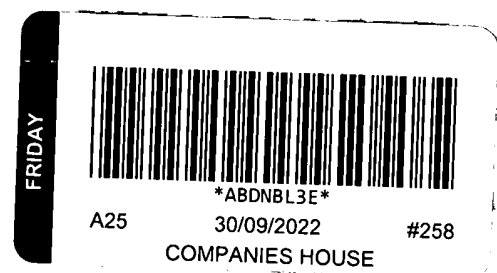


Leonardo MW Ltd

Annual report and financial statements
Registered number 04960327
For the year ended 31 December 2021



Leonardo MW Ltd

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Leonardo MW Ltd

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Change of name

On the 31 March 2021 the company changed its name from Cardprize Two Limited to Leonardo MW Ltd.

Principal activity

The principal activity of the company is that of a property holding company.

Results and dividends

The company's result for the year after taxation was £Nil (2020: £Nil). The directors do not recommend the payment of a dividend (2020: £Nil).

Future outlook

The company is expected to continue to be a property holding company until the expiry of its current leases.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

Liquidity risk

The company acts as a property holding company on behalf of its immediate parent company, and is reliant on the provision of financial resources from Leonardo UK Ltd.

Going concern

Accounting standards require that the directors satisfy themselves that it is reasonable for them to conclude it is appropriate to prepare financial statements on a going concern basis.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company acts as a property holding company on behalf of its immediate parent company, Leonardo UK Ltd and is reliant on the provision of financial resources from Leonardo UK Ltd to satisfy those lease obligations.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, and the commitment of funding from its immediate parent company, Leonardo UK Ltd, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Leonardo MW Ltd

DIRECTORS' REPORT (continued)

Key Performance Indicators ("KPIs")

The company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Leonardo MW Ltd as the company is a property holding company.

Directors

The directors who served during the year were:

Mr. D.A. MacKinnon

Mr. K.G. Thomsit

Employees

The company did not have any employees in the current or prior year. The directors were full time employees of other Leonardo group companies.

Political contributions

The company made no political donations or incurred any political expenditure during the current or prior year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that:

- (a) So far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) 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 that information.

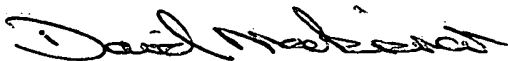
Directors' indemnities

The company maintains liability insurance for its directors and officers. Following shareholder approval in July 2005, the company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board



D.A. MacKinnon

Director

29 September 2022

Leonardo MW Ltd
Sigma House
Christopher Martin Road
Basildon
Essex SS14 3EL
Registered No.04960327

Leonardo MW Ltd

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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

Leonardo MW Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEONARDO MW LTD

Opinion

We have audited the financial statements of Leonardo MW Ltd for the year ended 31 December 2021 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 9, 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 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 company's affairs as at 31 December 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 12 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. 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 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 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.

Leonardo MW Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEONARDO MW LTD (continued)

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

- 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, applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice) and the relevant UK tax compliance regulations, principally relating to those issued by HMRC.

Leonardo MW Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEONARDO MW LTD (continued)

- We understood how the company is complying with those frameworks by making enquiries of those charged with governance and management, including those responsible for legal and compliance matters. We corroborated our enquiries through reading board minutes and by understanding the entity level controls implemented by those charged with governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there to be susceptibility to fraud. We also considered where the significant estimates and judgements are in the financial statements. We assessed the programmes and controls that those charged with governance have established to address the risks identified, or that otherwise prevent, deter or detect fraud and how management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included enquiries of those charged with governance, management and legal counsel; and journal entry testing with a focus on manual journals and unusual transactions based on our understanding the business.

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.

DocuSigned by:

Ernst & Young LLP

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Jl Gordon (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

29 September 2022

Leonardo MW Ltd

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2021

	Note	2021 £	2020 £
Financial income	2	1,489,911	1,751,638
Financial charges	2	(1,489,911)	(1,751,638)
Profit before taxation		<u>-</u>	<u>-</u>
Tax on profit		-	-
Profit for the financial year		<u>-</u>	<u>-</u>

The statement of profit or loss has been prepared on the basis that all operations are continuing operations.

The profit for the financial year is attributable to the owners of the parent company.

There are no items of other comprehensive income (2020: £nil) and accordingly no separate statement of other comprehensive income has been prepared.

The notes on pages 11 to 18 form part of these financial statements.

Leonardo MW Ltd

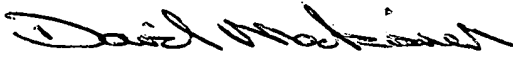
BALANCE SHEET

As at 31 December 2021

	Note	2021	2020
		£	£
Current assets			
Debtors: amounts falling due within one year	4	8,144,442	7,882,715
Debtors: amounts falling due after more than one year	4	31,623,554	40,029,723
		<u>39,767,996</u>	<u>47,912,438</u>
Creditors: amounts falling due within one year	9	8,144,441	7,882,714
		<u>8,144,441</u>	<u>7,882,714</u>
Net current assets		<u>31,623,555</u>	40,029,724
Total assets less current liabilities		31,623,555	40,029,724
Creditors: amounts falling due after more than one year	9	31,623,554	40,029,723
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Share capital	5	1	1
Total shareholders' funds		<u>1</u>	<u>1</u>

The notes on pages 11 to 18 form part of these financial statements.

The financial statements on pages 8 to 18 were approved and authorised for issue by the board of directors on 29 September 2022 and were signed on its behalf by:



D.A. MacKinnon
Director
29 September 2022

Leonardo MW Ltd
Sigma House
Christopher Martin Road
Basildon
Essex SS14 3EL
Registered No.04960327

Leonardo MW Ltd

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Ordinary share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance at 1 January 2020	1	-	1
Profit for the financial year	-	-	-
Balance at 31 December 2020	1	-	1
Profit the financial year	-	-	-
Balance at 31 December 2021	1	-	1

The notes on pages 11 to 18 form part of these financial statements.

Leonardo MW Ltd

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Leonardo MW Ltd ("the company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 04960327 and the registered address is Sigma House, Christopher Martin Road, Basildon, Essex, SS14 3EL

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IAS 1 Comparative information in respect of share capital and disclosures in respect of capital management;
- IAS 7 Cash flow statement and related notes;
- IAS 8 para's 30-31 the effects of new but not yet effective IFRSs.

As the consolidated financial statements of Leonardo S.p.A include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Basis of preparation

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

The preparation of the financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of the financial statements and the reported amounts of the revenue and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately differ from those estimates.

Going concern

Accounting standards require that the directors satisfy themselves that it is reasonable for them to conclude it is appropriate to prepare financial statements on a going concern basis.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company acts as a property holding company on behalf of its immediate parent company, Leonardo UK Ltd and is reliant on the provision of financial resources from Leonardo UK Ltd to satisfy those lease obligations.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, and the commitment of funding from its immediate parent company, Leonardo UK Ltd, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Leonardo MW Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (continued)

Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI) – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Leonardo MW Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- a) They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

(iii) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables and contract assets with significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Leonardo MW Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity

(iii) Impairment

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Leases

At inception of a contract, the company 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. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The company has the right to direct the use of the asset. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the company has the right to direct the use of the asset if either:
 - The company has the right to operate the asset; or
 - The company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the company has elected not to separate non-lease components and account for the lease and non-lease components as a single component.

i. As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Leonardo MW Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (continued)

Leases (continued)

i As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-to-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of the right-to-use asset has been reduced to zero.

The company presents right-to-use assets that do not meet the definition of investment property in 'fixed assets' and lease liabilities in 'creditors falling due within one year' and 'creditors falling due after more than one year' in the balance sheet.

ii. As a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a financial lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Leonardo MW Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (continued)

Leases (continued)

ii As a lessor

When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract.

The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

Taxation

The charge for taxation is based on the profit for the year and takes account of current and deferred income tax. Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement or other comprehensive income. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for (a) if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss or (b) in respect of taxable temporary differences associated with investments in subsidiaries or associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets and liabilities are measured on an undiscounted basis using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Leonardo MW Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Leasing

	2021	2020
Amounts recognised in profit or loss		
	£	£
Interest on lease liabilities	1,489,911	1,751,638
Lease income	(1,489,911)	(1,751,638)

3. Auditor's remuneration

The auditor's remuneration of £11,000 (2020: £9,000) was borne by the parent undertaking.

4. Debtors

	2021	2020
Due within one year:		
Lease debtors	8,144,441	7,882,714
Other debtors	1	1
	<u>8,144,442</u>	<u>7,882,715</u>
Due after one year:		
Lease debtors	31,623,554	40,029,723
Total debtors	<u>39,767,996</u>	<u>47,912,438</u>

All lease debtors are due from the parent company Leonardo UK Ltd.

5. Share capital

	Authorised £	Issued £
At 31 December 2020 and 2021		
Ordinary shares of £1 (1 share issued)	<u>1,000</u>	<u>1</u>

6. Directors and employees

The directors are full time employees of other Leonardo Group companies. They did not receive any remuneration (2020: Nil) for their services as directors of the company for the year (2020: £Nil).

7. Related party transactions

During the year the company entered into transactions in the normal course of business with Leonardo UK Ltd that require disclosure as follows:

	2021 £	2020 £
Lease income	<u>1,489,911</u>	<u>1,751,638</u>

Leonardo MW Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Creditors

	2021	2020
	£	£
Creditors due within one year		
Lease liabilities	8,144,441	7,882,714
	<u>8,144,441</u>	<u>7,882,714</u>
Creditors due after more than one year		
Lease liabilities	31,623,544	40,029,723
	<u>31,623,544</u>	<u>40,029,723</u>
Maturity analysis – contractual undiscounted cash flows		
Less than one year	9,634,352	9,634,352
One to five years	27,358,130	32,630,907
More than five years	6,542,363	10,903,938
Total undiscounted lease liabilities at 31 December	<u>43,534,845</u>	<u>53,169,197</u>

9. Ultimate parent undertaking

The immediate parent undertaking is Leonardo UK Ltd, a company incorporated in the United Kingdom, and registered in England and Wales.

The ultimate parent company and controlling party is Leonardo S.p.A (formerly Finmeccanica S.p.A), which is incorporated in Italy, and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of their financial statements may be obtained from Piazza Montegrappa 4, 00195 Rome, Italy.