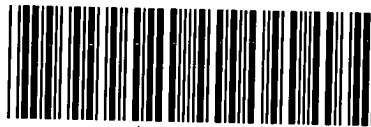


**Company Registration No. 05019038 (England and Wales)**

**RACAL ACOUSTICS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2021**

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# RACAL ACOUSTICS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A M Andersson (Appointed 29 January 2021) J C Ewing L Hansen (Appointed 29 January 2021) T L Larsson (Appointed 29 January 2021)
<b>Secretary</b>	OHS Secretaries Limited
<b>Company number</b>	05019038
<b>Registered office</b>	Waverley Industrial Estate Hailsham Drive Harrow Middlesex HA1 4TR
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
<b>Business address</b>	Unit 3&4 Waverley Industrial Park Hailsham Drive Harrow Middlesex HA1 4TR

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# **RACAL ACOUSTICS LIMITED**

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# RACAL ACOUSTICS LIMITED

## STRATEGIC REPORT

**FOR THE PERIOD ENDED 31 DECEMBER 2021**

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The directors present the strategic report for the period ended 31 December 2021.

### **Fair review of the business**

#### Change of ownership

On 29th January 2021, Transdigm Inc sold the entire share capital of Racal Acoustics Ltd to INVISIO Communications AB. Therefore, the accounts for 2021 have been prepared on a 15 month basis.

#### Bookings

This fiscal year shows an improvement in our booking performance. With the vaccination roll-out during 2021, the Coronavirus pandemic started to get under control in western countries leading to exhibitions and face to face meetings resuming. Despite the pandemic continuing to pose challenges to our customers, there has been no order or programme cancellations during this period, only delays. We booked most of our orders before the summer, with a slowdown in the fall due to the Omicron wave uncertainty. Activities picked up again in December as this wave proved to be less severe, ensuring a positive book to bill ratio for the full year.

#### Sales

At £16.9m (2020: £11.4m), sales are higher than the previous fiscal year, despite experiencing supply chain issues around COVID-19 and other global challenges. We built on the positive customer satisfaction we achieved in FY20 and maintained a high level of on time delivery and a strong performance of other key customer satisfaction metrics.

#### EBITDA

Full year EBITDA has increased to £3.9m (2020: £0.1m), this was partly driven by two one-off events, the sale of our avionics license and the release of a patent provision. However, ultimately the business generated profitable new business by leveraging suppliers for productivity savings, whilst maintaining pricing power with our customers. A reconciliation between net profit after tax and EBITDA is shown below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Net profit	3,037	299
Depreciation	423	436
Interest	(123)	(680)
Tax	609	50
EBITDA	<u>3,946</u>	<u>105</u>

#### People

The average headcount during the reporting year was 59 (2020:61). Whilst headcount has remained largely static, with the acquisition by INVISIO AB there have been significant synergies between the businesses, thus allowing for transfer of skills.

#### Outlook and future developments

As part of the INVISIO Group we now have access to a much larger sales team enabling the company to focus on North America where we can grow our high-noise headset market share with our new RA4000 Magna™ headset. We will protect our dominant position in the medium noise markets by offering tailored products to meet specific customer needs on key programmes, and will continue to work closely with customers to integrate our headsets with their new intercoms and radios, increasing our portfolio of proven headsets. We will continue to target aftermarket business for products already sold and in service.

# RACAL ACOUSTICS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2021**

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### **Principal risks and uncertainties**

Racal has remained open and continued to work well throughout the pandemic, and whilst we have experienced challenges which disrupted supplies from our Far East supplier base in particular, and affected customer field trials in Asia, deliveries to customers remained strong. With travel now opening up, business is slowly returning to normal and we are now able to visit customers and suppliers, and attend trade shows. The impact of Brexit has been minimal, but we are seeing challenging cost pressures and extending lead-times due to continuing global uncertainty and increased demand in many market sectors.

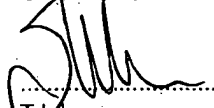
### **Other information and explanations**

#### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, which is a period of twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1.2 to the financial statements on page 12.

On behalf of the board



T. Larsson

Director

Date: 25th May 2022

# RACAL ACOUSTICS LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 DECEMBER 2021

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The directors present their annual report and financial statements for the period ended 31 December 2021.

#### Principal activities

The principal activity of the company continued to be that of the manufacture and sale of communications equipment for use in the armed forces and commercial fields.

#### Results and dividends

The results for the period are set out on page 9.

During the period, dividends in specie amounting to £47.3m and cash dividends amounting to £5.1m and £2.2m were paid in December 2020 and December 2021 respectively.

#### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

A M Andersson	(Appointed 29 January 2021)
J C Ewing	
L Hansen	(Appointed 29 January 2021)
T L Larsson	(Appointed 29 January 2021)

In addition to the above, L Sabol and S L Wynne held office during the period and resigned on 29 January 2021.

#### Supplier payment policy

The company's current policy concerning the payment of trade creditors is to settle the terms of payment where possible, in line with the company's contractual and legal obligations.

#### Research and development

Included in the Income statement is Research and Development amounting to £996,000 (2020: £1,061,000).

#### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

#### 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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

  
.....  
T L Larsson  
Director

Date: 25th May 2022  
.....

# **RACAL ACOUSTICS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE PERIOD ENDED 31 DECEMBER 2021***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# RACAL ACOUSTICS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RACAL ACOUSTICS LIMITED

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### Opinion

We have audited the financial statements of Racal Acoustics Limited (the 'company') for the period ended 31 December 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### Other information

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

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

We have nothing to report in this regard.

# **RACAL ACOUSTICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RACAL ACOUSTICS LIMITED**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

# **RACAL ACOUSTICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RACAL ACOUSTICS LIMITED**

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls, revenue cut-off, and valuation of stock as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, detailed testing on revenue around the period end to check that the revenue was recognised in the correct period and challenging judgments and estimates applied recognition of stock provisions.

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.

# **RACAL ACOUSTICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RACAL ACOUSTICS LIMITED**

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### **Use of our report**

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

RSM UK Audit LLP

**Alan Summerfield (Senior Statutory Auditor)**  
**For and on behalf of RSM UK Audit LLP**  
**Statutory Auditor**  
**Chartered Accountants**  
25 Farringdon Street  
London  
EC4A 4AB

Date: 25 May 2022

# RACAL ACOUSTICS LIMITED

## INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2021

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		Period ended 31 December 2021 £'000	Year ended 30 September 2020 £'000
	Notes		
Revenue	3	16,881	11,414
Cost of sales		(7,033)	(7,274)
<b>Gross profit</b>		<b>9,848</b>	<b>4,140</b>
Administrative expenses		(7,769)	(4,466)
Exceptional items	4	1,444	-
<b>Operating profit/(loss)</b>	<b>5</b>	<b>3,523</b>	<b>(326)</b>
Interest receivable	9	123	680
<b>Profit before taxation</b>		<b>3,646</b>	<b>354</b>
Tax on profit	10	(609)	(55)
<b>Profit and total comprehensive income for the financial period</b>		<b>3,037</b>	<b>299</b>

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# RACAL ACOUSTICS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	£'000	30 September 2020 £'000	£'000
<b>Non-current assets</b>					
Intangible assets	12		194		-
Property, plant and equipment	13		1,005		1,347
Right-of-use assets	14		795		1,200
			<u>1,994</u>		<u>2,547</u>
<b>Current assets</b>					
Inventories	15	1,368		2,091	
Trade and other receivables	16	4,254		49,365	
Cash and cash equivalents		2,378		9,747	
		<u>8,000</u>		<u>61,203</u>	
<b>Current liabilities</b>	17	<u>(3,829)</u>		<u>(5,217)</u>	
<b>Net current assets</b>			<u>4,171</u>		<u>55,986</u>
<b>Total assets less current liabilities</b>			<u>6,165</u>		<u>58,533</u>
<b>Non-current liabilities</b>	17		(529)		(915)
<b>Provisions for liabilities</b>					
Other provisions	20		(620)		(1,014)
<b>Net assets</b>			<u>5,016</u>		<u>56,604</u>
<b>Equity</b>					
Called up share capital	22		2,000		8,648
Retained earnings			3,016		47,956
<b>Total equity</b>			<u>5,016</u>		<u>56,604</u>

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

  
T L Larsson  
Director

Company Registration No. 05019038

25 May 2022

# RACAL ACOUSTICS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 October 2019</b>	<b>26</b>	8,648	47,657	56,305
<b>Year ended 30 September 2020:</b>				
Profit and total comprehensive income for the year		-	299	299
<b>Balance at 30 September 2020</b>		<u>8,648</u>	<u>47,956</u>	<u>56,604</u>
<b>Period ended 31 December 2021:</b>				
Profit and total comprehensive income for the period		-	3,037	3,037
Dividends	<b>11</b>	-	(54,625)	(54,625)
Reduction in shares	<b>22</b>	(6,648)	6,648	-
<b>Balance at 31 December 2021</b>		<u><u>2,000</u></u>	<u><u>3,016</u></u>	<u><u>5,016</u></u>

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

Racal Acoustics Limited is a private company limited by shares incorporated in England and Wales. The registered office is Waverley Industrial Estate, Hailsham Drive, Harrow, Middlesex, HA1 4TR. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets, investment property and biological assets;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- comparative narrative information;
- related party disclosures for transactions with the parent or wholly owned members of the group.
- qualitative and quantitative information about revenue contracts with customers and the significant judgements in applying the standard to those contracts
- information about the disaggregation of revenue
- information about revenue performance obligations, significant payment terms, and the nature of the goods or services provided
- information about the transaction price allocated to the remaining performance obligations

Where required, equivalent disclosures are given in the group accounts of INVISIO AB. The group accounts of INVISIO AB are available to the public and can be obtained as set out in note 26.

#### 1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

Based on the strong performance of the company and detailed forecasting, the directors expect that operating cash flows will continue to be positive and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

#### 1.3 Revenue

Revenue recognition is determined according to the requirements of IFRS 15 "Revenue from Contracts with Customers". All revenue is considered revenue from contracts with customers as defined by IFRS 15. Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

IFRS 15 prescribes a five-step model of accounting for revenue recognition which includes identifying the contract, identifying performance obligations, determining the transaction price, allocating the transaction price to different performance obligations and the timing of recognition of revenue in connection with different performance obligations.

For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods and services are: (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, being the amount to which the Company expects to be entitled and has rights to under the present contract. This includes fixed price stated in the contract and an assessment of any variable consideration resulting from variation orders, discounts, rebates, refunds, performance bonuses, penalties, service credits. Variable consideration is estimated based on the expected value or the most likely outcome method and is only recognised to the extent it is highly probable that a subsequent change in its estimate would not result in a significant revenue reversal.

Once the total transaction price is determined, the Company allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied.

For each performance obligation identified in the contract, the Company determines if revenue will be recognised over time or at a point in time.

The directors have concluded that each purchase order received constitutes a separate contract and those contracts contain a single performance obligation, which is the delivery of goods to the customer. Therefore, all the company's revenue satisfies the conditions for being recognised at a point in time, which is determined as the point at which the goods are despatched.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2021

---

#### 1 Accounting policies

(Continued)

##### 1.4 Intangible assets other than goodwill

Intangible assets comprise internally generated capitalised development costs. Costs represent labour hours and material costs for research and development projects. Such assets are defined as having finite useful lives and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

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

Development costs	up to 5 years straight line
-------------------	-----------------------------

The policy is compliant with IAS38 and follows the criteria detailed below.

- The technical feasibility of completing the asset so that it will be available for use or sale
- The intention to complete the asset and use or sell it
- The ability to use or sell the asset;
- The asset will generate probable future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell it
- The ability to measure reliably the expenditure attributable to the intangible asset.
- Management must use its judgment, based on the facts and circumstances of each project.

##### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold improvements and fixtures and fittings	5 to 10 years straight line
Plant and tooling	4 to 10 years straight line
Computer equipment	3 years straight line

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 recognised in the income statement.

##### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Inventories

Inventories 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 inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

In accordance with IFRS 9 the company applies the simplified approach to measuring expected credit losses which uses a lifetime loss allowance for all the trade receivables and accrued income contract assets, estimated using a combination of historical experience and forward-looking risk assessment.

#### ***Impairment of financial assets***

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### ***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

#### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and 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.

Deferred considerations and warranty provisions are recognised at fair value with any gains or losses being recognised in the Income statement.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.15 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 inventories or non-current assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.17 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. 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. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

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-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid 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. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

##### 1.19 Reporting period

The comparative figures relate to the 12 months ended 30 September 2020. The current period has been prepared for the period from 1 October 2020 to 31 December 2021, a period longer than one year. As a consequence the results presented in the financial statements and the related notes may not be entirely comparable.

The accounting period was extended to 31 December 2021 to align the company's period end with its parent undertaking.

#### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### Recoverability of accounts receivable

The directors regularly review trading balances owed for indicators of impairment. As part of this assessment, consideration is given to the financial performance of the counter-party and their ability to settle their obligations. Expected credit losses are assessed as described in note 1.9. The directors are satisfied that there has not been an increase in credit risk across the company's trade receivables balance and consequently no provision for expected credit losses is recognised in the period.

##### Key sources of estimation uncertainty

The key estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows.

##### Stock

Stock is held at the lower of cost and net realisable value and as at the period end a provision is recognised for stock for which there are no future benefits expected to be received by the company. In estimating this provision, the directors take in to consideration the volume of product sales during the period, forecast product sales for the year ahead and historic levels of stock provisioning.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

### 2 Critical accounting estimates and judgements

(Continued)

#### Provisions - legal and other

Legal and other provisions relate to the estimated settlement costs of certain legal claims which have not been concluded as at the year end. In calculating the provision, the directors have sought and obtained relevant legal advice and the provision reflects their best estimate of the possible economic outflow.

#### Incremental borrowing rate

The application of IFRS 16 requires the adoption of an appropriate incremental borrowing rate. The company has no external borrowing, or comparable lending arrangement and the directors have estimated their incremental borrowing rate at 2.75%.

### 3 Revenue

	2021 £'000	2020 £'000
<b>Revenue analysed by class of business</b>		
Communications equipment	16,881	11,414
	<u>16,881</u>	<u>11,414</u>
	2021 £'000	2020 £'000
<b>Revenue analysed by geographical market</b>		
United Kingdom	4,731	3,492
United States of America	3,687	2,359
Rest of Europe	3,129	2,045
Rest of the world	5,334	3,518
	<u>16,881</u>	<u>11,414</u>

### 4 Exceptional items

	2021 £'000	2020 £'000
<b>Income</b>		
Exceptional items	1,444	-
	<u>1,444</u>	<u>-</u>

During the period, the company received £1.026m for the sale of a licence. Also during this period, the company reversed a provision against a potential legal settlement of £0.418m.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

### 5 Operating profit/(loss)

	2021 £'000	2020 £'000
Operating profit/(loss) for the period is stated after charging/(crediting):		
Exchange gains	(21)	(27)
Research and development costs	996	1,061
Depreciation of property, plant and equipment	424	436
Loss on disposal of property, plant and equipment	-	3
Cost of inventories recognised as an expense	6,556	6,992
Impairment of inventories recognised in the period	286	810
Interest payable on leases	42	3
	<u>          </u>	<u>          </u>

### 6 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	69	35
	<u>          </u>	<u>          </u>

### 7 Employees

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

	2021 Number	2020 Number
Production	34	33
Research and development	8	7
Selling and distribution	7	7
Administration	10	14
Total	<u>59</u>	<u>61</u>

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	3,918	3,122
Social security costs	425	318
Pension costs	503	379
	<u>4,846</u>	<u>3,819</u>

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

### 8 Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	591	214
Company pension contributions to defined contribution schemes	16	12
	<u>607</u>	<u>226</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

For this period and the comparative year, all remuneration and pension contributions stated above were paid to one director. The remaining directors did not receive compensation in this period or the comparative year.

No share based payment charge has been recognised as the directors consider it not to be material to the financial statements. 400 share options had been issued to directors prior to the acquisition of the company in January 2021 and they were exercised in 2021 but at no cost to Racal Acoustics Limited.

The company's parent company, INVISIO AB, has made qualifying third party indemnity payments for the benefit of its directors during the period. The directors remain indemnified at the date of this report.

### 9 Investment income

	2021 £'000	2020 £'000
<b>Interest income</b>		
Interest receivable from group companies	119	647
Other interest income	4	33
	<u>123</u>	<u>680</u>

### 10 Taxation

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	609	55
	<u>609</u>	<u>55</u>

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

### 10 Taxation (Continued)

The charge for the period can be reconciled to the profit per the income statement as follows:

	2021 £'000	2020 £'000
Profit before taxation	3,646	354
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	693	67
Effect of expenses not deductible in determining taxable profit	16	5
Change in unrecognised deferred tax assets	-	17
Adjustment in respect of prior years	-	(13)
Effect of change in UK corporation tax rate	(79)	(34)
Permanent capital allowances in excess of depreciation	(45)	-
Depreciation on assets not qualifying for tax allowances	24	13
<b>Taxation charge for the period</b>	<b>609</b>	<b>55</b>

The company has no deferred tax asset (2020: £308,329) as at the period end. No asset has been recognised in the financial statements due to uncertainty of the timing over which the asset will unwind.

### 11 Dividends

Amounts recognised as distributions:	2021 per share £	2020 per share £	2021 Total £'000	2020 Total £'000
<b>Ordinary shares</b>				
Dividends	27.31	-	54,625	-

During the period, dividends in specie amounting to £47.3m and cash dividends amounting to £7.3m were paid.

### 12 Intangible fixed assets

	Development costs £'000
<b>Cost</b>	
Additions - internally generated	194
At 31 December 2021	194
<b>Carrying amount</b>	
At 31 December 2021	194

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

### 13 Property, plant and equipment

	Leasehold improvements and fixtures and fittings £'000	Plant and tooling £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 30 September 2020	3,167	5,182	644	8,993
Additions	-	60	22	82
At 31 December 2021	<u>3,167</u>	<u>5,242</u>	<u>666</u>	<u>9,075</u>
<b>Accumulated depreciation and impairment</b>				
At 30 September 2020	2,619	4,415	612	7,646
Charge for the period	128	263	33	424
At 31 December 2021	<u>2,747</u>	<u>4,678</u>	<u>645</u>	<u>8,070</u>
<b>Carrying amount</b>				
At 31 December 2021	<u>420</u>	<u>564</u>	<u>21</u>	<u>1,005</u>
At 30 September 2020	<u>548</u>	<u>767</u>	<u>32</u>	<u>1,347</u>

### 14 Right-of-use assets

	2021 £'000	2020 £'000
Right-of-use assets	1,527	1,527
less: accumulated depreciation	(732)	(327)
At 31 December 2021	<u>795</u>	<u>1,200</u>

The right of use assets represent premises leased for the company's operations.

### 15 Inventories

	2021 £'000	2020 £'000
Finished goods	<u>1,368</u>	<u>2,091</u>

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

### 16 Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	3,228	599
Corporation tax recoverable	-	965
VAT recoverable	80	102
Amounts owed by fellow group undertakings	180	47,206
Other receivables	95	25
Prepayments and accrued income	671	468
	<u>4,254</u>	<u>49,365</u>

The amounts owed by group undertakings are non-interest bearing and payable on demand.

### 17 Liabilities

	Notes	Current		Non-current	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade and other payables	18	2,332	4,464	-	-
Taxation and social security		1,189	445	-	-
Lease liabilities	19	308	308	529	915
		<u>3,829</u>	<u>5,217</u>	<u>529</u>	<u>915</u>

### 18 Trade and other payables

	2021 £'000	2020 £'000
Trade payables	938	1,234
Amounts owed to fellow group undertakings	137	2,395
Accruals and deferred income	1,257	835
	<u>2,332</u>	<u>4,464</u>

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

### 19 Lease liabilities

	2021 £'000	2020 £'000
Current liabilities	308	308
Non-current liabilities	529	915
Total lease liabilities	<u>837</u>	<u>1,223</u>

#### Lease liabilities maturity analysis

The maturity analysis for the undiscounted lease liabilities is as follows:

	2021 £'000	2020 £'000
Within one year	418	335
In two to five years	840	1,327
<b>Total undiscounted lease liabilities</b>	<u>1,258</u>	<u>1,662</u>

### 20 Provisions for liabilities

	2021 £'000	2020 £'000
Warranty provision	58	45
Dilapidations provision	308	253
Deferred consideration	254	298
Legal and other	-	418
	<u>620</u>	<u>1,014</u>

Movements on provisions:	Warranty provision £'000	Dilapidations provision £'000	Deferred consideration £'000	Legal and other £'000	Total £'000
At 1 October 2020	45	253	298	418	1,014
Additional provisions in the year	13	55	-	-	68
Utilisation of provision	-	-	(44)	-	(44)
Release of provision	-	-	-	(418)	(418)
At 31 December 2021	<u>58</u>	<u>308</u>	<u>254</u>	<u>-</u>	<u>620</u>

Warranty provisions are estimated based on expected warranty costs on sales made by the company. The company generally operates a one year warranty period.

# RACAL ACOUSTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 20 Provisions for liabilities

(Continued)

Dilapidation provisions are estimated based on the expected value of future work required to restore properties to the condition specified in the lease agreement.

Deferred consideration is payable for the ongoing use of the Racal name at £35,000 per annum for 25 years from the date of acquisition in 2004 from Thales Defence Limited. This amount has not been discounted, as the impact of discounting is not considered material.

Other legal provisions relate to potential legal settlement costs, for cases which are not concluded as at the year end. Following the resolution of the underlying issue, the provision was released in full in the current period. The release has been recognised within exceptional items, as disclosed in note 4.

### 21 Retirement benefit schemes

	2021	2020
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	503	379

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.

### 22 Share capital

	2021	2020	2021	2020
	Number	Number	£'000	£'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2,000,000	8,647,525	2,000	8,648

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

On 30 October 2020, the directors cancelled 6,647,525 of the ordinary shares in issue in the company. Following this the company has 2,000,000 ordinary shares in issue of £1 each.

### 23 Derivatives

The company purchases forward foreign currency contracts to hedge currency exposure. The fair value of these derivatives, recorded in accruals due within one year, held at period end was £nil (2020: £40,364). The fair value is derived from the bank valuation of the instrument. The gains/(losses) are recognised in the profit and loss account.

### 24 Capital commitments

	2021	2020
	£'000	£'000
At 31 December 2021 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	95	24

# **RACAL ACOUSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 DECEMBER 2021**

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### **25 Research and Development**

Included in the Income Statement is Research and Development expenditure amounting to £996,000 (2020: £1,061,000). The research and development activity during the year focused on a new tactical dismounted headset, this headset is unique in that it is comprising new digital technology, the first digital dismounted ANR headset for this market.

### **26 Controlling party**

The immediate and ultimate parent undertaking is INVISIO AB, a company incorporated in Sweden. The consolidated financial statements of that company are available to the public and may be obtained from its registered office: Box 151, 20121, Malmö, Sweden.

### **27 Transition adjustments**

The company reported its year ended 30 September 2020 financial statements under FRS102. The period ended 31 December 2021 financial statements are being reported under FRS101 and these financial statements have transitioned to FRS101 at 1 October 2019.

The restatement of the 2020 figures resulted in no material change to the profit or equity previously reported. The directors deemed that it was impracticable to restate the development costs due to the commercial difficulty of extracting the historical data and the fact that an assessment had not been made previously as to the point in time at which the commercial viability of the related products became sufficiently certain that the expenditure constituted development, rather than research expenditure.