board of the Company monitors performance using the following KPIs.

Indicator	**Rationale**
Order Book	This is the level of contracted work not yet delivered to customers; therefore indicating future revenue. The order book at 30 April 2021 was £69.3m (2020: £33.6m). The forward pipeline indicates good opportunities in the coming year to replenish the order book.
Infill	The difference between the Order Book covering current year revenues and the budget/latest forecast. This allows management to assess the risk related to achieving planned results. This is an in-year tracking metric, which tends towards 100% as the year progresses.
Revenue	The level of work delivered to the customer from the Order Book. This is the key measure of operational activity in the business.
Gross margin	Revenue less those costs directly attributable to that activity, together with the resulting gross margin percentage. This measure enables management to assess the profitability of the business being delivered to customers. Gross margins reported at total company level were

	37% (2020: 41%), representing consistency in the profitability of contracts.
Utilisation	This measures the level to which employee activity is engaged in delivering work to customers. This allows management to manage employees in terms of both numbers and the skills held to optimise the Company's performance. Rolling utilisation recorded of 74% (2020: 73%).

Approved by the Board of Directors on 1 December 2021 and signed by order of the Board.

J Whalvin
Director

The directors of Systems Engineering & Assessment Limited (Registered Company Number 02302168) (the "Company") present their report and financial statements for the year ended 30 April 2021.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounts to £1.2m (2020: profit of £2.3m). Dividends totalling £2.0m were paid during the year (2020: £2.0m).

During the year SEA approved a management buy out of the Subsea business in Aberdeen. This business was seen as non-core. Revenue included in the results for 2021 was £1.0m (2020 £2.9m).

CHARITABLE AND POLITICAL DONATIONS

During the year the Company made charitable donations of £2,168 (2020: £15,971). The Company made no political donations during the year (2020: £nil).

EMPLOYEE INVOLVEMENT

The Company organises staff communications through its intranets, in-house magazines, staff bulletins and presentations. In addition, regular staff meetings are held and notices are published containing information about matters of interest within Company.

Key persons within the business are incentivised by performance related bonuses, primarily based upon Company performance but also achievement of personal objectives.

DISABLED PERSONS

The policy of the Company is to offer the same opportunities to disabled people as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out their required duties. Full and fair consideration is given to applications for employment by the Company made by disabled persons, having regard to their aptitudes and abilities. Employees who become disabled will, wherever possible, be retained, rehabilitated and, where necessary, retrained.

RESEARCH AND DEVELOPMENT

During the year the Company incurred and expensed £4.7m research and development costs (2020: £4.4m).

DIRECTORS

The directors who have served during the period from 1 May 2020 to 30 April 2021 and since the year end are as follows:

M A Kelly (resigned 18 January 2021)
J C Whalvin (appointed 31 August 2020)
A S Thomis
R A Flitton (appointed 18 January 2021)
S J Hill (resigned 31 August 2020)
S R Walther

STREAMLINED ENERGY AND CARBON REPORTING

The streamlined energy and carbon reporting figures of the company are included within the consolidated financial statements of Cohort Plc which are available from Companies House. As such, the company qualifies for the subsidiary exemption under these regulations and therefore the streamlined energy and carbon reporting figures of the company have not been disclosed within these financial statements.

STATEMENT IN RESPECT OF INFORMATION PROVIDED TO THE AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so 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 the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information..

GOING CONCERN

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements and they continue to adopt the going concern basis in preparing the financial statements.

The Company's forecasts and projections consider the reasonably possible changes in trading performance (including the going and potential future impact of COVID-19). All outcomes show that the Company should be able to operate within the level of its current facilities.

The Company has prepared forecasts which go beyond 12 months of the approval date of these accounts, the Company has a positive balance sheet and also profitable trading results before exceptional items. However, the company is reliant on the wider group for access to banking facilities which are subject to a formal cross guarantee, as detailed in note 23.

On the basis of the banking facilities available to the Group and the continuing support of the ultimate parent company, Cohort Plc Group, the directors consider that the Company has adequate resources to continue in existence for the foreseeable future. Cohort Plc Group has formally confirmed their intension to support the company for a period of 12 months from the approval date of these accounts.

For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

OTHER INFORMATION

There are no events since the balance sheet date which have a material impact on the trading position or assets and liabilities of the company

AUDITOR

RSM UK AUDIT LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing their re-appointment was passed by the Board on 15 September 2020.

Approved by the Board of Directors on 1 December 2021 and signed by order of the Board.

J Whalvin
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 30 April 2021

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 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101 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 have no realistic alternative but to do so.

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 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.

Opinion

We have audited the financial statements of Systems Engineering & Assessment Limited (the 'company') for the year ended 30 April 2021 which comprise Profit and Loss Account, Statement of Financial Position, Statement of Changes in Equity and notes to the Accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101 "Reduced Disclosure Framework", the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and tax provisions.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to information and product security. We performed audit procedures to inquire of management whether the company is compliant with these law and regulations and inspected legal and professional expenditure.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Procedures to address these risks included but were not limited to:

In respect of management override we tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, reviewing accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement and evaluating whether the business rationale (or the lack thereof) of the transactions outside the normal course of business suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

In respect of revenue recognition we reviewed managements' assessment of the performance obligations and transaction price in the contracts sampled to ensure this is in accordance with IFRS 15, challenged management regarding significant judgements and estimates where applicable and performed tests of detail on a sample of accrued revenue and deferred revenue items to check the items are accounted for in accordance with management's revenue recognition policy as well as consideration of any contract cost assets recognised in relation to the contract.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP

Richard Bartlett-Rawlings (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

The Pinnacle, 170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP
Date: 1 December 2021

SYSTEMS ENGINEERING & ASSESSMENT LTD
02302168
PROFIT AND LOSS ACCOUNT
For the year ended 30 April 2021

	Notes	**2021** **£000**	2020 £000
Turnover	4	**29,957**	31,789
Cost of sales		**(18,733)**	(19,171)
GROSS PROFIT		**11,224**	12,618
Administrative expenses	5	**(8,777)**	(10;256)
OPERATING PROFIT BEFORE EXCEPTIONAL COSTS		**2,447**	2,362
Exceptional items	8	**(1,173)**	-
OPERATING PROFIT		**1,274**	2,362
Interest receivable and similar income	9	**9**	4
Financial costs	10	**(118)**	(107)
PROFIT BEFORE TAXATION		**1,165**	2,259
Tax on profit	11	**24**	(234)
PROFIT FOR THE FINANCIAL YEAR		**1,189**	2,025

All results relate to continuing activities.

There was no other comprehensive income in either the current or prior years.

The accompanying notes on pages 18-41 form part of the financial statements.

SYSTEMS ENGINEERING & ASSESSMENT LTD
02302168
STATEMENT OF FINANCIAL POSITION
For the year ended 30 April 2021

	Notes	2021 £000	2020 £000
FIXED ASSETS			
Tangible assets	13	**5,230**	6,447
Investments	14	**6,816**	6,816
Goodwill	15	**4,913**	4,913
		16,959	18,176
CURRENT ASSETS			
Stocks	16	**2,328**	2,042
Debtors	17	**20,857**	19,939
Cash and cash equivalents		**1,177**	-
		24,362	21,981
Creditors: amounts falling due within one year	18	**(20,211)**	(17,995)
NET CURRENT ASSETS		**4,151**	3,986
Total assets less current liabilities		**21,110**	22,162
Creditors: amounts falling due in more than one year			
Lease Liabilities	19	**(2,643)**	(3,028)
		(2,643)	(3,028)
NET ASSETS		**18,467**	19,134
CAPITAL AND RESERVES			
Called up share capital	21	**64**	64
Share premium account	22	**44**	44
Capital redemption reserve	22	**1**	1
Capital contribution reserve	22	**267**	280
Profit and loss account	22	**18,091**	18,745
SHAREHOLDERS' FUNDS		**18,467**	19,134

The accompanying notes on pages 18-41 form part of the financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 1 December 2021.

Signed on behalf of the Board of Directors

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J Whalvin
Director
(Company No. 02302168)

SYSTEMS ENGINEERING & ASSESSMENT LTD
02302168
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 April 2021

	Called up share capital £000	Share premium account £000	Capital redemption £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
At 1 May 2019	**64**	**44**	**1**	**218**	**18,752**	**19,079**
Adjustment on initial application of IFRS 16	-	-	-	-	(119)	**(119)**
At 1 May 2019	64	44	1	218	18,633	**18,960**
Total comprehensive income for the period	-	-	-	-	**2,025**	**2,025**
Dividends paid	-	-	-	-	(2,000)	**(2,000)**
Transfers of capital contribution on vesting of options	-	-	-	(87)	87	-
Charge in respect of share-based payments	-	-	-	82	-	**82**
Movement in deferred tax	-	-	-	67	-	**67**
Total transactions with owners	-	-	-	**62**	**(1,913)**	**(1,851)**
At 1 May 2020	**64**	**44**	**1**	**280**	**18,745**	**19,134**
Total comprehensive profit for the period	-	-	-	-	**1,189**	**1,189**
Dividends paid	-	-	-	-	(1,950)	**(1,950)**
Transfers of capital contribution on vesting of options	-	-	-	(107)	107	-
Charge in respect of share-based payments	-	-	-	88	-	**88**
Movements in deferred tax	-	-	-	6	-	**6**
Total transactions with owners	-	-	-	**(13)**	**(1,843)**	**(1,856)**
At 30 April 2021	**64**	**44**	**1**	**267**	**18,091**	**18,467**

The accompanying notes on pages 18-41 form part of the financial statements.

1. GENERAL INFORMATION

Systems Engineering & Assessment Ltd (the "Company") is a private limited company, limited by shares, registered, incorporated and domiciled in England the UK. The Company's registered address is:

Beckington Castle
17 Castle Corner
Beckington
Frome
BA11 6TA

The Registration number (02302168) can be found on the company information page.

The principal activities of the Company can be found within the directors' report.

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 101 'Reduced Disclosure Framework'. They have been prepared by the Directors in accordance with FRS 101.

Under FRS 101, the Company has chosen to apply the recognition and measurement provisions of International Accounting Standard ('IAS') 27 'Separate Financial Statements', as endorsed by the European Union ('EU').

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company is a member of a Group, where the parent of that Group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements under FRS 101 available in respect of:

- The requirements of IAS 7 *Statement of Cash Flows*.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) (statement of cash flows);
    - 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B-D (additional comparative information);
    - 111 (statement of cash flows information); and
    - 134-136 (capital management disclosures).

2. ACCOUNTING POLICIES *(continued)*

2.2 Financial reporting standard 101 - reduced disclosure exemptions *(continued)*

- The requirements of IFRS 2 *Share based Payments* paragraphs 45(b) and 46 to 52, that include the effect of the share-based payment arrangements on the entity's profit or loss and its financial position.
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements, to present comparative information in respect:
  - Paragraph 79(a)(iv) of IAS 1; and
  - Paragraph 73(e) of IAS 16 of of Property, Plant and Equipment
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraphs 52 and 58 of IFRS 16 Leases in respect of a single lease disclosure note and detailed maturity analysis respectively.
- Certain disclosures required of IFRS 13 Fair Value Measurement, paragraph 91 to 99 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The consolidated financial statements of Cohort Plc (the 'Group') are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Cohort Plc, 2 Waterside Drive, Arlington Business Park, Theale, Reading RG7 4SW.

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

2.3 Going concern

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements and they continue to adopt the going concern basis in preparing the financial statements.

The Company's forecasts and projections consider the reasonably possible changes in trading performance (including the ongoing and potential future impact of COVID-19). All outcomes show that the Company should be able to operate within the level of its current facilities.

The Company has prepared forecasts which go beyond 12 months of the approval date of these accounts, the Company has a positive balance sheet and also profitable trading results. However, the company is reliant on the wider group for access to banking facilities which are subject to a formal cross guarantee, as detailed in note 23.

2. ACCOUNTING POLICIES *(continued)*

2.3 Going concern *(continued)*

On the basis of the banking facilities available to the Cohort Plc Group and the continuing support of the ultimate parent company, Cohort Plc Group, the directors consider that the Company has adequate resources to continue in existence for the foreseeable future. Cohort Plc Group has formally confirmed their intension to support the company for a period of 12 months from the approval date of these accounts.

For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

2.4 Foreign currency translation

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency), which is currently sterling.

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account.

2.5 Revenue and profitability

The Company has applied IFRS 15 Revenue from Contracts with Customers.

Revenue represents income derived from contracts for the provision of goods and services, over time or at a point in time, by the Company to customers in exchange for consideration in the ordinary course of the Companies' activities.

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Company determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Companies' performance as it performs;
- the Companies' performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Companies' performance does not create an asset with an alternative use to the company and it has an enforceable right to payment for performance completed to date.

2. ACCOUNTING POLICIES *(continued)*

2.5 Revenue and profitability *(continued)*

The Company has determined that most of its contracts satisfy the over time criteria, either because the customer simultaneously receives and consumes the benefits provided by the Companies' performance as it performs (typically services or support contracts) or the Companies' performance does not create an asset with an alternative use to the Company and it has an enforceable right to payment for performance completed to date (typically development or production contracts).

For each performance obligation to be recognised over time, the Company recognises revenue using an input method, based on costs incurred in the period. Revenue and attributable margin are calculated by reference to estimates of transaction price and total expected costs to complete the contract, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred, and as risks have been mitigated or retired. The Company has determined that this method appropriately depicts the companies' performance in transferring control of the goods and services to the customer.

If over time the criteria for revenue recognition are not met, revenue is recognised at the point in time that control is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example, on delivery.
When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense

2.6 Research and development

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

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

2. ACCOUNTING POLICIES *(continued)*

2.7 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

2.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Vehicles	: 4 years
Leasehold improvements	: over the life of the lease
Computers and Machinery	
- Computer equipment and software	: 4 years
- Office equipment	: 5 – 10 years
- Furniture and equipment	: 5 – 10 years
- Right of use asset	: over the life of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out/weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2. ACCOUNTING POLICIES *(continued)*

2.10 Non-derivative financial instruments

As from 1 May 2017, the company has applied IFRS 9 Financial Instruments. The impact of IFRS 9 was not material and no restatement was required.

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade & other debtors
Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Long-term contracts are assessed on a contract by contract basis and reflected in the income statement by recording revenue and related costs as contract activity progresses. Revenue is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which revenue exceeds payments on account is classified as "amounts recoverable on contracts" and included within trade and other receivables; to the extent that payments on account exceed relevant revenue, the excess is included as an advance receipt within trade and other payables. The amount of long-term contracts, at cost net of amounts transferred to cost of sales, costs incurred plus recognised profits, less provision for foreseeable losses and payments on account not matched with revenue, is included within trade and other receivables as "amounts recoverable on contracts".

Trade and other creditors
Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities
Investments in subsidiaries are carried at cost less impairment.

2.11 Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

2. ACCOUNTING POLICIES *(continued)*

2.12 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

2.13 Impairment of financial assets (excluding deferred tax assets)

Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Any research and development expenditure credits are recognised as income when calculating accounting profit-before-tax in the year that are incurred.

2. ACCOUNTING POLICIES *(continued)*

2.14 Taxation *(continued)*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.15 Lease accounting

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 1. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 May 2019.

(b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

2. ACCOUNTING POLICIES *(continued)*

2.15 Lease accounting *(continued)*

Leases classified as operating leases under IAS 17

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 May 2019.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

The Company has used its assessment of whether leases are onerous applying IAS 37 at 30 April 2019 as an alternative to performing an impairment review of the recognised right-of-use assets on the date of transition. The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Revenue recognition on fixed-price contracts

The judgement applied in recognising revenue on a fixed-price contract is made by reference to the cost incurred, including contingency for risk and the demonstrable progress made on delivering key stages (often referred to as milestones) of the contract. The Group uses best estimates in applying this judgement and where uncertainty of progress on a stage exists, revenue is not recognised for that stage.

Cost contingency on fixed-price contracts

In addition to the judgement applied to revenue recognition, the cost of delivering a contract to a particular stage represents the actual costs incurred and committed, plus an estimate of cost contingency for risk still present in the contract at that stage. This cost contingency takes account of the stage that the contract has reached and any judgement and uncertainty remaining to deliver the remainder of the contract. It is usual for these cost contingencies to reduce as the contract progresses and risk and uncertainty reduces.

Provisions

The Group makes estimates of provisions for existing commitments arising from past events. In estimating these provisions, the Group makes judgements as to the quantity and likelihood of the liability arising. Certain provisions require more judgement than others. In particular, warranty provisions and contract loss provisions have to take account of future outcomes arising from past deliveries of products and services. In estimating these provisions, the Group makes use of management experience, precedents and specific contract and customer issues

4. TURNOVER

The Company is located in the UK. The geographical location of the other party is as follows:

	2021 £000	2020 £000
UK	24,775	28,937
Europe	495	223
Rest of the World	4,687	2,629
	29,957	31,789

Major goods/service lines

	2021 £000	2020 £000
Defence products	20,063	17,563
Application software design	4,043	2,532
Operational support	1,494	3,471
Specialist expertise	2,042	2,992
Applied research	2,315	5,231
	29,957	31,789

Timing of transfer of goods and services

	2021 £000	2020 £000
Goods transferred at a point in time	5,389	5,373
Services transferred at a point in time	7,233	-
Goods transferred over time	10,965	7,203
Services transferred over time	6,370	19,213
	29,957	31,789

a) Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	2021 £000	2020 £000
Receivables (see note 17)	6,066	8,437
Contract Assets (see note 17)	7,793	7,824
Contract Liabilities (see note 18)	(7,451)	(1,979)
	6,408	14,282

4. TURNOVER *(continued)*

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on goods and services. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for goods and services.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	Contract Assets £000	Contract Liabilities £000
At 1 May 2020	7,824	(1,979)
New balances added – performance obligations not billed (asset) and advances received (liability)	2,654	(6,505)
Contract liability recognised in revenue (performance obligation satisfied)	-	1,033
Contract asset invoiced/billed	(2,685)	-
At 30 April 2021	**7,793**	**(7,451)**

(b) Transaction price (order book) allocated to the remaining performance obligations

2021/22 £000	2022/23 £000	2023/24 £000	2024+ £000
20,687	11,849	6,255	30,525

The Company applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

(c) Contract Costs

The Company applies the practical expedient in IFRS 15.94, where it may recognise the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Company otherwise would have recognised is one year or less.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets – owned	814	623
Depreciation of tangible fixed assets – right of use asset	319	258
Loss/(profit) on disposal of tangible fixed assets	3	(3)
Foreign exchange differences	(3)	(3)
Research and development costs incurred	4,711	4,400
Audit fees payable to the company's auditor	71	98

6. STAFF COSTS

	2021 £000	2020 £000
Wages and salaries	10,502	11,702
Social security costs	1,106	1,215
Other pension costs	594	656
Share-based payments	88	82
Apprentice levy	37	48
	12,327	13,703

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

	2021 No.	2020 No.
Direct technical	183	200
Indirect technical and administration	69	74
	252	274

7. DIRECTORS' REMUNERATION

	2021	2020
	£000	£000
Directors' remuneration	**239**	236
Amounts receivable under long term incentive schemes	**-**	21
Company contributions to money purchase pension plans	**13**	9
Compensation for loss of office	**137**	-
	389	266

The aggregate of remuneration, compensation for loss of office and amounts receivable under long term incentive schemes of the highest paid director was £195,184 (2020: £245,759), and company pension contributions of £3,678 (2020: £9,488) were made to a money purchase scheme on his behalf. Included within the remuneration above is £46,475 (2020: £46,475) of directors' costs borne by the parent entity, the charge reflects the value of services provided to the entity.

	Number of directors	
	2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	1
	2	1
The number of directors who exercised share options were:	**-**	1
	-	1

8. EXCEPTIONAL ITEMS

The exceptional costs for the year ended 30 April 2021 were £1,173,000 (2020: £nil) and relate to amounts of £522,000 incurred in the sale of the Subsea business and further restructuring costs of £651,000.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£000	£000
Other interest receivable	**9**	4

10. FINANCIAL COSTS

	2021 £000	2020 £000
Interest on lease liabilities	**118**	107

11. TAXATION

Recognised in the profit and loss account:

	2021 £000	2020 £000
UK corporation tax:		
Current tax on income for the period	**233**	423
Adjustments in respect of prior periods	**(298)**	(260)
Total current tax	**(65)**	163
Deferred tax		
Origination and reversal of temporary differences	**108**	78
Adjustments in relation to prior years	**(67)**	(7)
Total deferred tax	**41**	71
Tax on profit	**(24)**	234

11. TAXATION *(continued)*

Reconciliation of effective tax rate:

	2021	2020
	£000	£000
Profit for the year	**1,189**	2,361
Total tax (credit)/charge	**(24)**	234
Profit excluding taxation	**1,165**	2,595
Tax using the UK corporation tax rate of 19.0% (2020: 19.0%)	**221**	493
Effect of share options	**17**	16
Effect of depreciation in excess of capital allowances	**80**	44
Effect of other short-term timing differences	**41**	40
Effect of disallowed items for tax purposes	**16**	(16)
Effect of statutory deductions (s23) in respect of share options exercised	**(24)**	(83)
Adjustments in respect of prior periods	**(462)**	(260)
Disallowed exceptional costs	**87**	-
Total tax (credit)/charge	**(24)**	234

The actual tax charge is at an effective tax rate of -2.0% (2020: 9.0%) of profit before tax.

The main rate of corporation tax in the UK is 19% with effect from 1 April 2017. An increase in the main rate of corporation tax to 25% from 1 April 2023 is included in the Finance Act 2021 which received Royal Assent on 10 June 2021.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates of 19% and reflected in these financial statements.

12. DIVIDENDS

Dividends paid in the year were as follows:

	2021	2020
	£000	£000
Interim dividend of 256.00p per ordinary share (2020: 275.00p)	650	700
Final dividend of 511.00p per ordinary share (2020: 511.00p)	1,300	1,300
	1,950	2,000

13. TANGIBLE FIXED ASSETS

	Leasehold Improvements	Computer & IT equipment	Furniture & Equipment	Vehicles	Right -of -use asset	Total
	£000	£000	£000	£000	£000	£000
COST						
At 1 May 2020	2,259	4,109	4,093	262	3,355	14,078
Additions	58	95	-	-	15	168
Transfers in/(out)	(46)	(521)	439	(179)	-	(307)
Disposals	(235)	(38)	(148)	(28)	-	(449)
30 April 2021	**2,036**	**3,645**	**4,384**	**55**	**3,370**	**13,490**
DEPRECIATION						
At 1 May 2020	(1,654)	(3,124)	(2,449)	(146)	(258)	(7,631)
Charge for the year	(144)	(239)	(431)	-	(319)	(1,133)
Transfers (in)/out		414	(415)	63	-	62
Disposals	233	34	147	28	-	442
30 April 2021	**(1,565)**	**(2,915)**	**(3,148)**	**(55)**	**(577)**	**(8,260)**
NET BOOK VALUE						
At 30 April 2021	**471**	**730**	**1,236**	**-**	**2,793**	**5,230**
At 30 April 2020	605	985	1,644	116	3,097	6,447

Included within the value of tangible fixed assets are intangible fixed assets of £645,304 (2020: £833,075) which are not disclosed separately due to immateriality.

14. INVESTMENTS

	Shares in group undertakings
	£000
COST AND NBV	
At 1 May 2020 and 30 April 2021	**6,816**

The Company has the following investments in subsidiaries and jointly controlled entities:

	Registered office address	Class of shares held	Ownership 2021 %	Ownership 2020 %
J+S Limited	Riverside Road, Pottington Business Park, Barnstaple, Devon, EX31 1LY	Ordinary	100	100
8963665 Canada Inc*	2500-1100 René-Lévesque Blvd., West Montréal QC H3B 5C9, Canada	Ordinary	100	100
JSK Naval Support Inc*	193 Brunswick Boulevard, Pointe-Claire QC H9R 5N2, Canada	Ordinary	50	50

* indirect holding via J+S Limited

15. GOODWILL

	Total £000
COST AND NBV	
At 1 May 2020 and 30 April 2021	**4,913**

16. STOCKS

	2021 £000	2020 £000
Raw materials and consumables	**1,975**	1,732
Work in progress (goods to be sold)	**63**	55
Finished goods and goods for resale	**290**	255
	2,328	2,042

Raw materials, consumables and work in progress recognised as cost of sales in the year amounted to £4,750,689 (2020: £5,176,170)

Inventories are stated after provisions for impairment of £nil (2020: £nil).

17. DEBTORS

	2021 £000	2020 £000
Trade receivables	**6,066**	8,437
Contract assets	**7,793**	7,824
Amounts owed by fellow subsidiary undertakings	**3,018**	-
Deferred tax (see note 20)	**167**	202
Corporation tax	**1,637**	595
Prepayments and accrued income	**2,123**	2,769
Other debtors	**53**	112
	20,857	19,939

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade receivables are stated after provisions for impairment of £nil (2020: £nil).

Other debtors are stated after provisions for impairment of £240,000 (2020: £nil). The increase in the provision has been recognised in administrative expenses within the profit and loss account.

The deferred tax asset of £167,000 (2020: £202,000) is due in more than one year.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£000	£000
Trade creditors	**1,627**	2,285
Contract liabilities	**7,451**	1,979
Amounts owed to fellow subsidiary undertakings	**7,872**	4,557
Other taxation and social security cost	**385**	540
Derivative financial instrument	**-**	1
Accruals and deferred income	**1,822**	1,018
Other creditors	**-**	67
Bank Overdraft (cash at bank)	**-**	6,209
VAT Payable	**739**	1,039
Lease liability	**315**	300
	20,211	17,995

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The total cash outflow for leases was £421,487 (2020: £470,601).

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

	2021	2020
	£000	£000
Lease liability	**2,643**	3,028
	2,643	3,028

20. DEFERRED TAX

	Tangible fixed assets £000	Share based payments £000	Other £000	Total £000
At 30 April 2019	41	22	139	202
Recognised in income statement	-	-	-	-
Recognised in equity	-	-	-	-
At 30 April 2020	41	22	139	202
Recognised in income statement	(42)	5	(4)	(41)
Recognised in equity	-	-	6	6
At 30 April 2021	**(1)**	**27**	**141**	**167**

Certain deferred tax assets and liabilities have been offset where the Company has a legally enforceable right to do so. The following is the analysis of deferred tax balances (after offset) for financial reporting purposes:

	2021 £000	2020 £000
Deferred tax asset	**167**	202
	167	202

21. CALLED UP SHARE CAPITAL

	2021 £000	2020 £000
Allotted, called up and fully paid		
254,211 (2020: 254,211) Ordinary shares of £0.25 each	**64**	64
	64	64

22. RESERVES

Below is a description of the nature and purpose of the individual reserves:

- Share capital represents the nominal value of shares issued.
- Share premium account includes the amounts over the nominal value in respect of share issues. In addition, costs in respect of share issues are debited to this account.
- Capital redemption reserve relates to a redemption of capital.
- Capital contribution account represents the cumulative share-based payment charged to reserves less the transfer to the profit and loss account or the vesting of options.
- Profit and loss account is the returned earnings of the Company from realised gains and losses.

23. CONTINGENT LIABILITIES AND GUARANTEES

The Company, as part of Cohort Plc's group banking and offset arrangements, for the year ended 30 April 2021 is a guarantor for £50,643,000 (year ended 30 April 2020: £41,574,000) of bank borrowings and overdraft drawn by its parent, along with a further £9,041,000 (year ended 30 April 2020: £92,000) in respect of bank guarantees drawn by fellow subsidiary undertakings.

24. EMPLOYEE BENEFITS

Defined contribution plans

The Company operates a number of defined contribution pension plans. The total expense in relation to these plans in the current year was £594,000 (2020: £608,000).

Share based payments

During the year, the parent company granted the following options to employees of the Company:

Grant date / employees entitled	Method of settlement accounting	Number of options	Vesting conditions	Contractual life of options
Equity settled awards granted by the parent on 25 August 2020	Equity	75,000	The options vest on the third anniversary of grant	Expire on 28 August 2030
Equity settled awards granted by the parent on 4 September 2020	Equity	8,587	The options vest on the third anniversary of grant	Expire on 31 March 2024
Equity settled awards granted by the parent on 4 September 2020	Equity	6,535	The options vest on the fifth anniversary of grant	Expire on 31 March 2026
Equity settled awards granted by the parent on 10 September 2020	Equity	5,796	The shares become tax free on the fifth anniversary of the grant date	Expire on 10 September 2025

The weighted average share price at the date of exercise of share options exercised during the year was 611.00 pence (2020: 505.57 pence). The options outstanding at the year-end have an exercise price in the range of 372.50 pence to 670.00 pence and a weighted average contractual life of six years.

25. ULTIMATE PARENT COMPANY

The immediate parent undertaking is SEA (Group) Ltd.

The ultimate controlling party and ultimate parent undertaking is Cohort Plc, a company incorporated in the United Kingdom. The registered office address of Cohort Plc is 1 Waterside Drive, Arlington Business Park, Theale, Reading, RG7 4SW.

The largest and smallest Group in which the results of the Company are consolidated is that headed by Cohort Plc. The consolidated financial statements of the Group are available to the public and may be obtained from the address above.

26. EVENTS AFTER THE BALANCE SHEET DATE

In August 2021 the Company completed the acquisition of 50% of JSK, a Canadian Entity of which it previously owned 50%. JSK has a healthy order book and with support from SEA will deliver core products to the Canadian Navy.