

*Registered Number 00585852*

**Lockheed Martin UK Ampthill Limited**

**Annual Report and Financial Statements**

**31 December 2023**

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COMPANIES HOUSE

**Lockheed Martin UK Ampthill Limited**

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**Directors**

Mr T J Hadfield  
Mr L J Beeton  
Ms S L Kubicek

**Auditors**

Ernst & Young LLP  
400 Capability Green  
Luton  
Bedfordshire  
LU1 3LU

**Bankers**

Citibank  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

**Registered Office**

Reddings Wood  
Ampthill  
Bedfordshire  
MK45 2HD

## Lockheed Martin UK Ampthill Limited

### Strategic report

#### Principal activities and business review

Lockheed Martin UK Ampthill Limited (the Company) is a wholly owned subsidiary undertaking of Lockheed Martin UK Ampthill Group Limited. The principal activities of the Company continue to be the design, development, trial and manufacture of defence equipment.

Profit earned by the Company in 2023 represents stabilisation of programmes and execution to plan. Directors are confident this level of performance will continue to be maintained in the future.

#### Future developments

In all sectors of the business the management teams are focused on programme improvements and expansion into existing and new markets.

#### Key performance indicators

##### Financial:

The Company annually updates a long range plan (LRP) covering 5 years, which is supplemented by short term forecasts (STFs), updated at least quarterly. The key components of these performance indicators include Revenue, Earnings before Interest and Tax (EBIT), Net Cash and the associated average headcount.

The results for 2023 are shown in the table below:

	2023 £m	2022 £m
Revenue	110.5	136.5
EBIT (Operating Profit)	11.8	14.8
Net Cash	<u>(32.8)</u>	<u>(48.2)</u>
	<b>Average</b>	<b>Average</b>
Headcount	<u>547</u>	<u>536</u>

##### Non Financial:

The Corporation has a policy called 'Target Zero' for work related accidents. All employees undertook annual compliance and ethics training.

The Company operates a Quality Management System (QMS) which complies with the requirements of EN 9100:2018 and ISO 9001:2015. The QMS is subject to annual Continuing Surveillance Assessments and a Re-Certification Assessment every 3 years by an external Certification Body.

## Strategic report (cont.)

### Principal risks and uncertainties

The Operational Risk & Opportunity Management Board (OROMB) periodically reviews a business-level and cross-programme risk register.

The Corporate risk register addresses risks at Business Unit level. The types of risk are typically competitive, legislative and financial. The register also addresses process, critical resources, health and safety, business continuity and IT recovery planning.

### Competitive risks

Competitive risks address both the market evolution and Lockheed Martin's position in that market.

Typical parameters include pricing, capability (enhancement), critical skills/resources and effects of current programme performance.

### Legislative risks

Legislative and commercial risks are also addressed in the risk registers of the individual programmes.

They are mostly owned by the Commercial department. Cross programme trends are flowed up to the Corporate Risk Register.

### Financial risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The directors consider the credit risk to be low given that the principle customer is the UK Government. The liquidity and cash flow risk is also considered low as this is managed by the funding facilities available from its parent undertaking.

The Company uses certain financial instruments to help manage its main operating risks. In particular, it utilises inter-group funding balances and cash facilities provided by Lockheed Martin Corporation to manage the liquidity and cash flow risks faced. In addition, the Company also uses forward foreign currency contracts provided by Lockheed Martin Corporation to manage the foreign exchange risks faced in contracts undertaken.

### General economic risk

The continued war in Ukraine represents a challenge for the world economy and has seen inflationary pressures and disruption to the global supply chain. The Company has monitored any impacts to its operational activities due to inflation and supply chain changes and has taken mitigating actions where appropriate.

The Company has assessed that the general economic upheaval caused by the conflict in Ukraine does not adversely impact the Company's ability to continue as a going concern. Further details are set out in Note 1 of the Accounting Policies.

## Strategic report (cont.)

### S172 (1) Statement

This is the section 172(1) statement of the Company made pursuant to the Companies Act 2006 requirement. The Company is a wholly owned subsidiary company of Lockheed Martin Corporation, which is registered in the USA. The directors and management of the Company understand the need for sound corporate governance practices in fulfilling their respective duties and responsibilities and its policies and procedures, applied throughout the wider Lockheed Martin group, complies with the corporate governance listing standards of the New York Stock Exchange and the rules and regulations of the US Securities and Exchange Commission. Group management has set Corporate Governance Guidelines, which provide the framework for governance within the group and the Corporate Governance Committee regularly reviews corporate governance developments and, as needed, makes recommendations to modify these guidelines. The Corporate Governance Guidelines can be obtained from the group's website at [www.lockheedmartin.com](http://www.lockheedmartin.com).

The board of directors of the Company have delegated operational management and decision-making of the Company to its executive committee, which includes all of its statutory directors and other executive leadership. In turn this committee manages the Company through a series of executive and other meetings which are focussed on specific aspects of the Company's operations. Decisions are made within the parameters of the Company's delegation of authority system and in accordance with terms of reference which prescribe their scope of authority as delegated by the executive committee. Consequently, the directors exercise their obligations relating to s172 of the Companies Act through the aggregation of the board and these other meetings.

The main decisions which the board and committees of the Company have undertaken in the year relate to its performance of the Company's contracts with both its customers and other commercial partners.

In taking such decisions, the board and executive management of the company take into account the s172(1) factors as follows:

- **Long term consequences:** The nature of the Company's principal activities often require planning ahead for years so that it is able to respond to the requirements of its principal customers. Shorter-term decisions are taken within the context of longer-term plans which are developed and shared with our customers.
- **Employee interests:** The workforce of the Company is fundamental to its ability to discharge its role. In addition to the measure the Company takes to ensure its employees are engaged and that regular dialogue takes place with employee representatives, it convenes regular executive meetings whose focus is employment strategy and oversight.
- **Employee communication:** The Company communicates with its employees in a number of ways. These include regular business review briefings; regular meetings with senior leaders and regular notifications to line managers, each of which are cascaded to other employees as appropriate; a company intranet; and engagement with employee representatives through surveys. Collectively these measures ensure that employees are made aware of the issues which affect them and of the overall economic and financial background within which the employees operate; and provide opportunities for the Company's leadership to consult with employees through representatives and individually.
- **Supplier, customer and other relationships:** The directors of the Company recognise that fulfilling its mission requires close liaison with Ministry of Defence and its other customers, together with careful management of internal resources and best-in-class resources drawn from its supply chain, which includes strategic partners, specialist providers, small and medium enterprises as well as ultimate shareholder resources. Recognising that work for the Company can be of particular significance to the prosperity of some of its specialist providers, the Company takes into account the sustainability of support from its supply chain.
- **Community and environment:** The Company hold regular executive meetings with focus on the engagement between the Company and the wider community and environment. These meetings consider both the impact and potential impact of the Company's operations on the local community and environment, and the opportunities for employment and educational benefits.
- **Reputation for high standards of business conduct:** The Company takes its corporate responsibility very seriously. As a company whose operations are of significant national importance, the Company is conscious that its actions are open to scrutiny from the press and public at large as well as parliamentary and other formal forums. The Company takes its decisions in the light not just of its operational appropriateness, but also in the light of potential scrutiny and associated requirement to demonstrate the integrity and fairness of its decision-making and relationships with others.

**Strategic report (cont.)**

**Streamlined Energy and Carbon reporting (SECR)**

In line with companies Directors' Report and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Company is required to report greenhouse gas (GHG) emissions.

This report covers all offices from which the Company conducts its business. The activities of the Company are in manufacturing and administration.

**GHG reporting approach**

The company GHG emissions are reported in tonnes of carbon dioxide equivalent (TCO<sub>2e</sub>), and this submission covers the period 1st January 2023 to 31st December 2023.

This reporting is based on the GHG Protocol Corporate Accounting and Reporting Standard. In line with the guidance on SECR, the energy and emissions for the buildings owned and operated by the Company are included.

The latest emission factors from the Department for Business, Energy and Industrial Strategy (published 28th June 2023) have been used and gross emissions shown in the table below have been applied using the using location-based grid average emissions factors accounting methodology.

The intensity measure gross scope 1 and 2 emissions in tonnes of carbon dioxide, methane and nitrous oxide has been applied using the Gross Internal Area in Sqm to ensure a similar metric across the various offices and manufacturing buildings.

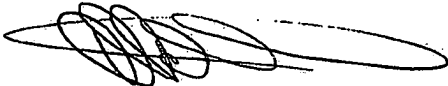
Energy Consumption and associated CO <sub>2</sub> emissions		
	Consumption	
	2023	2022
Total energy consumption (electricity) (KWh)	4,369,393	4,802,127
Total energy consumption (gas) (KWh)	296,409	598,274
Total vehicle fuel consumption (diesel, & petrol) (Litres)	23,767	21,563
	Emissions (Tonnes)	
	2023	2022
Scope 1 - Combustion of fuel (gas) - CO <sub>2e</sub> , CO <sub>2</sub> , CH <sub>4</sub> & N <sub>2</sub> O	175	320
Scope 2 - Electricity purchased for own use	1,810	1,857
<b>Total annual gross emissions</b>	<b>1,985</b>	<b>2,177</b>
GHG emissions (CO <sub>2e</sub> , CO <sub>2</sub> , CH <sub>4</sub> & N <sub>2</sub> O)	Annual GHG intensity measure (Tonnes/SQM)	
	2023	2022
	0.06	0.07

**Energy efficiency improvements**

All projects include consideration of energy efficient material and assets, for example, as light fittings fail they are replaced by LED fixtures (currently 70% LED coverage). Projects in 2023 include:

- Installation of electric vehicle chargers.
- Replacement of heat, ventilation and air conditioning systems in engineering test facility.
- Office block roof upgrades.

By order of the Board



Timothy John Hadfield  
Director

Date 10/SEPT/23

## Lockheed Martin UK Ampthill Limited

Registered Number 00585852

### Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2023.

#### Results for the year

The detailed results for the year and financial position of the Company are shown in the attached financial statements.

	2023	2022
	£m	£m
Turnover	110.5	136.5
Operating profit	11.8	14.8
Profit after tax	9.4	13.1

The Directors do not propose a dividend in respect of 2023 (2022: £nil).

#### Fixed assets

Freehold land and buildings are included in the financial statements following the cost model approach. Further details are provided in Note 11.

#### Research and development

A significant proportion of the Company's activities relates to innovative research and development work covering a wide range of defence requirements. In addition to work performed under contract, the Company invests in research and development into new techniques and into the feasibility of future requirements in the defence field.

#### Employee policy

During the year, the policy of providing employees with information about the Company has been continued.

Employees have also been encouraged to present their suggestions and views, and regular meetings are held between local management and employees to allow a free flow of information and ideas.

Lockheed Martin is an equal opportunity employer and complies with equal opportunity obligations to avoid making hiring decisions using factors that are not relevant to the position. Characteristics such as gender, race or age, for example, cannot be a motivating factor when making any hiring decision. The Company gives full consideration to applications from people with disabilities in accordance with UK legislation. It is the Company's policy wherever practicable, to provide continuing employment under normal terms and conditions to existing employees who become disabled by providing training and appropriate working conditions.

The Company is also committed to providing a professional work environment with opportunities to grow and develop through different job roles. Job rotation and the ability to change jobs are important elements of career development.

#### Taxation

The Company takes its tax obligations seriously and conducts regular reviews of its activities to ensure compliance with all applicable tax legislation.

In 2023 the Company paid the following taxes:

	2023	2022
	£m	£m
Employer's national insurance	3.6	3.5
PAYE and Employee's national insurance	8.8	8.6
VAT	15.0	12.1

## Lockheed Martin UK Amphil Limited

Registered Number 00585852

### Directors' report (cont.)

#### Going Concern

The Company's business activities, along with relevant factors likely to affect its future development and position, are described in the Business Review section of the Strategic Report on page 2.

The Company participates in the wider Lockheed Martin group's centralised treasury and shares banking arrangements with its parent and fellow subsidiaries. Accordingly, the company is reliant on the continued access to funding through these arrangements and the directors have therefore received written confirmation that the ultimate parent undertaking, Lockheed Martin Corporation, will continue to provide the Company with such financial support as required to meet liabilities as they fall due for the going concern assessment period to 30 September 2025 (the assessment period) being a period of more than 12 months from approval of the financial statements.

The directors do not consider that the net liabilities position at 31 December 2023 will prevent the Company from meeting any commitments or operational requirements. The directors continue to adopt the going concern basis in preparing the financial statements as, having considered the principal risks and uncertainties in the current economic climate, which they have reflected in forecast cash flows, and the financial support provided by Lockheed Martin indicated above, they are satisfied that the Company has adequate resources to continue in operation for the going concern assessment period to 30 September 2025.

In making this assessment the directors have given sufficient consideration to the current external social, political and economic environment, and the impact that may have on the operational and financial performance of the Company and the parent company providing parental support for the assessment period. Implications of the war on Ukraine and the impact on current global economic pressures have been considered in arriving at this conclusion and do not alter the directors' assessment of the Company's ability to continue as a going concern.

The directors, having assessed the Company have no reason to believe that a material uncertainty exists that would cast significant doubt over its ability to continue as a going concern or jeopardise its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made, the Directors reasonably expect that the Company will be able to continue in operational existence for the going concern assessment period. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Post balance sheet event

No post balance sheet events to report.

#### Directors

The directors of the Company during the period to the date of this report were:

Mr L J Beeton  
Ms S L Kubicek (appointed 16th August 2023)  
Mr J J Varley (resigned 16th August 2023)  
Ms P J Hartley (resigned 31st August 2023)  
Mr G E Myers (resigned 1st September 2023)  
Mr T J Hadfield (appointed 21st June 2024)  
Mr L Fellows (resigned 21st June 2024)

There were no contracts with the Company during the year in which any of the directors had a material interest.

#### Directors' and officers' liability insurance

The Company maintains insurance against certain liabilities, which could arise from a negligent act or a breach of duty by its directors and officers in the discharge of their duties.

**Lockheed Martin UK Ampthill Limited**

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Registered Number 00585852

**Directors' report (cont.)**

**Contributions**

Actual contributions for charitable purposes during the year amounted to £500 (2022: £2,770).

No political contributions were made in 2023 (2022: £nil).

**Directors' statement as to disclosure of information to auditors**

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



Timothy John Hadfield  
Director

Date

10/SEPT/24.

## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing 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 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 company and of the profit or loss for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 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's 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 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 company 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCKHEED MARTIN UK AMPHILL LIMITED**

**Opinion**

We have audited the financial statements of Lockheed Martin UK Ampthill Limited for the year ended 31 December 2023 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 23, 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 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

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

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 September 2025.

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

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

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

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

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

## Lockheed Martin UK Ampthill Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCKHEED MARTIN UK AMPHILL LIMITED (CONTINUED)

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are to be those relating to the United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and the United Kingdom direct and indirect tax regulations. In addition, owing to the sector the company operates in, we considered laws and regulations that had a fundamental effect on the operations of the company, including in respect of export controls, defence contracting and anti-bribery and corruption legislation. Finally, the company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations and GDPR.
- We understood how Lockheed Martin UK Ampthill is complying with those frameworks by making inquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect to these areas and the controls in place to reduce opportunity for fraudulent transactions.

## Lockheed Martin UK Ampthill Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCKHEED MARTIN UK AMPHILL LIMITED (CONTINUED)

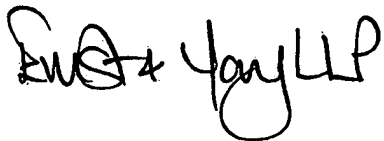
#### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (cont.)*

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management, and those charged with governance to understand where it considered there was susceptibility of fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the subjectivity in revenue and gross margin on long term contracts. The risk identified relating to revenue and gross margin on long-term contracts is due to the judgemental nature of determining the percentage of completion and overall profitability of the contract given the long-term nature. To address the risk of management override in relation to the subjectivity in revenue and gross margin recognized we selected a sample of contracts to test and performed substantive procedures to gain assurance over the balance. This included vouching milestone billings in accordance with the contract to payments received, reviewing the quarterly management packages to identify significant changes in the contract, meetings with project managers to understand the progress on the contract during the period, testing uplifts recognized in the contract value to signed amendments and inquiries of the independent cost evaluation team to test management's assumptions on contingencies recognized.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Enquiring of management, those charged with governance and internal legal counsel as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the company;
  - Reading board meeting minutes and relevant approval documents;
  - Auditing the risk of management override of controls, through testing a sample of journal entries and other adjustments for appropriateness;
  - Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside the normal course of business;
  - Challenging the judgements made by management, specifically relating to long-term contracts, through corroborating the basis for those judgements and considering contradicting evidence; and
  - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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.



*Juliet Thomas (Senior statutory auditor)*  
*for and on behalf of Ernst & Young LLP, Statutory Auditor*  
*Luton*  
*10 September 2024*

**Lockheed Martin UK Ampthill Limited**

**Income Statement**

for the year ended 31 December 2023

	Notes	2023 £000	2022 £000
<b>Turnover</b>	3	110,499	136,479
<b>Cost of sales</b>		(86,383)	(111,809)
<b>Gross profit</b>		<u>24,116</u>	<u>24,670</u>
<b>Distribution costs</b>		(164)	(210)
<b>Administrative expenses</b>		(12,666)	(12,683)
<b>Other operating income</b>		490	3,054
<b>Operating profit</b>	4	<u>11,776</u>	<u>14,831</u>
<b>Interest receivable</b>	5	10	-
<b>Interest payable</b>	6	(2,270)	(1,124)
<b>Other finance income</b>	7	-	-
<b>Profit on ordinary activities before taxation</b>		<u>9,516</u>	<u>13,707</u>
<b>Tax on operating profit on ordinary activities</b>	8	(147)	(573)
<b>Profit for financial year</b>		<u><u>9,369</u></u>	<u><u>13,134</u></u>
<b>Profit for financial year attributable to:</b>			
Non-controlling interests		-	-
Owners of the parent company		<u>9,369</u>	<u>13,134</u>
		<u><u>9,369</u></u>	<u><u>13,134</u></u>

All of the activities of the Company are continuing.

Lockheed Martin UK Ampthill Limited

**Statement of Comprehensive Income**  
for the year ended 31 December 2023

	2023	2022
	£000	£000
<b>Profit for financial year</b>	<u>9,369</u>	<u>13,134</u>
Losses recognised on defined benefit pension scheme	(1,820)	(12,251)
Change in the effect of the asset ceiling on defined benefit pension scheme	309	10,738
Hedged derivatives – change in value of cashflow hedging instrument	(490)	980
Hedged derivatives – reclassification of cashflow hedges to profit & loss	(1,845)	(658)
<b>Total other comprehensive loss</b>	<u>(3,846)</u>	<u>(1,191)</u>
<b>Total comprehensive income for the year</b>	<u>5,523</u>	<u>11,943</u>
<b>Profit attributable to:</b>		
Non-controlling interests	-	-
Owners of the parent company	5,523	11,943
	<u>5,523</u>	<u>11,943</u>

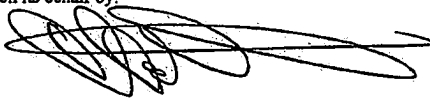
Lockheed Martin UK Ampthill Limited

**Statement of Financial Position**

as at 31 December 2023

	Notes	2023 £000	2022 £000
<b>Fixed assets</b>			
Tangible assets	11	<u>15,778</u>	<u>16,762</u>
		<u>15,778</u>	<u>16,762</u>
<b>Current assets</b>			
Inventories	12	146	154
Debtors – amounts recoverable within one year	13	16,524	49,443
Debtors – amounts falling due after more than one year	14	<u>27,004</u>	<u>27,002</u>
		43,674	76,599
<b>Creditors due in less than one year</b>	15	(63,979)	(103,419)
<b>Net current liabilities</b>		(20,305)	(26,820)
<b>Total assets less current liabilities</b>		<u>(4,527)</u>	<u>(10,058)</u>
<b>Provisions for liabilities</b>	16	(116)	(108)
<b>Net liabilities</b>		<u>(4,643)</u>	<u>(10,166)</u>
<b>Pension (liability)/asset</b>	17	-	-
		<u>(4,643)</u>	<u>(10,166)</u>
<b>Capital and Reserves</b>			
Called up share capital	18	23,150	23,150
Revaluation reserve		5,384	5,384
Profit and loss account		(36,504)	(44,362)
Hedging reserve		127	2,462
Capital contributions		3,200	3,200
<b>Shareholder's funds</b>		<u>(4,643)</u>	<u>(10,166)</u>

Approved by the Board signed on its behalf by:



Timothy John Hadfield  
Director

Date

10/SEP/23

Registered Number 00585852

Lockheed Martin UK Ampthill Limited

**Statement of Changes in Equity**

as at 31 December 2023

	Share Capital £000	Revaluation Reserve £000	Profit and Loss Account £000	Hedging Reserve £000	Capital Cont. £000	Total £000
Balance at 1 January 2022	23,150	5,384	(55,984)	2,140	3,200	(22,110)
Profit for the year	-	-	13,134	-	-	13,134
Losses recognised on defined benefit pension scheme	-	-	(1,512)	-	-	(1,512)
Movement in Hedged Derivatives	-	-	-	322	-	322
Balance at 31 December 2022	23,150	5,384	(44,362)	2,462	3,200	(10,166)
Profit for the year	-	-	9,369	-	-	9,369
Losses recognised on defined benefit pension scheme	-	-	(1,511)	-	-	(1,511)
Movement in Hedged Derivatives	-	-	-	(2,335)	-	(2,335)
Balance at 31 December 2023	23,150	5,384	(36,504)	127	3,200	(4,643)

## Notes to the financial statements

at 31 December 2023

### 1 Accounting policies

#### *Statement of compliance*

Lockheed Martin UK Ampthill Ltd is a private limited liability company incorporated and domiciled in England. The registered office is Reddings Wood, Ampthill, Bedfordshire, MK45 2HD.

The entity's financial statements have been prepared in compliance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, as it applies to the financial statements of the entity for the year ended 31 December 2023.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 2).

Lockheed Martin Corporation is the parent company identified in the definition of the term qualifying entity. The financial statements of Lockheed Martin UK Ampthill Ltd are consolidated into the financial statements of Lockheed Martin Corporation which can be obtained on its website [www.lockheedmartin.com](http://www.lockheedmartin.com).

The financial statements of Lockheed Martin UK Ampthill Limited were authorised for issue by the Board of Directors on the date shown on the Statement of Financial Position (page 15).

#### *Basis of preparation of financial statements*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest thousand pounds sterling.

#### FRS 102 exemptions

The company has utilised the exemption under FRS 102 section 1.12 as a subsidiary undertaking whose ultimate parent undertaking prepares consolidated group financial statements that are publicly available, and has adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes
- Financial instrument disclosures and hedge accounting disclosures
- Share-based payment arrangements
- Key management personnel compensations; and
- Disclosure of related party transactions with wholly owned subsidiaries of Lockheed Martin Corporation group.

#### Going Concern

The Company participates in the wider Lockheed Martin group's centralised treasury and shares banking arrangements with its parent and fellow subsidiaries. Accordingly, the company is reliant on the continued access to funding through these arrangements and the directors have therefore received written confirmation that the ultimate parent undertaking, Lockheed Martin Corporation, will continue to provide the Company with such financial support as required to meet liabilities as they fall due for the going concern assessment period to 30 September 2025 (the assessment period) being a period of more than 12 months from approval of the financial statements.

The directors do not consider that the net liabilities position at 31 December 2023 will prevent the Company from meeting any commitments or operational requirements. The directors continue to adopt the going concern basis in preparing the financial statements as, having considered the principal risks and uncertainties in the current economic climate, which they have reflected in forecast cash flows, and the financial support provided by Lockheed Martin indicated above, they are satisfied that the Company has adequate resources to continue in operation for the going concern assessment period to 30 September 2025.

In making this assessment the directors have given sufficient consideration to the current external social, political and economic environment, and the impact that may have on the operational and financial performance of the Company and the parent company providing parental support for the assessment period. Implications of the war on Ukraine and the impact on current global economic pressures have been considered in arriving at this conclusion and do not alter the directors' assessment of the Company's ability to continue as a going concern.

The directors, having assessed the Company have no reason to believe that a material uncertainty exists that would cast significant doubt over its ability to continue as a going concern or jeopardise its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made, the Directors reasonably expect that the Company will be able to continue in operational existence for the going concern assessment period. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Notes to the financial statements

at 31 December 2023

### 1 Accounting policies (cont.)

#### *Long-term contracts and revenue recognition*

For long-term contract work in progress where the supply of goods or construction of an asset falls into more than one year, a due proportion of the estimated sales revenue is included in each year's results, on the basis of work performed on each contract in the year. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Profit on long-term contracts is taken as the contract activity progresses if the final outcome can be measured reliably. The profit included is calculated on a prudent basis, to reflect the proportion of the work carried out at the year end, and using latest estimates of the forecast overall profitability of each contract. If it appears likely that a contract will prove unprofitable, full provision is made for the anticipated loss.

#### *Inventories and work in progress*

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs incurred in bringing each product to its present location and condition, including direct labour and materials, plus an appropriate proportion of production and administrative overheads based on a normal level of activity.

Long-term contract work in progress is stated net of payments received and receivable on account, in line with FRS 102. Progress payments received, when greater than recorded turnover, has been netted against the WIP in the Statement of Financial Position, except to the extent that payments on account exceed the value of work in progress on any contract, where the excess is included in creditors. The amount by which recorded turnover on long-term contracts is in excess of payments on account is classified as "amounts recoverable on long-term contracts" and is disclosed separately within debtors.

#### *Research and development expenditure*

Unfunded research and development expenditure is written off as incurred.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the statement of financial position date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of all tangible assets, except freehold land which is not depreciated, is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	<i>Annual Rates</i>
Freehold and buildings	5%
Plant and equipment	20%
Computer equipment	33.33%

## Notes to the financial statements

at 31 December 2023

### 1 Accounting policies (cont.)

#### *Impairment of assets*

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Income Statement.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement.

#### *Foreign currencies*

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

#### *Financial Instruments*

##### Financial assets

The Company's financial assets include cash, trade and other debtors.

Non-derivative financial assets are classified as either 'available for sale' financial assets or 'loans and debtors'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Loans and debtors* - Trade debtors and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as debtors. Debtors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method, less any impairment.

*Cash and cash equivalents* - Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business.

Interest receivable is accounted for on an accruals basis and credited to the Income Statement when receivable.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets are assessed for indicators of impairment at each balance sheet 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 impacted.

For financial assets, such as trade debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of debtors could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on debtors.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## Notes to the financial statements

at 31 December 2023

### 1 Accounting policies (cont.)

#### *Financial Instruments (cont.)*

##### Financial liabilities

The Company's financial liabilities include trade, other creditors and bank overdraft.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

All financial liabilities are initially measured at transaction price and are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

##### Derivative Instruments

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they are designated.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship as follows:

##### Cash flow hedges

- The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income; and,
- The ineffective portion of the gain or loss on the hedging instrument shall be recognised in profit and loss.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value of interest rate swap contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

##### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

## Notes to the financial statements

at 31 December 2023

### 1 Accounting policies (cont.)

#### *Pension arrangements*

The Company operated a defined benefit plan for some of its employees which closed to future accrual on 5 April 2016. The assets of the plan are held separately from those of the Company.

Pension scheme obligations are measured on an actuarial basis using a discounted present value basis. The rate used to discount future payments, has been determined by reference to market yields at the reporting date on high quality corporate bonds. The projected unit credit method has been applied to measure the Company's defined benefit obligation and the related expense. The pension scheme deficit is recognised in full on the Statement of Financial Position.

The Company recognises the cost of a defined benefit plan as follows:

- the change in the net defined benefit liability arising from employee service rendered during the period in the Income Statement;
- net interest on the net defined benefit liability during the reporting period in the Income Statement;
- plan introductions, benefit changes, curtailments and settlements in the Income Statement; and
- remeasurement of the net defined benefit liability in other comprehensive income.

The Company also operates a stakeholder pension scheme. Contributions are charged in the Income Statement as they become payable in accordance with the rules of the scheme.

#### *Leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases. The rental in respect of operating leases is charged to the Income Statement on a straight line basis over the life of the lease.

#### *Capital Instruments*

Shares are included in shareholders' funds, other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and they are not included in shareholders' funds. The finance cost recognised in the Income Statement in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument and at a constant rate on the carrying amount.

#### *Share-based payments*

The cost of equity-settled transactions with employees is measured by reference to the fair value of the parent company's equity instruments at the date at which they are granted and is recognised as an expense to the Company over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the ultimate parent undertaking (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each Statement of Financial Position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting. The movement in cumulative expense since the previous Statement of Financial Position date is recognised in the Income Statement, with a corresponding entry in equity.

## Notes to the financial statements

at 31 December 2023

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

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 including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements and estimates have had the most significant effect on the amounts recognised in the financial statements:

#### *Taxation*

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

#### *Pension and other post-employment benefits*

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 17.

#### *Long-term contracts and revenue recognition*

For long-term contract work in progress where the supply of goods or construction of an asset falls into more than one year, a due proportion of the estimated sales revenue is included in each year's results, on the basis of work performed on each contract in the year. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Profit on long-term contracts is taken as the contract activity progresses if the final outcome can be measured reliably. The profit included is calculated on a prudent basis, to reflect the proportion of the work carried out at the year end, and using latest estimates of the forecast overall profitability of each contract. If it appears likely that a contract will prove unprofitable, full provision is made for the anticipated loss.

### 3 Turnover

Turnover represents the amounts derived from the one principal area of activity in which the Company operates, being the design, development, trial and manufacture of defence equipment. This is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

An analysis of turnover by geographical market is given below:

	2023	2022
	£000	£000
Market Area:		
United Kingdom	106,900	136,169
Europe	23	78
Other	3,576	232
	<u>110,499</u>	<u>136,479</u>

**Lockheed Martin UK Ampthill Limited**

**Notes to the financial statements**

at 31 December 2023

**4 Operating profit**

Profit on ordinary activities before taxation is stated after:

	2023	2022
	£000	£000
Depreciation on owned fixed assets	1,805	1,759
Loss on disposal of fixed assets	-	-
Amounts paid to auditors:		
• Audit of the financial statements	154	173
• Taxation services	12	23
Exchange losses/(gains)	9	(20)
Operating lease rental payments:		
• Plant and equipment	278	265
Unfunded research and development expenditure	181	1,444
Share based payment charge	425	496
	-	-

**5 Interest receivable and similar income**

	2023	2022
	£000	£000
Other Interest receivable	10	-
	10	-

**6 Interest payable and similar charges**

	2023	2022
	£000	£000
Bank interest payable	2,270	1,054
Other interest payable	-	70
	2,270	1,124

**7 Other finance income/(expense)**

	2023	2022
	£000	£000
Expected return on pension scheme assets	3,136	2,143
Interest on pension liabilities	(2,670)	(1,741)
Statement of financial position restriction	(466)	(402)
Net interest on net defined pension asset	-	-

## Notes to the financial statements

at 31 December 2023

### 8 Tax on profit/(loss) on ordinary activities

a) Tax on profit/(loss) on ordinary activities	2023	2022
	£000	£000
<b>Total current tax</b>	<u>147</u>	<u>573</u>
<b>Total tax per income statement</b>	<u>147</u>	<u>573</u>

#### b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities before taxation for the year is lower than the standard prorated rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are reconciled below:

	2023	2022
	£000	£000
Current tax :		
UK corporation tax on profits for the period	201	552
UK corporation tax (over)/under provision in previous years	<u>(54)</u>	<u>21</u>
<b>Total current tax</b>	<u>147</u>	<u>573</u>
<b>Total tax per income statement</b>	<u>147</u>	<u>573</u>

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

Profit on ordinary activities before taxation	<u>9,516</u>	<u>13,707</u>
Profit on ordinary activities before taxation multiplied by standard prorated rate of Corporation Tax in the UK of 23.5% (2022: 19%)	2,238	2,604
Expenses not deductible	45	75
Adjustments in respect of prior years	(54)	21
Income not taxable	(17)	15
Deferred tax not provided	<u>(2,065)</u>	<u>(2,142)</u>
<b>Income tax expense reported in the income statement</b>	<u>147</u>	<u>573</u>

#### Current (assets)/liabilities

Corporation Tax	<u>-</u>	<u>(191)</u>
-----------------	----------	--------------

#### c) Factors that may affect future tax charges:

The Company has tax losses of £38m to carry forward against future profits.

In December 2021, the OECD issued model rules for a new global minimum tax framework (Pillar Two) applicable for multinational enterprise groups with global revenue over €750 million. The legislation implementing the rules in the UK was substantively acted on 20 June 2023. The Company has applied the exemption under FRS 102 in relation to accounting for deferred tax assets and liabilities arising from the implementation of the Pillar Two model rules.

The Company is still in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023, but the potential exposure, if any, is not expected to be significant. The Company expects to be in a position to report the potential exposure in its next financial statements for the year ended 31 December 2024.

## Notes to the financial statements

at 31 December 2023

### 9 Staff costs

	2023	2022
	Number	Number
Weekly average number of persons employed by the Company:		
Design, development, trial and manufacturing staff	478	468
Administration and support staff	69	68
	<u>547</u>	<u>536</u>
	2023	2022
	£000	£000
Staff costs:		
Wages and salaries	34,296	32,118
Social security costs	3,668	3,670
Other pension costs	3,282	3,105
	<u>41,246</u>	<u>38,893</u>

Included in wages and salaries is an expense of £425,000 (2022: £496,000) arising from transactions accounted for as equity-settled share based payment transactions.

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider.

Pension payments recognised as an expense during the year amount to £3.3m (2022: £3.1m).

Amounts charged to the income statement in relation to the defined benefit scheme during the year was nil (2022: nil) (see Note 17).

### 10 Directors' remuneration

	2023	2022
	£000	£000
Remuneration - for executive services	762	829
Company contributions paid to defined contribution pension scheme	45	42
	<u>807</u>	<u>871</u>
Number of directors who received shares in respect of qualifying services	<u>3</u>	<u>4</u>
Number of directors accruing benefits under defined benefit pension scheme	<u>-</u>	<u>-</u>
No directors exercised share options during the current or previous year.		
	2023	2022
	£000	£000
Total emoluments of the highest paid director	398	356
Company contributions to the defined contribution pension scheme of the highest paid director	16	15

The highest paid director did not exercise share options during the year but received shares under the Company's long term incentive scheme.

Lockheed Martin UK Ampthill Limited

**Notes to the financial statements**

at 31 December 2023

**11 Tangible assets**

	Freehold Properties: £000	Plant & Equipment £000	Assets under Construction £000	Total £000
<b>Cost or valuation:</b>				
at 1 January 2023	19,203	23,571	167	42,941
Additions	-	-	821	821
Transfers	119	729	(848)	-
Disposals	(74)	(565)	-	(639)
at 31 December 2023	<u>19,248</u>	<u>23,735</u>	<u>140</u>	<u>43,123</u>
<b>Depreciation</b>				
at 1 January 2023	4,923	21,256	-	26,179
Charge for the year	727	1,078	-	1,805
Disposals	(74)	(565)	-	(639)
at 31 December 2023	<u>5,576</u>	<u>21,769</u>	<u>-</u>	<u>27,345</u>
<b>Carrying amount:</b>				
at 31 December 2023	<u>13,672</u>	<u>1,966</u>	<u>140</u>	<u>15,778</u>
at 31 December 2022	<u>14,280</u>	<u>2,315</u>	<u>167</u>	<u>16,762</u>

Included in freehold properties is land valued at £5.2m which is not depreciated.

Lockheed Martin UK Ampthill Limited

**Notes to the financial statements**

at 31 December 2023

**12 Inventories**

	2023 £000	2022 £000
Raw materials and consumables	139	138
Long term contract balances:	63	26
Net cost less foreseeable losses	(56)	(10)
	<u>146</u>	<u>154</u>

The difference between the purchase price of inventories and its replacement cost is not material.

**13 Debtors: amounts falling due within one year**

	2023 £000	2022 £000
Trade debtors	453	4,783
Amounts owed by group undertakings	561	-
Other debtors	-	-
Prepayments and accrued income	1,497	4,994
Amounts due on long term contracts	10,434	36,032
Derivative asset on financial instruments	-	-
Corporation tax	3,579	3,526
	<u>16,524</u>	<u>49,335</u>

Payment terms on intercompany balances meet the Company standard payment terms of 30 days.

**14 Debtors: amounts due after more than one year**

	2023 £000	2022 £000
Deferred tax asset	-	-
Amounts owed by group undertakings	27,004	27,002
	<u>27,004</u>	<u>27,002</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. The directors do not intend to recall the balance in the short term and therefore this balance is disclosed as being due after more than one year.

**Notes to the financial statements**

at 31 December 2023

**15 Creditors; amounts due within one year**

	2023	2022
	£000	£000
Net payments on account of long term contracts	16,161	20,041
Trade creditors	867	3,514
Amounts owed to group undertakings	2,779	3,429
Other taxes and social security costs	2,547	3,972
Accruals and deferred income	5,797	22,275
Other creditors	3,050	2,506
Bank overdraft	32,797	48,190
Derivative liabilities on financial instruments	(19)	(508)
	<u>63,979</u>	<u>103,419</u>

Outstanding amounts in respect of the defined benefit scheme payable at the Statement of Financial Position date were nil (2020: nil).

**16 Provision for liabilities**

	Warranties
	£000
At 1 January 2022	103
Arising in the period	37
Released or utilised	<u>(32)</u>
At 31 December 2022	108
Arising in the period	70
Released or utilised	<u>(62)</u>
At 31 December 2023	<u>116</u>

The provision for warranties has arisen from express warranty terms under contract. They will be resolved either by a warranty claim from the customer or the product falling out of warranty, as all these warranties are time based. Any uncertainty involved in these provisions arises on the basis of whether there will be a claim or not, and if so the value of that claim.

## Notes to the financial statements

at 31 December 2023

### 17 Pension commitments

Lockheed Martin UK Ampthill Limited operates a stakeholder pension scheme. Contributions in the year amounted to £3.3m (2022: £3.7m).

Lockheed Martin UK Ampthill Limited also operated a defined benefit scheme, funded by the payment of contributions into a separately administered trust fund. This plan closed to future benefit accrual from 5 April 2016. On 1 April 2011 the assets and liabilities of the plan were merged with the Lockheed Martin UK Limited pension plan.

The results of the latest funding valuation at 5 April 2023 have been adjusted to the new balance sheet date, taking into account experiences over the period since 5 April 2023, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation, was measured using the projected unit credit method.

The Trustees apply a fiduciary management investment strategy. As at 31 December 2023 the Delegated Consulting Service (DCS) portfolio was made up of approximately 45% growth assets and 55% hedging assets.

On 16 June 2023 the High Court issued a ruling in respect of Virgin Media v NTL Pension Trustees II Limited (and others) calling into question the validity of rule amendments made to defined benefit pension schemes contracted-out on a Reference Scheme Test basis between 6 April 1997 and 5 April 2016. Amendments to these pension schemes over this time required confirmation from the Scheme Actuary that the Reference Scheme Test would continue to be met. In the absence of such a confirmation, the Rule amendment would be void. The decision was upheld subsequent to appeal on 25 July 2024.

Lockheed Martin UK Ampthill Limited operates a contracted-out defined benefit pension scheme which is merged with the Lockheed Martin UK Limited scheme. During the period impacted by the ruling, amendments were made to the pension scheme, and the Company is currently assessing the existence of the required confirmations, in the form of the relevant s37 certificates. At the date of approval of these accounts, until more is known, no adjustments have been made to the liabilities for the potential impact of this ruling as they cannot be reliably estimated.

The total assets and liabilities of the plan at 31 December are:

	2023	2022
	£000	£000
Fair value of plan assets	70,807	66,305
Present value of plan obligations	(61,589)	(57,246)
Funded status	9,218	9,059
Unrecognised asset	(9,218)	(9,059)
Gross asset/(liability) recognised in the SoFP	-	-
Related deferred tax (asset)/liability	-	-
Net asset/(liability) recognised in the SoFP	-	-

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

	2023	2022
	£000	£000
Analysis of amounts recognised in Other Comprehensive Income (OCI)		
Actuarial gains/(losses) on plan liabilities	(5,068)	29,354
Gains/(losses) on plan assets	3,248	(41,605)
Change in the effect of the asset ceiling	309	10,738
Total loss in OCI	(1,511)	(1,513)

## Notes to the financial statements

at 31 December 2023

### 17 Pension commitments (cont.)

	2023	2022
	£000	£000
History of asset values, DBO and surplus/deficit in plan		
Fair value of plan assets	70,807	66,305
Defined benefit obligation	(61,589)	(57,246)
Unrecognised surplus	<u>9,218</u>	<u>9,059</u>

The principal assumptions used by the actuaries to calculate the liabilities under FRS 102 are:

	2023	2022
	%	%
RPI inflation	3.10	3.30
CPI inflation	2.50	2.60
Pension increases:		
RPI capped at 5% pa	2.90	3.00
RPI capped at 3% pa	2.30	2.30
RPI capped at 2.5% pa	2.00	2.10
Discount rate for scheme liabilities	4.50	4.80

The scheme closed to new entrants with effect from 18 September 2003 and as a consequence the age profile of the active membership is expected to rise.

The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22.7 years if they are male and for a further 24.6 years if they are female.

Members currently aged 45 are expected to live for a further 24.1 years from aged 65 if they are male and for a further 26.4 years from age 65 if they are female. On average members take 10% of pension as cash.

Changes in the present value of the defined benefit obligations are analysed as follows:

	2023	2022
	£000	£000
Changes to the present value of scheme liabilities during the year		
Opening defined benefit obligation	57,246	88,443
Interest on liabilities	2,670	1,741
Actuarial losses on plan liabilities	5,068	(29,354)
Net benefits paid	(3,395)	(3,584)
Closing defined benefit obligation	<u>61,589</u>	<u>57,246</u>

## Notes to the financial statements

at 31 December 2023

### 17 Pension commitments (cont.)

Changes in the present value of plan assets are analysed as follows:

	2023	2022
	£000	£000
Changes to the fair value of plan assets during the year		
Opening fair value of plan assets	66,305	107,838
Interest income on plan assets	3,136	2,143
Gains/(losses) on plan assets	3,248	(41,605)
Employer contributions	1,513	1,513
Pension deficit payment	-	-
Benefits paid from plan	(3,395)	(3,584)
Closing fair value of plan assets	<u>70,807</u>	<u>66,305</u>

### 18 Share capital

	2023	2022
	£000	£000
Authorised ordinary shares of £1 each	<u>23,150</u>	<u>23,150</u>
Allotted, called up and fully paid	<u>23,150</u>	<u>23,150</u>

Voting rights – Shares rank equally for voting purposes, on a poll each member has one vote per share and on a show of hands each member has one vote. Dividend Rights – Each share ranks equally for any dividend declared. Distribution rights – On a winding up of the Company each share equally for any distribution made. Redemption Rights – The shares are not redeemable.

### 19 Operating lease commitments

The Company has entered into commercial leases for items of office equipment. The total of future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	2023	2022
	£000	£000
Within one year	9	17
In two to five years	2	11
	<u>11</u>	<u>28</u>

### 20 Related party transactions

The Company has utilised the exemption under FRS102 33.1A as a subsidiary undertaking not to disclose transactions with other entities that are wholly-owned parts of, or investors of, the Lockheed Martin Corporation group. There were no other related party transactions.

## Lockheed Martin UK Ampthill Limited

### Notes to the financial statements

at 31 December 2023

#### 21 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to:

	2023	2022
	£000	£000
Authorised - not committed	177	42
Contracts placed	78	652
	<u>255</u>	<u>694</u>

#### 22 Post balance sheet events

No post balance sheet events to report.

#### 23 Ultimate parent undertaking

The directors regard Lockheed Martin Corporation, a company registered in the USA, as the ultimate parent company and controlling entity. Copies of the ultimate parent's consolidated financial statements may be obtained from Lockheed Martin Investor Department, 6801 Rockledge Drive, Bethesda, Maryland, 28017, USA. Lockheed Martin Corporation is the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member. The Company's immediate parent undertaking is Lockheed Martin UK Ampthill Group Limited.