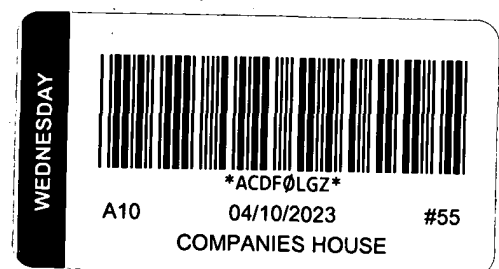


REGISTERED NUMBER: 11111631

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR
ENDED 30 DECEMBER 2022
FOR
L3HARRIS TECHNOLOGIES UK LTD**



L3HARRIS TECHNOLOGIES UK LTD

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2022**

	Page
Company Information	1
Report of the Directors	2-4
Independent Auditors' Report to the members of L3Harris Technologies UK Ltd	5-7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11-19

L3HARRIS TECHNOLOGIES UK LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 DECEMBER 2022**

DIRECTORS:

G. Mackay
K. Norton
I. Menzies
D. Johnson
M. Exeter

REGISTERED OFFICE:

100 New Bridge Street
London
EC4V 6JA
United Kingdom

REGISTERED NUMBER:

11111631 (England and Wales)

INDEPENDENT AUDITORS:

Ernst & Young LLP
Chartered Accountants and Statutory Auditors
The Paragon
32 Counterslip
Redcliffe
Bristol
BS1 6BX
United Kingdom

L3HARRIS TECHNOLOGIES UK LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 DECEMBER 2022

The directors present their report with the audited financial statements of the company for the year ended 30 December 2022.

The directors have taken the small companies exemption contained in s414B of the Companies Act 2006 from the requirement to prepare a strategic report.

PRINCIPAL ACTIVITIES

The principal activity of the company was that of an intermediate holding company.

PERFORMANCE

The results for the year and the financial position of the company are shown in the annexed financial statements. They show a loss for the financial year of £14,321K (Year ended 31 December 2021: loss of £28,204K). The improvement is due to a reduced level of investment impairment charges compared to the prior year. Net assets decreased by £30,363K (from £219,385K to £189,022K) primarily due to the impact of further investment impairments in 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

As a non-trading intermediate holding company, the company has limited financial risk exposure. The principal risk relates to the valuation of the company's investments. However, the directors consider the carrying value of these investments to be supported by the net present value of the forecast cash flows from these investments, or their underlying net assets. Another risk relates to interest rate risk, as the loans it owes to other group companies bear interest at a variable rate. A further risk relates to credit risk over the recoverability of intercompany receivables. However, the company could rely on its ultimate parent company for financial support should a fellow group undertaking ever default on its obligations.

KEY PERFORMANCE INDICATORS

As a company which is an investment holding company, rather than having any external trading, the directors do not consider it necessary or appropriate to monitor any key performance indicators.

DIVIDENDS

The company did not pay any dividends during the current or previous year.

FUTURE DEVELOPMENTS

The company is expected to remain as an intermediate holding company for the foreseeable future.

DIRECTORS

The directors who have held office during the year ended 30 December 2022 and to the date of this report are as follows:

G. Mackay
K. Norton
I. Menzies

Other changes in directors holding office are as follows:

P. Luff - resigned 30 March 2022
P. Lester - resigned 30 March 2022
C.R. Davis - resigned 4 April 2023
D. Johnson - appointed 11 April 2023
A. Crawford - resigned 9 August 2023
M. Exeter - appointed 9 August 2023

DIRECTORS' INDEMNITIES

Third party indemnity insurance, a qualifying indemnity provision, is provided for all directors of the company during the period and also at the date of approval of the financial statements, under policies held by the company's ultimate parent company L3Harris Technologies, Inc.

FINANCIAL RISK MANAGEMENT

As a non-trading intermediate holding company, the company has limited financial risk exposure, but please refer to the Principal Risks and Uncertainties section above.

L3HARRIS TECHNOLOGIES UK LTD

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022

GOING CONCERN

The directors believe that preparing the financial statements on a going concern basis is appropriate and have considered the period up to 30 September 2024. As a non-trading entity, the company does not prepare detailed cash flow forecasts, however it has received a letter of support from its ultimate parent undertaking L3Harris Technologies Inc., which confirms an ability to provide support for a period of 12 months from the date of signing of these financial statements in relation to the settlement of any liabilities that may require payment. The directors have assessed and concluded upon the ability of the ultimate parent company to provide support that may be required.

POST BALANCE SHEET EVENTS

Distributions

During the year ended 30 December 2022, the company made three distribution payments to its immediate parent company L3Harris Investments, LLC totalling £18,542K. Subsequent to the year end, investment impairments were identified when finalising the financial statements for the year ended 30 December 2021, which resulted in a negative balance in distributable reserves as at 30 December 2021. At the time of the three distribution payments, the directors were unaware of the potential impairments and had a genuine belief that the company possessed sufficient distributable reserves to make those payments out of reserves and approve them as cash dividends.

As the distribution payments were not made from profits available for the purpose, the directors did not have the authority to make those payments as cash distributions and therefore they cannot properly be treated as cash dividends. However, as L3Harris Investments, LLC had a genuine belief that the company possessed sufficient distributable reserves to make those payments and had no reason to believe otherwise, then it is, under no statutory obligation to repay the distribution.

On that basis, in the Statement of Changes in Equity on page 9, the total distributed amount is described as 'Amounts transferred to shareholder' rather than 'Dividends paid'.

On 1 August 2023, the company enacted a capital reduction to eliminate its entire share premium account balance, which amounted to £251,364K at that point. This amount was credited to retained earnings and ensures the company now has positive distributable reserves to enable future dividend payments.

Share issues

On 14 March 2023, the company issued two shares for a total value of £4,000K in exchange for an increased investment in a subsidiary undertaking, L3Harris Autonomous Surface Vehicles Ltd.

On 12 September 2023, the company issued two shares for a total value of £6,149K in exchange for a further investment in L3Harris Autonomous Surface Vehicles Ltd.

L3HARRIS TECHNOLOGIES UK LTD

**REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 DECEMBER 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 group financial statements in accordance with, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") 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 group and the company and of the profit or loss of the group and 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group'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 and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report, that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



G Mackay - Director

Date: 29 September 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF L3HARRIS TECHNOLOGIES UK LTD

Opinion

We have audited the financial statements of L3Harris Technologies UK Ltd (the 'company') for the year ended 30 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 December 2022 and of its loss 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 the provisions available for small entities, 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 12 months from when the financial statements are authorised for issue to 30 September 2024.

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF L3HARRIS TECHNOLOGIES UK 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 has 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF L3HARRIS TECHNOLOGIES UK LTD - CONTINUED

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Bribery Act 2010, Money Laundering regulations and relevant tax compliance regulations in the United Kingdom.
- We understood how L3Harris Technologies UK Ltd is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation or completion of the following procedures:
 - Review of all minutes of board meetings held during the period and through to the most recent meeting held prior to the approval of these financial statements;
 - Review of accounting policies and completion of a disclosure checklist to assess compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Company law requirements;
 - Review of any relevant correspondence with local tax authorities; and
 - Review of any relevant correspondence received from regulatory bodies.
 - Review of legal advice provided to management until the reporting date
 - Use of internal specialists to support the audit team where appropriate
- 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 they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings. We considered the programmes and controls that the Company has established to address the risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved agreeing that material transactions are recorded in compliance with FRS 102 and, where appropriate, Companies Act 2006. Compliance with other operational laws and regulations was covered through review of board minutes to identify any noncompliance with these laws and regulations and enquiries of management and those charged with governance.

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.

Ernst & Young LLP

Sarah Pocock (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

02 October 2023

L3HARRIS TECHNOLOGIES UK LTD**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 DECEMBER 2022**

		Year ended 30 December 2022	Year ended 31 December 2021
	Note	£'000	£'000
Impairment of fixed asset investments	11	(33,243)	(70,285)
OPERATING LOSS	6	<u>(33,243)</u>	<u>(70,285)</u>
Income from shares in group undertakings	7	18,542	42,089
Interest receivable and similar income	8	1,114	155
Interest payable and similar charges	9	(734)	(163)
LOSS BEFORE TAXATION		<u>(14,321)</u>	<u>(28,204)</u>
Tax on loss	10	-	-
LOSS FOR THE FINANCIAL YEAR		<u>(14,321)</u>	<u>(28,204)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(14,321)</u>	<u>(28,204)</u>

The notes on pages 11 to 19 form an integral part of these financial statements.

L3HARRIS TECHNOLOGIES UK LTD (REGISTERED NUMBER: 11111631)**BALANCE SHEET
AS AT 30 DECEMBER 2022**

	Note	30 December 2022	31 December 2021
		£'000	£'000
FIXED ASSETS			
Investments	11	235,957	266,700
CURRENT ASSETS			
Debtors (including £12,385K (2021: £12,165K) due after one year)	12	43,358	42,244
Creditors: Amounts falling due within one year	13	<u>(90,293)</u>	<u>(89,559)</u>
NET CURRENT LIABILITIES		<u>(46,935)</u>	<u>(47,315)</u>
NET ASSETS		<u>189,022</u>	<u>219,385</u>
CAPITAL AND RESERVES			
Called up share capital	14	45	45
Share premium		247,364	244,864
Non-distributable reserves		2,680	2,680
Retained earnings		<u>(61,067)</u>	<u>(28,204)</u>
TOTAL EQUITY		<u>189,022</u>	<u>219,385</u>

The financial statements on pages 8 to 19 were approved by the Board of Directors on

and were signed on its behalf by:

29 September 2023



.....
G Mackay - Director

The notes on pages 11 to 19 form an integral part of these financial statements.

L3HARRIS TECHNOLOGIES UK LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 DECEMBER 2022**

		Called up share capital	Share premium account	Non distributable reserves	Retained earnings	Total equity
	Note	£'000	£'000	£'000	£'000	£'000
Balance as 31 December 2020		-	-	-	-	-
Issue of share capital	14	45	244,864	-	-	244,909
Asset distribution		-	-	45,640	-	45,640
Investment impairment		-	-	(42,960)	-	(42,960)
Loss for the year and total comprehensive loss		-	-	-	(28,204)	(28,204)
Balance at 31 December 2021		45	244,864	2,680	(28,204)	219,385
Loss for the year and total comprehensive loss		-	-	-	(14,321)	(14,321)
Issue of share capital	14	-	2,500	-	-	2,500
Amounts transferred to shareholder	14	-	-	-	(18,542)	(18,542)
Balance at 30 December 2022		45	247,364	2,680	(61,067)	189,022

The notes on pages 11 to 19 form an integral part of these financial statements.

L3HARRIS TECHNOLOGIES UK LTD

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

1. GENERAL INFORMATION

L3Harris Technologies UK Ltd is a company domiciled in England and Wales, registration number 11111631. The company's registered office 100 New Bridge Street, London, EC4V 6JA. The company is a private company limited by shares and is incorporated in the United Kingdom. The company is an intermediate holding company.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements of L3 Investments Holdings UK Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied. These financial statements are prepared on the going concern basis under the historic cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The functional and presentation currency is pound sterling.

Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate and have considered the period up to 30 September 2024. As a non-trading entity, the company does not prepare detailed cash flow forecasts, however it has received a letter of support from its ultimate parent undertaking L3Harris Technologies Inc., which confirms an ability to provide support for a period of 12 months from the date of signing of these financial statements in relation to the settlement of any liabilities that may require payment. The directors have assessed and concluded upon the ability of the ultimate parent company to provide support that may be required.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 paragraph 1.12(b) Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Distributions to shareholders

Final dividends payable are recognised as soon as they are declared. Interim dividends are recognised when they are paid.

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Foreign currencies

The company's functional and presentational currency is the pound sterling.

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transactions or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or, where appropriate, at the rate of exchange in a related forward exchange contract. Exchange rate gains or losses are taken into account in arriving at the operating result.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2022**

3. ACCOUNTING POLICIES (Continued)

Fixed asset investments

Fixed asset investments are shown at fair value. A provision is made for any impairment in value. Annually, the directors consider whether any events or circumstances have occurred that indicate that the carrying value of fixed asset investments may not be recoverable. If such circumstances exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value, value in use or fair value less the costs of disposal. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Debtors

Debtors comprise amounts due from other group undertakings and associated interest. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Creditors

Creditors include loans due to other group undertakings and associated interest. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Loans which are repayable on demand are classified as creditors due within one year on the balance sheet. Loans which are not repayable on demand are classified as creditors due after more than one year on the balance sheet, where the contractual repayment term is greater than 12 months after the balance sheet date.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The key critical accounting judgement relates to fixed asset investment valuation. Please refer to the accounting policy in note 3 above. There is also estimation uncertainty of fixed asset investments when impairment reviews are undertaken, as they are based on the fair value less of the costs of disposal or the value in use of the companies in which the investments are held. The directors receive support from accounting staff of the ultimate parent undertaking when preparing the impairment reviews, and external advisors are engaged to assist where deemed necessary. This support helps ensure that estimation uncertainties are mitigated as far as possible. Trading subsidiaries are assessed via the preparation of discounted cash flow forecasts. Non-trading subsidiaries are assessed via reference to their net assets.

L3HARRIS TECHNOLOGIES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2022**

5. EMPLOYEES AND DIRECTORS

There were no employees other than the directors and no staff costs for the year ended 30 December 2022 (Year ended 31 December 2021: nil).

No directors' remuneration has been received by the directors for their services to this company for the current year or previous year.

The directors provide services to a large number of companies across the group and are remunerated for those services by other group companies with no expenses recharged to the company as it is not possible to apportion their emoluments on a systematic basis. Their services as a director of this entity are incidental to their main employment.

6. OPERATING LOSS

Auditors' remuneration of £5,500 (Year ended 31 December 2021: £5,500) is incurred and paid by the company's ultimate parent undertaking - no recharge is made to this company. None of the amounts payable relate to non-audit work.

7. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 30 December 2022	Year ended 31 December 2021
	£'000	£'000
Income from shares in group undertakings	<u>18,542</u>	<u>42,089</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 December 2022	Year ended 31 December 2021
	£'000	£'000
Interest receivable from group companies in respect of loans receivable	<u>1,114</u>	<u>155</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 December 2022	Year ended 31 December 2021
	£'000	£'000
Interest payable to group companies in respect of loans payable	<u>734</u>	<u>163</u>

L3HARRIS TECHNOLOGIES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2022**

10. TAX ON LOSS

	Year ended 30 December 2022	Year ended 31 December 2021
	£'000	£'000
Current tax:		
UK corporation tax on loss for the year	-	-
Total current tax	-	-

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher (Year ended 31 December 2021: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 30 December 2022	Year ended 31 December 2021
	£'000	£'000
Loss before tax	(14,321)	(28,204)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (31 December 2021: 19%)	(2,721)	(5,359)
Effects of:		
Group relief surrendered	(72)	2
Income not subject to tax	(3,523)	(7,997)
Impairment on fixed asset investments (non-deductible)	6,316	13,354
Total tax charge	-	-

Tax rate changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. As the change had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2022**

11. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2022	266,700
Additions	2,500
Impairment	(33,243)
At 30 December 2022	<u>235,957</u>
NET BOOK VALUE	
At 30 December 2022	<u>235,957</u>
At 31 December 2021	<u>266,700</u>

The additions during the year were as follows:

	£'000
Acquisition of additional share capital of L3Harris Autonomous Surface Vehicles Ltd	<u>2,500</u>
	<u>2,500</u>

The impairments during the year were as follows:

	£'000
Impairment of investment in L3Harris Investments UK Holdings Ltd	(15,073)
Impairment of investment in L3Harris Release & Integrated Solutions Ltd	(18,170)
	<u>(33,243)</u>

As at 30 December 2022, the directors re-assessed the valuation of all investments in subsidiary undertakings by preparing discounted cash flow forecast models for operating entities and by obtaining year-end balance sheets for non-operating entities. The carrying value of the investment in L3Harris Investments UK Holdings Ltd (a non-operating entity) was identified as being higher than its net assets at 30 December 2022 and the carrying value of the investment in L3Harris Release & Integrated Solutions Ltd (an operating entity) was identified as being higher than its latest discounted cash flow forecast. Therefore, the above impairments have been recognised.

L3HARRIS TECHNOLOGIES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2022**

11. INVESTMENTS (continued)

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary undertaking	Class of share	The company	Other group companies	Country of incorporation	Activity	Registered office
L3Harris MAPPS Ltd	Ordinary	100%	-	England & Wales	Marine control systems	Unit 2 Clayton Manor, Victoria Gardens, Burgess Hill, West Sussex, RH15 9NB
L3Harris Geospatial Solutions UK Ltd	Ordinary	100%	-	England & Wales	Geospatial software solutions	Beechey House, 87 Church Street, Crowthorne, Berkshire, RG45 7AW
L3Harris Release & Integrated Solutions Ltd	Ordinary	100%	-	England & Wales	Electro-mechanical equipment	Emblem House, Home Farm Business Park, Home Farm Road, Brighton, East Sussex, BN1 9HU
L3Harris Autonomous Surface Vehicles Ltd	Ordinary	100%	-	England & Wales	Autonomous surface vehicles	Unit 12 Murrills Estate, Fareham, Hampshire, PO16 9RD
L3Harris Investments UK Holdings Ltd	Ordinary	100%	-	England & Wales	Providing finance to other group companies	100 New Bridge Street, London, EC4V 6JA
L3Harris TRL Technology Ltd	Ordinary	100%	-	England & Wales	Specialist defence electronics	Sigma Close, Shannon Way, Tewkesbury, Gloucestershire, GL20 8ND
L3Harris Technologies ASA Ltd	Ordinary	100%	-	England & Wales	Supply & maintenance of specialist software	100 New Bridge Street, London, EC4V 6JA
L3Harris Trenchant Ltd	Ordinary	100%	-	England & Wales	Custom software development	100 New Bridge Street, London, EC4V 6JA
L3Harris Communications Systems UK Ltd	Ordinary	100%	-	England & Wales	Tactical radio and precision radar solutions	Unit 1 Dingley Way, Farnborough, Hampshire, GU14 6FF

L3HARRIS TECHNOLOGIES UK LTD.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2022**

11. INVESTMENTS (continued)

Subsidiary undertaking	Class of share	The company	Other group companies	Country of incorporation	Activity	Registered office
L3Harris Defence Investments Ltd	Ordinary	100%	-	England & Wales	Intermediate holding company	Unit 1 Dingley Way, Farnborough, Hampshire, GU14 6FF
L-3 Societa S.r.l	Ordinary	-	100%	Italy	Financing activities	Piazza Belgioioso No. 2, Milan, Italy
FAST Holdings Ltd	Ordinary	-	50%	England & Wales	Intermediate holding company	Warwick House, PO Box 87, Farnborough Aerospace Centre, Farnborough, Hampshire, GU14 6YU
FAST Training Services Ltd	Ordinary	-	50%	England & Wales	Construction and operation of a simulator-based submarine training facility	Warwick House, PO Box 87, Farnborough Aerospace Centre, Farnborough, Hampshire, GU14 6YU
Harris Pension Management Ltd	Ordinary	-	33.3%	England & Wales	Dormant pension fund management	Unit 1, Dingley Way, Farnborough, Hampshire, GU14 6FF

The directors believe the carrying value of the investments is supported by their underlying net assets, expected cash generation or fair value.

L3HARRIS TECHNOLOGIES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2022**

12. DEBTORS

	30 December 2022	31 December 2021
	£'000	£'000
Amounts owed by group undertakings (including £12,385K due after one year) (2021:£12,165K)	43,358	42,244

Amounts owed by group undertakings include the following loans which were distributed to the company on 26 October 2021 from a subsidiary undertaking as part of a group re-organisation:

- An unsecured loan of £29,926K, originally repayable in full on 17 October 2022 and now repayable in full on 17 October 2023. The loan bears interest at a rate of 12 month SONIA plus 2.6144%, using SONIA at 17 October each year.
- An unsecured loan of £12,165K, repayable in full on 24 June 2024. The loan bears interest at a rate of 12 month SONIA plus 2.6644%, using SONIA at 24 June each year.

Interest on these loans is only payable on redemption, therefore accrued interest has been included in the total above.

Other amounts owed by group undertakings are unsecured, interest-free and have no fixed repayment date.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 December 2022	31 December 2021
	£'000	£'000
Amounts owed to group undertakings	90,293	89,559

Amounts owed to group undertakings comprise an unsecured loan note repayable on demand, on or before 25 October 2024, and bears interest at a fixed rate of 0.86% per annum. Accrued interest is included in the total above.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30 December 2022	31 December 2021
Number:	Class	Nominal value:	£'000	£'000
44,767 (31 December 2021: 44,765)	Ordinary	£1	45	45

On 18 June 2022, the company issued 2 shares for a total value of £2,500K in exchange for an investment in a subsidiary undertaking (see note 11).

During the year, the company made distributions to its immediate parent company L3Harris Investments, LLC totalling £18,542K (Year ended 31 December 2021: nil). See note 16 below for further detail.

15. ULTIMATE CONTROLLING PARTY

The immediate parent company is L3Harris Investments, LLC.

The ultimate parent undertaking and controlling party is L3Harris Technologies, Inc. a company incorporated in the United States of America.

L3Harris Technologies, Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of L3Harris Technologies, Inc. may be obtained from the company secretary, L3Harris Technologies UK Ltd, Spectra House, 5500 Shannon Way, Tewkesbury, Gloucestershire, GL20 8GB.

16. POST BALANCE SHEET EVENTS

Distributions

During the year ended 30 December 2022, the company made three distribution payments to its immediate parent company L3Harris Investments, LLC totalling £18,542K. Subsequent to the year end, investment impairments were identified when finalising the financial statements for the year ended 30 December 2021, which resulted in a negative balance in distributable reserves as at 30 December 2021. At the time of the three distribution payments, the directors were unaware of the potential impairments and had a genuine belief that the company possessed sufficient distributable reserves to make those payments out of reserves and approve them as cash dividends.

As the distribution payments were not made from profits available for the purpose, the directors did not have the authority to make those payments as cash distributions and therefore they cannot properly be treated as cash dividends. However, as L3Harris Investments, LLC had a genuine belief that the company possessed sufficient distributable reserves to make those payments and had no reason to believe otherwise, then it is under no statutory obligation to repay the distribution.

On that basis, in the Statement of Changes in Equity on page 10, the total distributed amount is described as 'Amounts transferred to shareholder' rather than 'Dividends paid'.

On 1 August 2023, the company enacted a capital reduction to eliminate its entire share premium account balance, which amounted to £251,364K at that point. This amount was credited to retained earnings and ensures the company now has positive distributable reserves to enable future dividend payments.

Share Issues

On 14 March 2023, the company issued two shares for a total value of £4,000K in exchange for an increased investment in a subsidiary undertaking, L3Harris Autonomous Surface Vehicles Ltd.

On 12 September 2023, the company issued two shares for a total value of £6,149K in exchange for a further investment in L3Harris Autonomous Surface Vehicles Ltd.