

Company Registration No. 00173103 (England and Wales)

**L3HARRIS COMMUNICATIONS SYSTEMS UK
LIMITED**

**REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 DECEMBER 2022**

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L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

COMPANY INFORMATION

Director	Mr K N Norton
Company number	00173103
Registered office	Unit 1 Dingley Way Farnborough Hampshire GU14 6FF United Kingdom
Auditor	Ernst & Young LLP R+ Building 2 Blagrove Street Reading RG1 1AZ

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

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L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 DECEMBER 2022

The director presents the strategic report for the period ended 30 December 2022

Fair review of the business

The principal activity of the company is providing solutions for military and government organisations in the field of encrypted tactical radio communications (CS) and precision approach radar (SAS), through the development, manufacture, supply and field service support of a range of products

The results for the financial period and financial position of the company are shown in the annexed financial statements. They show turnover for the financial period of £35.1m (2021: £35.2m) and profit of £4.9m (2021: £7.0m). The period ended 30 December 2022 saw the company's profitability staying in line with the prior period. No dividends were paid out in 2022 (2021: £40,171,000).

Key performance indicators

As part of the budgetary process, key performance indicators around areas such as debtors and creditors are set, in order to effectively manage the working capital of the company. These are reviewed on a monthly basis and appropriate actions taken as required. Rigorous attention is always paid to cash collections. The company has a strict policy to treat its suppliers respectfully, and not to take advantage by delaying payment. As a result, working capital targets set in the company's Annual Operating Plan have been achieved.

The key financial and other indicators during the period were as follows:

	Period ended 30 December 2022 £'000	52 weeks ended 31 December 2021 £'000
Turnover	35,115	35,232
Operating profit	5,440	5,075
Profit after tax	4,872	7,033
Shareholders funds	42,565	42,612
Current assets as a % of current liabilities	(119%)	(120%)
Average number of employees	152	157
Net trade receivable days	253 days	46 days
Net trade payables days	12 days	12 days

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

Turnover is in line with prior period due to the continuation of the new LSC – Repair Contract. Operating profit and profit after tax have also kept in line with prior period due to continuation of the above-mentioned contract and other active programs still running.

Current assets consist of amounts owed by group undertakings recallable on demand, debtors, cash equivalents and stocks. Current liabilities consist of amounts owed to group undertakings recallable on demand, trade creditors and other accruals and deferred income. Change is mainly driven by decrease in amounts owed to group undertaking during the period as well as an improved process for paying creditors thus driving down current liabilities.

Future developments

In 2023, whilst the company is no longer impacted to any great degree by the Covid-19 pandemic, global supply chain shortages continue. Despite this challenge, orders and turnover are both expected to see growth compared to 2022.

Principal risks and uncertainties

The company continued to experience challenging market conditions in Europe, with supply chain delays and material price increases, during the period whilst maintaining high quality products and services to existing customers. These continued risks but are managed via excellent relationships between the company and its customer base which has evolved through high levels of customer care and a comprehensive after sales support service. The participation in such markets is often subject to uncertain economic conditions, which makes it difficult to estimate growth and as a result, future income and expenditures. Our future success depends upon our ability to develop new products that achieve market acceptance.

The defence industry is highly regulated, and the company has demonstrated compliance with UK and US legislation in this area. Of note is the ongoing extensive training programme on the US International Traffic in Arms Regulations (ITAR) and Foreign Corrupt Practices Act (FCPA) legislative requirements. Increased pressure in terms of compliance with ever increasing environmental and health and safety regulations is a risk managed principally by the presence of specialised in-house advisers who work to ensure best practice. We have also noted that the UK government's budget for defense has minimal impact on the company, as multi-year commitments from the MOD are contracted. Additionally, the MOD national defense budget increases creates further opportunities for supply of regeneration and modernization of equipment and services that the company can offer to the MOD.

In order to be successful, we must attract and retain key employees, and failure to do so could seriously harm the brand.

The company could be negatively impacted by a security breach, through cyberattack, cyber intrusion or otherwise, or other significant disruption of our IT network and related systems. As a communications provider, and particularly as a government contractor, we face heightened risk of security breaches or disruption from threats to gain unauthorized access. Although significant effort is made to maintain the security and integrity of our IT systems, it is virtually impossible to entirely mitigate this risk.

In the period ended 30 December 2022, the impact of Brexit to business operations was higher than in the previous period and the business with the European Customers decreased considerably, due to new regulations, license requirements, and associated costs. However, our commercial arrangements are predominantly with other UK companies. As we move into 2023, we will actively monitor developments regarding Brexit with additional focus towards managing supply chain risk.

Given the size of the company, the director has not delegated the responsibility of monitoring financial risk management to a subcommittee of the board. The policies set by the director in conjunction with the corporate management team of the parent company are implemented by the company's finance department's stringent internal reporting that ensures that finance managers can maintain a vigilant review over such financial risks.

The ongoing geopolitical events relating to the Ukrainian war do not present a risk to the company at present.

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

Cash flow and liquidity risks

The generation of cash is one of the company's key measurements and is closely monitored both locally, and by our US parent company. The cash flow income from our commercial activities is sufficient to meet the going concern of the company, and excess cash balances are routinely repatriated to our US parent in order to meet corporate objectives.

Credit risk

While the company has an intercompany loan that is payable it also has loans that are receivable, both of which are managed by the treasury team at parent company level. The company does not have a requirement for further loans or overdraft facilities to support the business. The company monitors its external debtors closely, and each new customer is analysed individually for creditworthiness.

Price and foreign exchange risk

The company does experience exposure to price risk including inflation and the impact of foreign exchange which can affect the cost of performing fixed price contracts. The company manages this on a case by case basis. During the period ended 30 December 2022, we worked with the Ministry of Defence (MoD) to contract with them in Split Currency to lower the foreign exchange risk on both parties.

Interest rate risk

The company has intercompany loans both receivable and payable, with interest rates applied at arm's length, and these are managed by the treasury team at parent company level. Therefore, the risk to the company is considered to be low.

Section 172 statement

This statement contains an overview of how the director has performed their duty to promote the success of the company as set out in section 172 (1) of the UK's Companies Act 2006. That section requires a director of a company to act in a way he/she considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to

- The likely consequences of any decision 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 the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly

Decision making

L3Harris Communications Systems UK Limited (LSH CSUK) comprises of two distinct business units which report into different segments within L3Harris Technologies Inc, Tactical Communications into the Communication Systems segment and Radar support into the Space and Intelligence segment. Each segment is responsible for developing their own strategy, which is communicated to employees via a strategic roadmap which outlines the current year priorities.

On an annual basis, L3H CSUK produces a strategic growth plan (SGP) which identifies key growth pursuits across all segments and assesses the resourcing required to execute. The SGP determines a series of annual financial targets which are measured and reviewed on a quarterly basis by the director and senior leadership team. A full assessment of all business risks and opportunities is undertaken as part of this review which considers the business, our employees, stakeholders and the environment in order to focus on the impact of the decision making.

All decision making is made in adherence to L3Harris Technologies corporate policy, and the procedures detailed in L3H CS UK's Quality Management System (QMS).

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

Employees

During 2022 the impact of the Covid-19 pandemic slowly decreased, but the primary focus of the director and senior leadership team was still focused on the health and wellbeing of its employees. The company maintained health and safety measures so that staff working on site could do so safely. A large proportion of the staff population which was suitable for remote working is now back to a more normalised routine (hybrid working) with productivity remaining high.

Employee engagement remains a priority for the company, and all managers have been tasked with developing action plans which address any areas for improvement identified by their respective teams during the previous employee engagement survey. The director and senior leadership team regularly host employee all hands meetings to communicate company performance, raise awareness and understanding of strategic direction and provide any other relevant updates. In addition, a monthly operations newsletter is distributed to all staff electronically.

The company continues to give particular consideration to the mental health of its workforce by hosting a Mental Health Wellness Week, which promoted positive messages about mental health and made a wide range of resources and activities available to employees.

Fostering business relationships with suppliers, customers and other

The director and senior leadership team recognises that fostering business relationships with key stakeholders, such as customers and suppliers, is essential to the company's success. The company strives to maintain close relationships with its customers, suppliers and industry partners in order to stay agile in a fast-paced market.

The company considers themselves a collaborative organisation and have documented their approach with a view to achieving formal certification to ISO 44001, Collaborative business relationship management systems. This will enable us to leverage existing relationships with our customers who are already certified to ISO 44001.

The company's procurement and supply chain function works with its approved suppliers and their supply chains to provide goods and services that meet its customers' requirements. The company's supplier relationships are often long-term due to the length of the product life cycles and our senior leaders, including Quality Management, actively engaging with key suppliers in order to develop and maintain deeper relationships with their counterparts. This is a key activity which helps us to proactively identify long lead time issues and supplies at risk of obsolescence.

The community and the environment

The company regards its responsibility towards corporate sustainability as a growing priority, and commits to contributing to L3Harris Technologies corporate 2026 targets of

- 30% reduction to greenhouse gasses
- 20% water use reduction
- 75% solid waste diversion

The director and senior leadership team recognise that the company has an impact on the environment through its energy and resource consumption, and generation of waste. As a result, the L3Harris e3 business operating system is one of our strategic priorities and provides a framework for continuous improvement. Results of improvements are tracked and reported on. The company has also prepared and fulfilled obligations for Streamlined Energy and Carbon Reporting (SECR).

Charitable initiatives are encouraged and organised through our Sports & Social committee. During the period the company hosted various events which raised funds for several charitable organisations.

Maintaining a reputation for high standards of business conduct

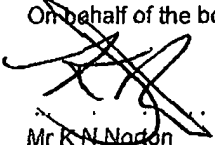
Reinforcing the company's strong commitment to living our values of integrity, excellence and respect at all times is formally communicated via our Code of Conduct. The Code of Conduct summarises our essential policies, laws and regulations that all employees need to know, and is a guide to ethical decision making. Following the Code of Conduct is mandatory to all employees, contractors and vendors with all violations taken seriously and disciplinary action considered if appropriate. The Code of Conduct is supported by an L3Harris helpline which provides an anonymous mechanism for seeking guidance and raising concerns.

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

On behalf of the board



Mr K N Norton
Director

Date 28 SEPTEMBER 2023

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

DIRECTOR'S REPORT

FOR THE PERIOD ENDED 30 DECEMBER 2022

The director presents his annual report and financial statements for the period ended 30 December 2022

Principal activities

The principal activity of the company continued to be that of providing solutions for military and government organisations in the field of encrypted tactical radio communications (CS) and precision approach radar (SAS), through the development, manufacture, supply and field service support of a range of products.

Results and dividends

The results for the period are set out on page 13.

Dividends were declared in the period amounting to £nil (2021 £40,171,000) The director does not recommend payment of a further dividend.

Director

The director who held office during the period and up to the date of signature of the financial statements was as follows

Mr K N Norton

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its director during the period These provisions remain in force at the reporting date

Auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

Energy and carbon reporting

Information has been presented for L3Harris Communications Systems UK Limited in accordance with the government legislation implemented by the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2019 on Streamlined Energy and Carbon Reporting (SECR).

L3Harris Communications Systems UK Limited	Unit of Measurement	Emission Scope	Current Reporting Period 1 Jan 2022 to 30 Dec 2022	Comparative Reporting Period 2 Jan 2021 to 31 Dec 2021
Emission from gas / Consumption of Gas	(tCO2e)	1	12 76	16 20
Emission from Consumption of Fuel for Transport Purposes	(tCO2e)	1	17 90	31 66
Emissions from purchased electricity, location-based	(tCO2e)	2	275 49	329 44
Emission from business travel in rental cars or employee owned vehicles where the company is responsible for purchasing the fuel	(tCO2e)	3	35 93	52 89
Energy consumption used to calculate Emissions / kWh			69,876 00	87,846 00
TOTAL Gross emissions in metric tonnes Co2 based on above	(tCO2e)		342 00	345 85
Increase / decrease in tCO2e over previous period 2020/2021			-3 7703	0
Intensity ratio tCO2e Gross figure / Square Footage (72,200)			0 0047	0 0055
Intensity ratio tCO2e Gross figure per Employee 152 (2021 157)			2 250	2 639
Methodology:				
This report follows HMG environmental reporting Guidelines and have used the GHG reporting protocol and UK Government's Conversion factors for company reporting.				
Energy Efficiency Actions:				
The amount of reduced repair work during 2022 was affected by contractual complications between L3Harris Communications Systems UK Limited and a customer delaying the ability to turn work around at expected/contractual levels. This may have an impact on the 2023 data analysis in a consumption upwards trend.				
Measures taken and to be taken to improve efficiency are				
1. Identify the energy saving opportunities (Electricity) from the data collected by the Green Belt project 2022/2023				
2. Managers & supervisors to continuously review/unscheduled walkarounds ensuring that non-essential electrical items are switched off. Some offices areas on the first floor were lock and electrics switched on Friday to Monday in an effort to reduce energy consumption				
3. Establish a Sustainability Group to look for energy saving opportunities				

Strategic report

The company has chosen in accordance with Companies Act 2006, s 414C (11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial risk management.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

Business relationships

The director has had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including the principal decisions taken by the company during the financial period. Further detail is outlined in the Section 172 statement in the Strategic Report.

Disabled persons policy

L3Harris Communications Systems UK Limited (L3H CSUK) proudly supports employees with disabilities, allies and caregivers, striving to create an inclusive experience from recruitment through employment.

L3H CSUK is proud to be an Equal Opportunity Employer. L3Harris is committed to treating all employees and applicants for employment with respect and dignity and maintaining a workplace that is free from unlawful discrimination. All applicants will be considered for employment without regard to disability or membership in any other group protected by law.

L3H CSUK is committed to living our values and promoting an inclusive work environment by providing resources to create a digitally accessible environment so all employees have the tools they need to complete their work. The company provides training to employees to increase awareness on various disabilities and neurodiversities. These trainings highlight opportunities to further drive disability inclusion in the workplace and meet critical talent needs.

Going concern

The director has undertaken an assessment of the company's ability to continue as a going concern including a review of detailed cash flow models and forward-looking projections. The company is considered to provide an essential service and has significant cash balances and no external debt. Factory volumes in the first two quarters of calendar year 2023 have been strong and the company has not experienced significant adverse communications or issues with current supply of products. The procurement team are routinely checking the supply chain for adversities and are taking the necessary mitigating action to de-risk product sourcing, which is a global supply chain issue still due to the impact of COVID-19.

The company is dependent upon the continued support from L3Harris Technologies, Inc, who have provided a written confirmation of their willingness to provide financial support to the company for the foreseeable future, defined as until 30 September 2024.

Although it is difficult to determine the full impacts on the company's trading environment, the director has considered forecast information and believes that it remains appropriate to prepare the financial statements on a going concern basis until at least 12 months from the date of signing these financial statements. As such, the director continues to adopt the going concern basis of accounting.

On behalf of the board



Mr K N Norton
Director

Date 28 SEPTEMBER 2023

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 30 DECEMBER 2022

The director is responsible for preparing the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial period. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 group and the company for that period. In preparing each of the company financial statements, the director is required to

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance,
- in respect of the company financial statements, state whether FRS 102 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the director is also responsible for preparing a strategic report, director's report, director's remuneration report and corporate governance statement that comply with that law and those regulations. The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

Opinion

We have audited the financial statements of L3Harris Communications Systems UK Limited for the period ended 30 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes 1 to 25, 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 FRS 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 30 December 2022 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 director is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial period for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED (CONTINUED)

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 director's 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Responsibilities of director

As explained more fully in the director's responsibilities statement set out on page 9, the director is 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 director determines 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 director is 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 director 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

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

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

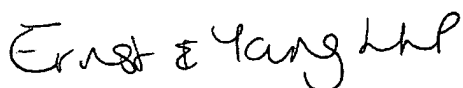
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED (CONTINUED)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Bribery Act 2010, Money Laundering regulations and relevant tax compliance regulations in the United Kingdom
- We understood how L3Harris Communications Systems UK Limited is complying with those frameworks making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation or completion of the following procedures
 - Review of all minutes of board meetings held during the period and through to the most recent meeting held prior to the approval of these financial statements,
 - Review of accounting policies and completion of a disclosure checklist to assess compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Company law requirements,
 - Review of any relevant correspondence with local tax authorities, and
 - Review of any relevant correspondence received from regulatory bodies
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by holding a discussion within the audit team which included identification of related parties, understanding the company's business, the control environment and assessing the inherent risk for relevant assertions at the significant account level. We also held discussions with management and those charged with governance to gain an understanding of those areas of the financial statements which are susceptible to fraud, as identified by management. Following these procedures, we identified a risk of management override of control and risk of inappropriate revenue recognition. We then considered the controls that the company established to address the risks identified or that otherwise seek to prevent, deter or detect fraud
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with focus on journals indicating large or unusual transactions, significant post period-end adjustments or meeting our defined risk criteria based on our understanding of the business, reviewing accounting estimates for evidence of management bias and enquiries of senior members of the management team regarding their knowledge of any instances of non-compliance with laws and regulations that could impact the financial statements

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

Use of our report

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



Kate Allen (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Chartered Accountants
R+ Building
2 Blagrove Street
Reading
RG1 1AZ

28 September 2023

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 DECEMBER 2022

	Notes	Period ended 30 December 2022 £'000	52 weeks ended 31 December 2021 £'000
Turnover	3	35,115	35,232
Cost of sales		(15,287)	(18,136)
Gross profit		19,828	17,096
Administrative expenses		(14,389)	(12,021)
Operating profit	6	5,439	5,075
Interest receivable and similar income	8	2,681	2,068
Interest payable and similar expenses	9	(2,243)	(1,735)
Other finance income	10	337	1,747
Profit before taxation		6,214	7,155
Tax on profit	11	(1,342)	(122)
Profit for the financial period		4,872	7,033
Other comprehensive income net of taxation			
Remeasurement (loss)/gain on defined benefit pension schemes	21	(6,559)	6,682
Tax relating to other comprehensive income		1,640	(1,671)
Total comprehensive (loss)/income for the period		(47)	12,044

All amounts are derived from continuing operations


Total comprehensive (loss)/income for the period is all attributable to the owners of the parent company

The notes on pages 16 - 34 form part of these financial statements

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 DECEMBER 2022**

	Notes	30 December 2022		31 December 2021	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		6,837		7,242
Investments	14		-		-
			<u>6,837</u>		<u>7,242</u>
Current assets					
Stocks	16	3,198		2,108	
Debtors	17	166,729		143,096	
Cash at bank and in hand		27,815		7,941	
		<u>197,742</u>		<u>153,145</u>	
Creditors: amounts falling due within one year	18	(166,565)		(127,735)	
Net current assets			<u>31,177</u>		<u>25,410</u>
Total assets less current liabilities			<u>38,014</u>		<u>32,652</u>
Provisions for liabilities					
Provisions	19	(1,304)		(1,369)	
Deferred tax liability	20	(1,457)		(3,209)	
		<u>(2,761)</u>		<u>(4,578)</u>	
Net assets excluding pension surplus			<u>35,253</u>		<u>28,074</u>
Defined benefit pension surplus	21		<u>7,312</u>		<u>14,538</u>
Net assets			<u><u>42,565</u></u>		<u><u>42,612</u></u>
Capital and reserves					
Called up share capital	22		9,680		9,680
Profit and loss reserves	23		32,885		32,932
Total equity			<u><u>42,565</u></u>		<u><u>42,612</u></u>

The financial statements were approved and signed by the director and authorised for issue on 28 SEPTEMBER 2023


Mr K.N. Norton
Director

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 DECEMBER 2022

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 2 January 2021		9,680	61,059	70,739
Period ended 31 December 2021:				
Profit for the period		-	7,033	7,033
Other comprehensive income net of taxation				
Actuarial gains on defined benefit plans		-	6,682	6,682
Tax relating to other comprehensive income		-	(1,671)	(1,671)
Total comprehensive income for the period		-	12,044	12,044
Dividends	12	-	(40,171)	(40,171)
Balance at 31 December 2021		9,680	32,932	42,612
Period ended 30 December 2022:				
Profit for the period		-	4,872	4,872
Other comprehensive income net of taxation				
Remeasurment loss on defined benefit pension schemes		-	(6,559)	(6,559)
Tax relating to other comprehensive income		-	1,640	1,640
Total comprehensive loss for the period		-	(47)	(47)
Balance at 30 December 2022		9,680	32,885	42,565

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies

Company information

L3Harris Communications Systems UK Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 1 Dingley Way, Farnborough, Hampshire, United Kingdom, GU14 6FF.

The company's principal activities and nature of its operations are disclosed in the Director's Report

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below

This company is a qualifying entity for the purposes of FRS 102, being 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

- Section 7 'Statement of Cash Flows' Presentation of a statement of cash flow and related notes and disclosures,
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' Interest income/expense and net gains/losses for financial instruments not measured at fair value, basis of determining fair values,
- Section 33 'Related Party Disclosures' Compensation for key management personnel

L3Harris Communications Systems UK Limited is a wholly owned subsidiary of L3Harris Technologies, Inc. The results of L3Harris Communications Systems UK Limited are included in the consolidated financial statements of L3Harris Technologies, Inc which are available from 1025 West NASA Blvd, Melbourne, FL 32919, USA and also via the company website

Going concern

The director has undertaken an assessment of the company's ability to continue as a going concern including a review of detailed cash flow models and forward-looking projections. The company is considered to provide an essential service and has significant cash balances and no external debt. Factory volumes in the first two quarters of calendar year 2023 have been strong and the company has not experienced significant adverse communications or issues with current supply of products. The procurement team are routinely checking the supply chain for adversities and are taking the necessary mitigating action to de-risk product sourcing, which is a global supply chain issue still due to the impact of COVID-19

The company is dependent upon the continued support from L3Harris Technologies, Inc, who have provided a written confirmation of their willingness to provide financial support to the company for the foreseeable future, defined as until 30 September 2024

Although it is difficult to determine the full impacts on the company's trading environment, the director has considered forecast information and believes that it remains appropriate to prepare the financial statements on a going concern basis until at least 12 months from the date of signing these financial statements. As such, the director continues to adopt the going concern basis of accounting

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies (Continued)

Turnover

Turnover in respect of goods and services provided to group undertakings is calculated as attributable costs plus a mark up in accordance with an intercompany agreement between the company and the group undertaking. Turnover 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. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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

Turnover 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 turnover 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.

Long term contracts

In respect of long-term contracts, turnover is recognised using the percentage-of-completion method when reliable estimates are available. The company measures the value of the effort to satisfy performance obligations in accordance with the cost to cost input method calculation. Estimated costs to complete are evaluated at regular intervals and any adjustments calculated using the cumulative catch-up method.

Where the outcome of the 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, less provision for any known or anticipated losses.

Research and development expenditure

Research expenditure is written off against profits in the period in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Short-term leasehold property	Over the remaining useful life of the lease
Assets under construction	Not depreciated
Plant and machinery	3-7 years straight line

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies (Continued)

Assets under construction are stated at cost and are not depreciated

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss

Fixed asset investments

Interests in associates are measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company. Dividends in specie are accounted for in line with dividends, but are non-cash dividends.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the period. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies (Continued)

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received

Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to profit or loss in the period they are payable

The company also operates a defined benefit pension scheme. The amount charged to profit or loss in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from the cost. The interest cost and expected returns on assets are included with other finance costs

Actuarial gains and losses arising from new valuations and from updating valuations to the statement of financial position are recognised in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods

The net defined benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, 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 in the period of the revision and future periods where the revision affects both current and future periods.

In preparing these financial statements, the director has made the following judgements

Impairment

Determining whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Risk

Accounting for contracts requires judgement relative to assessing risks, including unfavourable resolutions of claims and contractual matters, judgements associated with estimating contract revenue and costs, and assumptions for schedule and technical issues due to the size and nature of many of the contracts, the estimation of total revenue and cost at completion is complicated and subject to many variables. For example, we must make assumptions regarding (i) the length of time to complete the contract because costs also include expected increases in wages and prices for materials, (ii) incentives or penalties related to performance on contracts in estimating revenue and profit rates and record them when there is sufficient information for us to assess anticipated performance, and (iii) estimates of award fees in estimating revenue and profit rates based on actual anticipated awards.

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Investments

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments at fair value through profit and loss. In determining this amount, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

Operating lease commitments

The company has entered into commercial property leases as a lessee and also to obtain use of office equipment. The classification of such leases as operating or financial lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

3 Turnover

	30 December 2022 £'000	31 December 2021 £'000
Turnover analysed by revenue type		
Tactical radio communications (product sales)	15,563	15,794
Precision approach radar (services)	7,178	7,528
Intercompany	12,374	11,910
	<u>35,115</u>	<u>35,232</u>
	<u><u>35,115</u></u>	<u><u>35,232</u></u>
	30 December 2022 £'000	31 December 2021 £'000
Turnover analysed by geographical market		
United Kingdom	19,158	20,951
Rest of Europe	3,841	2,498
Rest of the world	12,116	11,783
	<u>35,115</u>	<u>35,232</u>
	<u><u>35,115</u></u>	<u><u>35,232</u></u>

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

4 Employees

The average monthly number of persons (including the director) employed by the company during the period was

	30 December 2022 Number	31 December 2021 Number
Administration	31	30
Selling and distribution	31	33
Manufacturing and support	90	94
Total	<u>152</u>	<u>157</u>

Their aggregate remuneration comprised

	30 December 2022 £'000	31 December 2021 £'000
Wages and salaries	10,484	10,223
Social security costs	1,678	1,706
Pension costs	2,001	1,610
	<u>14,163</u>	<u>13,539</u>

Included in the pension cost of £2,001,000 (2021 £1,610,000) is £883,000 (2021 £870,000) in relation to the defined benefit pension scheme and £1,118,000 (2021 £740,000) relating to the defined contribution scheme

At the period end, the company had an no outstanding balance in relation to the defined contribution pension scheme (2021 £nil)

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

5 Director's remuneration

	30 December 2022 £'000	31 December 2021 £'000
Remuneration for qualifying services	351	309

Remuneration disclosed above include the following amounts paid to the highest paid director

	30 December 2022 £'000	31 December 2021 £'000
Remuneration for qualifying services	351	309

The director of the company is also a director or officer of other companies within the L3Harris Technologies, Inc group. The director's services to these companies do not occupy a significant amount of his time.

The director did not accrue retirement benefits at the period end (2021 nil)

6 Operating profit

	30 December 2022 £'000	31 December 2021 £'000
Operating profit for the period is stated after charging/(crediting)	£'000	£'000
Exchange differences	(93)	(908)
Research and development costs	-	51
Depreciation of owned tangible fixed assets	888	623
Other operating lease rentals (property)	904	1,018
Other operating lease rentals (other)	66	64

7 Auditor's remuneration

	30 December 2022 £'000	31 December 2021 £'000
Fees payable to the company's auditor and its associates	£'000	£'000
For audit services		
Audit of the financial statements of the company	36	36
For other services		
Taxation compliance services	23	11

8 Interest receivable and similar income

	30 December 2022 £'000	31 December 2021 £'000
Interest income		
Loans to group undertakings	2,681	2,068

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

9 Interest payable and similar expenses

30 December 2022 £'000	31 December 2021 £'000
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Interest on financial liabilities measured at amortised cost:

Loans from group undertakings	2,243	1,735
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10 Other finance income

30 December 2022 £'000	31 December 2021 £'000
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Interest income on pension assets	1,555	1,039
Interest costs on pension obligations	(1,286)	(932)
Sundry income	68	1,640
	<u>337</u>	<u>1,747</u>

11 Taxation

30 December 2022 £'000	31 December 2021 £'000
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Current tax

UK corporation tax on profits for the current period	1,454	1
Adjustments in respect of prior periods	-	(242)

Total current tax	<u>1,454</u>	<u>(241)</u>
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Deferred tax

Origination and reversal of timing differences	(163)	363
Changes in tax rates	(51)	-
Adjustment in respect of prior periods	102	-

Total deferred tax	<u>(112)</u>	<u>363</u>
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Total tax charge	<u>1,342</u>	<u>122</u>
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L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

11 Taxation (Continued)

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows

	30 December 2022 £'000	31 December 2021 £'000
Profit before taxation	6,214	7,155
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021 19.00%)	1,181	1,359
Tax effect of expenses that are not deductible in determining taxable profit	109	66
Adjustments in respect of prior years	102	-
Effect of change in corporation tax rate	(50)	368
Group relief	-	(1,420)
Under/(over) provided in prior years	-	(251)
Taxation charge for the period	1,342	122

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 21. Deferred tax has been calculated at 25%, which was the tax rate substantively enacted at 31 December 2022.

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income

	30 December 2022 £'000	31 December 2021 £'000
Deferred tax arising on Actuarial differences recognised as other comprehensive income	(1,640)	1,671

12 Dividends

	30 December 2022 £'000	31 December 2021 £'000
Dividend in specie	-	38,002
Dividends paid	-	2,169
	-	40,171

The dividend in specie in the prior period was declared to the parent company and was satisfied by the distribution of the company's investments in subsidiaries

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

13 Tangible fixed assets

	Short-term leasehold property	Assets under construction	Plant and machinery	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2022	14,659	108	4,636	19,403
Additions	-	64	419	483
Transfers	-	(108)	108	-
At 30 December 2022	14,659	64	5,163	19,886
Depreciation and impairment				
At 1 January 2022	8,114	-	4,047	12,161
Depreciation charged in the period	664	-	224	888
At 30 December 2022	8,778	-	4,271	13,049
Carrying amount				
At 30 December 2022	5,881	64	892	6,837
At 31 December 2021	6,545	108	589	7,242

14 Fixed asset investments

		30 December 2022	31 December 2021
		£'000	£'000
Investments in associates	15	-	-

15 Associates

Details of the company's associates at 30 December 2022 are as follows

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Harris Pension Management Limited	Unit 1, Dingley Way, Farnborough, Hampshire, GU14 6FF	Dormant pension fund management	Ordinary	33.30

The company has a £1 investment in the associate

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

16 Stocks

	30 December 2022 £'000	31 December 2021 £'000
Raw materials and consumables	2,732	1,625
Work in progress	466	483
	<u>3,198</u>	<u>2,108</u>

The reversal of impairment loss recognised within cost of sales in the statement of comprehensive income for the period in respect of stock obsolescence was £171,227 (2021 £116,177).

17 Debtors

	30 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year:		
Trade debtors	24,316	4,457
Corporation tax recoverable	685	2,147
Amounts owed by group undertakings	141,524	136,132
Other debtors	36	193
Prepayments and accrued income	168	167
	<u>166,729</u>	<u>143,096</u>

Included in trade debtors is a provision of £83,462 (2021 £137,982) in respect of bad and doubtful debts

Included in amounts owed by group undertakings is £135,829,891 (2021 £133,148,506) which is callable on demand and interest bearing. The interest rate at the period end was 2.019% (2021 1.582%)

The remaining balance included in amounts owed by group undertakings is not interest bearing and is repayable within 30 days

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

18 Creditors: amounts falling due within one year

	30 December 2022 £'000	31 December 2021 £'000
Trade creditors	516	596
Amounts owed to group undertakings	149,835	117,313
Taxation and social security	5,975	285
Accruals and deferred income	10,239	9,541
	<u>166,565</u>	<u>127,735</u>

Included in amounts owed to group undertakings is £118,236,542 (2021 £115,489,128) which is repayable on demand and interest bearing. The interest rate at the period end was 2.019% and 1.233% (2021 1.582% and 1.006%).

The remaining balance included in amounts owed to group undertakings is not interest bearing and is repayable within 30 days.

19 Provisions for liabilities

Movements on provisions

	Warranty provision £'000	Dilapidations provision £'000	Total £'000
At 1 January 2022	132	1,237	1,369
Additional provisions in the period	-	41	41
Reversal of provision	(106)	-	(106)
	<u>26</u>	<u>1,278</u>	<u>1,304</u>

Dilapidations

A provision is recognised for the expected future cost of repairing dilapidations on properties leased by the company. The provision is the director's best estimate of the future costs likely to be incurred on the expiry of the property leases held.

Warranty

The warranty provision represents the company's liability in respect of 12 month warranties granted on goods sold. The amount provided represents management's best estimate of the future cash outflows in respect of those products still within the warranty period at the period end. It is based on past experience and costs incurred which are monitored on a regular basis.

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are

	Liabilities 30 December 2022 £'000	Liabilities 31 December 2021 £'000
Balances:		
Accelerated capital allowances	(250)	(392)
General bad debts	-	(35)
Defined benefit pension schemes	1,707	3,636
	<u>1,457</u>	<u>3,209</u>
		30 December 2022 £'000
Movements in the period:		
Liability at 1 January 2022		3,209
Credit to profit or loss		(112)
Credit to other comprehensive income		(1,640)
		<u>1,457</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances, general bad debts and defined benefit pension schemes.

21 Retirement benefit schemes

Defined contribution schemes

	30 December 2022 £'000	31 December 2021 £'000
Charge to profit or loss in respect of defined contribution schemes	1,118	1,311

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £47,000 (2021: £nil) were payable to the fund at the period end.

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

21 Retirement benefit schemes (Continued)

Defined benefit schemes

The company operates a defined benefit pension scheme

Harris Systems Limited Pension Fund

The plan is a final salary defined benefit scheme set up to provide defined benefits for eligible UK employees. The plan closed to new members from 1 July 2008, but is open to future accrual. For each year of service the plan grants 1/60th of pensionable salary.

The valuation used has been based on the most recent actuarial valuation at 30 April 2019 and was updated by Willis Towers Watson to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 30 December 2022 and 31 December 2021. Scheme assets are stated at their market values at the respective statement of financial position dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

The pension plans have not invested in any of the group's own financial instruments nor in properties or other assets used by the group.

	30 December 2022	31 December 2021
<i>Key assumptions</i>	%	%
Discount rate	4.80	1.85
Expected rate of increase of pensions in payment	3.07	3.16
Expected rate of salary increases	3.15	3.15
Inflation assumption	3.55	3.70

	30 December 2022	31 December 2021
<i>Mortality assumptions</i>	Years	Years
Assumed life expectations on retirement at age 65		
Retiring today		
- Males	21.7	21.9
- Females	24.1	24.2
Retiring in 15 years		
- Males	22.3	22.5
- Females	24.9	25.1

	30 December 2022	31 December 2021
<i>Amounts recognised in the income statement</i>	£'000	£'000
Current service cost	403	571
Interest receivable on pension assets	(1,555)	(1,039)
Interest on defined benefit liability	1,286	932
Pension administration costs	883	299
Total costs	1,017	763

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

21 Retirement benefit schemes (Continued)

	30 December 2022	31 December 2021
	£'000	£'000
<i>Amounts taken to other comprehensive income</i>		
Actuarial gain arising during the period	(22,349)	(2,626)
Return on plan assets greater than discount rate	26,908	(4,056)
Deferred tax thereon	1,640	(1,671)
	<u>8,199</u>	<u>(8,353)</u>

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows

	30 December 2022	31 December 2021
	£'000	£'000
Present value of defined benefit obligations	(45,481)	(69,540)
Fair value of plan assets	52,793	84,078
	<u>7,312</u>	<u>14,538</u>

Movements in the present value of defined benefit obligations

	£'000
Liabilities at 1 January 2022	69,540
Current service cost	403
Benefits paid	(3,442)
Contributions from scheme members	43
Interest cost	1,286
Remeasurement	(22,349)
	<u>45,481</u>
At 30 December 2022	<u>45,481</u>

Movements in the fair value of plan assets

	£'000
Fair value of assets at 1 January 2022	84,078
Interest income	1,555
Benefits paid	(3,442)
Contributions by the employer	350
Contributions by scheme members	43
Return on plan asset greater than discount rate	(28,908)
Administrative costs paid	(883)
	<u>52,793</u>
At 30 December 2022	<u>52,793</u>

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

21 Retirement benefit schemes (Continued)

	30 December 2022	31 December 2021
	£'000	£'000
<i>The analysis of the scheme assets at the reporting date were as follows</i>		
LGIM diversified growth fund	8,068	22,533
LGIM LDI	25,232	36,144
Partner fund	18,336	22,669
Cash	1,157	2,732
	<u>52,793</u>	<u>84,078</u>

22 Share capital

	30 December 2022	31 December 2021	30 December 2022	31 December 2021
	Number	Number	£'000	£'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	9,680,472	9,680,472	9,680	9,680
	<u>9,680,472</u>	<u>9,680,472</u>	<u>9,680</u>	<u>9,680</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, they do not confer any rights on redemption

23 Reserves

Profit and loss reserves

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	30 December 2022	31 December 2021
	£'000	£'000
Within one year	815	815
Between one and five years	3,424	3,384
In over five years	5,351	6,207
	<u>9,590</u>	<u>10,406</u>

L3HARRIS COMMUNICATIONS SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2022

25 Ultimate controlling party

The company's immediate parent undertaking is L3Harris Technologies UK Limited, a company registered in England and Wales (registered office address 100 New Bridge Street, London, United Kingdom, EC4V 6JA)

The company's ultimate parent undertaking, and the parent undertaking of the smallest and largest group for which group financial statements are drawn up and of which the company is a member, is L3Harris Technologies, Inc which is incorporated in Delaware, USA. Copies of the financial statements of L3Harris Technologies, Inc can be obtained from 1025 West NASA Boulevard, Melbourne, Florida 32919, USA or viewed on Harris Corporations' website at www.l3harris.com

The director does not consider the company to have a controlling party