

# Clyde Space Limited

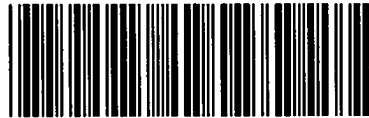
Report and Financial Statements

For the year ended

31 December 2023

Company Number SC285287

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# Clyde Space Limited

## Company Information

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<b>Directors</b>	Ross M Lang Mats T Thideman Luis Gomes
<b>Company secretary</b>	Pinsent Masons Secretarial Limited
<b>Registered number</b>	SC285287
<b>Registered office</b>	Skypark 5 45 Finnieston Street Glasgow G3 8JU
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 141 Bothwell Street Glasgow G2 7EQ

# Clyde Space Limited

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# Clyde Space Limited

## Strategic Report For the Year Ended 31 December 2023

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The directors present the strategic report for the year ended 31 December 2023.

### Business review and future outlook

2023 saw Clyde Space Limited continue to expand and grow its capability, while meeting its core financial objectives for the year contributing to the AAC Clyde Space Group achieving a positive EBITDA and operational cashflow. We closed 2023 with an order backlog of £28.6m (2022 - £22.5m), a record for the company that gives us the confidence to successfully execute our 2024 plan.

During the year, we launched a record 10 satellites, both for ourselves and for our customers. We grew our own constellation by 5 satellites, including launching our first hyperspectral imaging satellites. This has only been possible through the dedication of our talented and experienced teams, who continue to excel in the execution of our business.

Notably, Clyde Space Limited was selected by Iota Technology to deliver an end-to-end satellite mission as part of MagQuest, a multimillion-dollar competition to advance how to measure Earth's magnetic field. The mission will see a 4U EPIC satellite, equipped with Iota Technology's magnetometer payload, launched to measure the Earth's magnetic field. AAC Clyde Space will handle the manufacturing, launch, commissioning, and operation of the satellite for a 3-year period. The total order value amounts to £1.94m.

During the year we announced that the payload antenna of Kelpie-2 had not deployed, and although the satellite is otherwise working well, without the payload it cannot deliver its mission. We continue to work with our customers to see how best we can support their data needs, including from our expanded Group AIS/VDES fleet which continues to grow.

The xSPANCION project entered its final phase. The first four xSPANCION satellites went through preliminary design review (the first major review of the full, detailed satellite design) at the end of 2023. Manufacturing for the first two starts in the early 2024, in preparation for the launch of the first satellite during 2025. The launch of these satellites will mark a critical milestone for our Earth Observation Space Data as a Service (SDaaS), offering improved data to the agricultural and forestry industrial sectors. These will be the first 16U satellites built by Clyde Space Limited and will introduce a new generation of EPIC VIEW satellites.

Looking ahead to 2024, we see a growing demand for our products and missions, with new constellations driving that demand. The increased need for timely, good quality data will also drive the growth of our Data & Services business, particularly as more of our satellites come online and we have more data to sell.

### Key Performance Indicators

Key performance indicators include the management of profitability and order backlog. Key non-financial performance indicators included the monitoring of our employees health and safety.

	31 December 2023	31 December 2022
Financial Key Performance Indicators	£	£
Turnover	4,631,043	4,892,892
Gross profit	710,134	59,951

# Clyde Space Limited

Strategic Report For the Year Ended 31 December 2023

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## Principal risks and uncertainties

**Regulation** – The business operates in a regulated environment. Any non-compliance could result in fines and/or affect the ability to perform services.

**Customers** – The New Space market had attracted many new start-ups with limited funding. There could be financial risk that these companies are not able to fulfil contractual obligations.

**Supplier delays** – Disruptions in our supply chain could have a knock-on effect on our production lines and our ability to deliver contracts. Delays from major suppliers has a direct impact on the Groups ability to recognise revenues and thereby the financial targets.

**New Technology** – New innovations in technology could result in current products and satellites to be less competitive.

**Sales Cycles** – The sales cycles are long and require considerable efforts from the business development team. The long sales cycle make it difficult to forecast when an order is won and it can be challenging to foresee capacity needs and predict cashflows.

**Launch of satellites** – Failure of rocket or deployer carrying a satellite to orbit is possible.

**Personnel** – New Space is a competitive market. The company is depending on attracting and retaining skilled employees.

On behalf of the board



**Ross M Lang**  
Director  
27 August 2024

# Clyde Space Limited

## Directors' Report For the Year Ended 31 December 2023

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The directors of Clyde Space Limited present their report and the audited financial statements for the year ended 31 December 2023.

### Principal activities

The principal activity of the company during the year was that of research, development and manufacture of components, subsystems and full platforms for spacecraft.

### Results and dividends

The results are set out on page 8.

No dividends were paid (2022 - £nil). The directors do not recommend payment of a final dividend.

### Going concern

The directors, recognising the net current liabilities shown in the company's balance sheet at the year end, have assessed the company's future trading position, including forecast cashflows. The directors have received confirmation of continued financial support from the parent company for at least twelve months from the date of approval of these financial statements. The directors have no reason to believe that any material uncertainty exists that may cast doubt on the ability of the company to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

### Directors

The directors who served during the year were:

Ross M Lang  
Mats T Thideman  
Luis Gomes

The parent company maintains indemnity insurance for directors in respect of their duties as directors of the company. The indemnity was in force for the whole financial year, including up to the date of the approval of this report.

### Political contributions

The company made no political donations or incurred any political expenditure in the year.

### Financial risk management and policy

**Price risk** – Where possible the company mitigates this risk by securing long-term and long-lead supplies contracts to maintain project margins, commodity price inflation still represents some risk.

**Credit risk** – The company has had low credit losses since customers are, to a great extent, public bodies or authorities.

**Liquidity risk** – Through prudent liquidity risk management and support of parent company, sufficient cash is maintained to meet the needs of the operating activities and settle obligations when due.

**Cashflow risk** – The company is supported through the provision of an unsecured fixed rate loan from the parent company, removal of which may impact the company's ability to invest in new technologies.

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

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulation.

# Clyde Space Limited

## Directors' Report For the Year Ended 31 December 2023

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Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Directors' confirmations

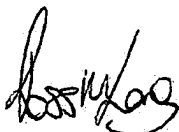
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent Auditors

The auditors, Johnston Carmichael LLP will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 August 2024 and signed on its behalf by



**Ross M Lang**  
Director

## Clyde Space Limited

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# Independent auditors' report to the members of Clyde Space Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Clyde Space Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2023; the Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# Independent auditors' report to the members of Clyde Space Limited (continued)

## **Reporting on other information (continued)**

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

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

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.

### **Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve the financial results and management bias in significant judgements and accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims, litigation, and instances of fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management, including in relation to contract accounting;
- Identifying and testing journal entries, including any journal entries representing unusual account combinations; and
- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

# Independent auditors' report to the members of Clyde Space Limited (continued)

## Auditors' responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Craig Willis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
27 August 2024

# Clyde Space Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2023

	Note	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Turnover	4	4,631,043	4,892,892
Cost of sales		(3,920,909)	(4,832,941)
<b>Gross profit</b>		<b>710,134</b>	59,951
Administrative expenses		(5,583,931)	(4,911,591)
Other operating income	5	1,419,827	1,309,205
<b>Operating loss</b>	6	<b>(3,453,970)</b>	(3,542,435)
Interest payable and similar expenses	10	(109,491)	(153,835)
<b>Loss before taxation</b>		<b>(3,563,461)</b>	(3,696,270)
Taxation on loss	11	501,489	966,863
<b>Loss for the financial year</b>		<b><u>(3,061,972)</u></b>	<u>(2,729,407)</u>
<b>Total comprehensive expense for the year</b>		<b><u>(3,061,972)</u></b>	<u>(2,729,407)</u>

The notes on pages 12 to 32 form part of these financial statements.

**Clyde Space Limited**  
Registered number: SC285287

**Balance Sheet**  
**As at 31 December 2023**

	Note	31 December 2023 £	31 December 2022 £
<b>Fixed assets</b>			
Intangible assets	12	5,181,295	3,712,768
Tangible assets	13	2,826,020	2,277,007
		<u>8,007,315</u>	<u>5,989,775</u>
<b>Current assets</b>			
Stocks	15	767,138	814,490
Debtors: amounts falling due within one year	16	2,894,814	4,965,008
Cash at bank and in hand	17	687,599	875,474
		<u>4,349,551</u>	<u>6,654,972</u>
Creditors: amounts falling due within one year	18	(10,149,869)	(8,694,677)
<b>Net current (liabilities)</b>		<u>(5,800,318)</u>	<u>(2,039,705)</u>
<b>Total assets less current liabilities</b>		<u>2,206,997</u>	<u>3,950,070</u>
Creditors: amounts falling due after more than one year	19	(1,921,851)	(631,150)
<b>Net assets</b>		<u><u>285,146</u></u>	<u><u>3,318,920</u></u>

**Clyde Space Limited**  
Registered number: SC285287

**Balance Sheet (continued)**  
**As at 31 December 2023**

	Note	31 December 2023 £	31 December 2022 £
<b>Capital and reserves</b>			
Called up share capital	21	52,116	52,116
Share premium account	22	501,530	501,530
Profit and loss account	22	(268,500)	2,765,274
<b>Total Equity</b>		<u><b>285,146</b></u>	<u><b>3,318,920</b></u>

The financial statements on pages 8 to 32 were approved and authorised for issue by the board and were signed on its behalf on 27 August 2024.



**Ross M Lang**  
Director

# Clyde Space Limited

## Statement of Changes in Equity For the Year Ended 31 December 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 January 2022</b>	52,116	501,530	734,246	1,287,892
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(2,729,407)	(2,729,407)
<b>Total comprehensive expense for the year</b>	-	-	(2,729,407)	(2,729,407)
<b>Capital contribution from Parent Company</b>	-	-	4,760,435	4,760,435
<b>At 31 December 2022</b>	52,116	501,530	2,765,274	3,318,920
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(3,061,972)	(3,061,972)
<b>Total comprehensive expense for the year</b>	-	-	(3,061,972)	(3,061,972)
<b>Capital contribution from Parent Company</b>	-	-	28,198	28,198
<b>At 31 December 2023</b>	52,116	501,530	(268,500)	285,146

The notes on pages 12 to 32 form part of these financial statements.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 1. General information

Clyde Space Limited is a private company limited by shares and incorporated in Scotland. The address of the company is given on the company information page and the nature of the company's operations, and its principal activities are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

#### 2.3 Going concern

The directors, recognising the net current liabilities shown in the company's balance sheet at the year end, have assessed the company's future trading position, including forecast cashflows. The directors have received confirmation of continued financial support from the parent company for at least twelve months from the date of approval of these financial statements. The directors have no reason to believe that any material uncertainty exists that may cast doubt on the ability of the company to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

#### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 2. Accounting policies (continued)

#### 2.4 Revenue (continued)

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Internally developed intangible assets are held at cost and not amortised until ready for use.

Amortisation is provided on the following basis:

Computer software	- 33.33%	straight line
Developments	- 25.00%	straight line
Website	- 25.00%	straight line

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

#### 2.6 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 2. Accounting policies (continued)

#### 2.6 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office Improvements	- 20.00%	straight line
Plant and machinery	- 25.00%	straight line
Fixtures and fittings	- 25.00%	straight line
Computer equipment	- 33.33%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

#### 2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.9 Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### i. Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 2. Accounting policies (continued)

#### i. Financial assets (continued)

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### ii. Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 2. Accounting policies (continued)

#### 2.10 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

#### 2.11 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

#### 2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 2. Accounting policies (continued)

#### 2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2.15 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 2. Accounting policies (continued)

#### 2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

#### 2.18 Long term incentive plans

The group parent company operates a long-term share option incentive plan for all staff. Changes in the value of this group liability are treated as a capital contribution on the balance sheet of the employing entity based on the fair value of the scheme, taking into account the estimated number of options that will actually vest and the current proportion of the vesting period. A charge is recognised in the Statement of Comprehensive income.

### 3. Critical judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these judgements and estimates.

#### Critical judgements in applying accounting policies:

- Stock has been valued at the lower of cost or net realisable value. The level of stock provision is determined on the basis of wastage expected and assessment of the condition of stock at the year end.
- Trade and other debtors are assessed to establish whether a provision is required. Factors considered include customer payment history and agreed payment terms, and a financial assessment of the debtor's ability to pay its debts.

#### Key sources of estimation uncertainty:

- Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using the cost spend to date compared to the total cost expected to be required to undertake the contract. Estimates of the total cost required to undertake the contract are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

### 4. Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 76% (2022 - 66%).

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 5. Other operating income

	Year to 31 December 2023 £	Year to 31 December 2022 £
Grant release	112,740	53,149
Bank interest	-	11,017
Group management recharges	1,307,087	1,236,174
Other income	-	8,865
	<u>1,419,827</u>	<u>1,309,205</u>

There are no material unfulfilled conditions or other contingencies attaching to grants that have been recognised as income.

### 6. Operating loss

The operating loss is stated after (crediting)/charging:

	Year to 31 December 2023 £	Year to 31 December 2022 £
Depreciation of tangible fixed assets	212,219	121,931
Impairment of tangible fixed assets	491,662	-
Amortisation of intangible assets, including goodwill	65,505	60,922
Exchange differences	36,154	(28,250)
Other operating lease rentals	136,722	210,573
Management charges from parent company	510,429	585,448
Impairment of trade debtors	324,865	14,008
Amounts relating to long term incentive plan	28,197	32,220
Research & development costs	167,826	325,293
Defined contribution pension cost	<u>257,100</u>	<u>215,612</u>

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 7. Auditors' remuneration

	Year to 31 December 2023	Year to 31 December 2022
	£	£
Fees payable to the Company's Auditors:		
Audit of these financial statements	67,500	50,000
Audit-related assurance services	-	4,000
	<u>67,500</u>	<u>54,000</u>

The directors have agreed with the company's auditors that the auditor's liability to damages for breach of duty in relation to the audit of the company's financial statements for the year to 31 December 2023 should be limited to the greater of £5 million or 5 times the auditor's fees, and that in any event the auditor's liability for damages should be limited to that part of any loss suffered by the company as is just and equitable having regard to the extent to which the auditor, the company and any third parties are responsible for the loss in question. The directors approved this limited liability agreement, as required by the Companies Act 2006, by a resolution dated 13 December 2023.

### 8. Employees

The average monthly number of employees, including directors, during the year was 88 (2022 - 88).

	Year to 31 December 2023	Year to 31 December 2022
	£	£
Wages and salaries	4,581,949	4,013,396
Social security cost	519,448	468,603
Pension costs	257,100	215,612
	<u>5,358,497</u>	<u>4,697,611</u>
Amounts capitalised	1,396,998	809,227

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 9. Directors' remuneration

	Year to 31 December 2023 £	Year to 31 December 2022 £
Directors' emoluments	258,662	234,740
Company contributions to defined contribution pension schemes	17,036	14,084
	<u>275,698</u>	<u>248,824</u>

Remuneration disclosed above includes the following amounts paid to the highest director.

	Year to 31 December 2023 £	Year to 31 December 2022 £
Directors' emoluments	156,225	150,730
Company contributions to defined contribution pension schemes	11,744	9,044
	<u>167,969</u>	<u>159,774</u>

Post-employment benefits are accruing for two directors (2022: two) under the defined contribution schemes. No directors (2022: none) were members of defined benefit scheme.

Two directors (2022: two) received share options in the parent company's shares during the year.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 10. Interest payable and similar expenses

	Year to 31 December 2023 £	Year to 31 December 2022 £
Bank overdraft interest	28,426	9,836
Other interest	7,581	14,717
Interest on loans from group undertakings	73,484	129,282
	<u>109,491</u>	<u>153,835</u>

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 11. Taxation on loss

	Year to 31 December 2023 £	Year to 31 December 2022 £
<b>Corporation tax</b>		
Current tax on loss for the year	(600,046)	(848,655)
Adjustments in respect of previous periods	98,557	(118,208)
	<u>(501,489)</u>	<u>(966,863)</u>
<b>Total current tax</b>	<u>(501,489)</u>	<u>(966,863)</u>
<b>Tax on loss on ordinary activities</b>	<u>(501,489)</u>	<u>(966,863)</u>

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 11. Taxation on loss (continued)

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

	Year to 31 December 2023 £	Year to 31 December 2022 £
(Loss) before tax	<u>(3,563,461)</u>	<u>(3,696,270)</u>
(Loss) before taxation multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	(838,126)	(702,291)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	6,714	6,270
Other fixed asset differences	(171)	(4,663)
Adjustments in respect of previous periods	98,557	(118,208)
Enhanced R&D tax credits	(916,908)	(1,455,285)
Surrender of tax losses for credit refund	829,582	1,073,268
Deferred tax not recognised	330,711	228,426
Other differences	(11,848)	5,620
<b>Total tax credit for the year</b>	<u><b>(501,489)</b></u>	<u><b>(966,863)</b></u>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remain at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, the current weighted average tax rate was 23.5%.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December

### 12. Intangible assets

	Website £	Computer software £	Developments £	Total £
<b>Cost</b>				
At 1 January 2023	23,695	239,041	3,688,220	3,950,956
Additions in year	-	66,974	1,467,058	1,534,032
At 31 December 2023	<u>23,695</u>	<u>306,015</u>	<u>5,155,278</u>	<u>5,484,988</u>
<b>Accumulated Amortisation</b>				
At 1 January 2023	19,747	175,867	42,574	238,188
Charge for the year	3,948	40,270	21,287	65,505
At 31 December 2023	<u>23,695</u>	<u>216,137</u>	<u>63,861</u>	<u>303,693</u>
<b>Net book value</b>				
At 31 December 2023	<u>-</u>	<u>89,878</u>	<u>5,091,417</u>	<u>5,181,295</u>
At 31 December 2022	<u>3,948</u>	<u>63,174</u>	<u>3,645,646</u>	<u>3,712,768</u>

These costs in relation to internally developed technologies are included here as they meet the criteria for recognition and are expected to generate future revenues in subsequent years.

## Clyde Space Limited

### Notes to the Financial Statements For the Year Ended 31 December 2023

#### 13. Tangible assets.

	Office Improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2023	150,204	3,046,513	100,059	96,689	3,393,465
Additions	-	1,238,006	526	14,362	1,252,894
At 31 December 2023	150,204	4,284,519	100,585	111,051	4,646,359
<b>Accumulated Depreciation</b>					
At 1 January 2023	147,505	781,446	97,296	90,211	1,116,458
Charge for the year on owned assets	925	202,585	1,997	6,712	212,219
Impairment in year on owned assets	-	491,662	-	-	491,662
At 31 December 2023	148,430	1,475,693	99,293	96,923	1,820,339

## Clyde Space Limited

### Notes to the Financial Statements For the Year Ended 31 December 2023

	Office Improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>13. Tangible assets (continued)</b>					
<b>Net book value</b>					
At 31 December 2023	<u>1,774</u>	<u>2,808,826</u>	<u>1,292</u>	<u>14,128</u>	<u>2,826,020</u>
At 31 December 2022	<u>2,699</u>	<u>2,265,067</u>	<u>2,763</u>	<u>6,478</u>	<u>2,277,007</u>

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 14. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2023	890
At 31 December 2023	<u>890</u>
<b>Accumulated impairment</b>	
At 1 January 2023	890
At 31 December 2023	<u>890</u>
<b>Net book value</b>	
At 1 January 2023	-
At 31 December 2023	<u>-</u>

Investments in subsidiary companies are held at cost less accumulated impairment.

#### Subsidiary undertakings – as at 31 December 2023

The following was a subsidiary undertaking of the Company as at 31 December 2023:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Clyde Space Inc.	USA	Ordinary	100%	Dormant

The registered office of Clyde Space Inc. was in Delaware, United States. As at 31 December 2023 the Company was exempt under section 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the directors considered that the Company's subsidiary may be excluded from consolidation on the basis that it was dormant and not deemed material for the purposes of giving a true and fair view. The financial statements as at 31 December 2023 therefore present information about the Company as an individual undertaking and not a group.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 15. Stocks

	31 December 2023 £	31 December 2022 £
Raw materials and consumables	554,793	476,633
Work in progress	173,462	283,732
Finished goods	38,883	54,125
	<b>767,138</b>	<b>814,490</b>

### 16. Debtors: amounts falling due within one year

	31 December 2023 £	31 December 2022 £
Trade debtors	454,533	1,723,098
Amounts owed from group undertakings	524,725	749,025
Other debtors	12,486	248,240
Amounts recoverable on long term contracts	671,646	1,189,726
Corporation tax recoverable	600,000	960,538
Prepayments and accrued income	631,424	94,381
	<b>2,894,814</b>	<b>4,965,008</b>

Other debtors include £0 (2022 - £241,854) in relation to grants receivable. There are no unfulfilled conditions or other contingencies attaching to grants that have been recognised as income. Trade debtors are stated after provisions for impairment of £365,446 (2022 - £40,581).

### 17. Cash at bank and in hand

	31 December 2023 £	31 December 2022 £
Cash at bank and in hand	<b>687,599</b>	<b>875,474</b>

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 18. Creditors: Amounts falling due within one year

	31 December 2023 £	31 December 2022 £
Bank overdraft	-	707,702
Trade creditors	805,816	1,345,353
Amounts owed to group undertakings	2,227,919	1,547,964
Other taxation and social security	523,489	498,829
Accruals and deferred income	6,592,645	4,594,829
	<u>10,149,869</u>	<u>8,694,677</u>

Included within accruals and deferred income are contract liabilities totalling £5,970,175 (2022 - £3,773,443). During the year, revenues totalling £1,932,377 were recognised from the opening liability, £1,841,066 remained at the balance sheet date.

### 19. Creditors: Amounts falling due after more than one year

	31 December 2023 £	31 December 2022 £
Amounts owed to group undertakings	1,921,851	631,150
	<u>1,921,851</u>	<u>631,150</u>

Amounts owed to parent company are unsecured are not repayable until 6 April 2025. Interest is charged at a fixed rate of 6% per annum on outstanding balances.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 20. Deferred tax

The available unused tax losses at 31 December 2023 is £7,033,038 (31 December 2022: £4,493,895). There was no deferred tax recognised at the end of the year. The prior year comparative figure has been amended to reflect the correct figure following the finalisation of the tax computation after the prior year financial statements were approved, increasing the comparative value by £2,780,448 from the prior year disclosure.

### 21. Called up share capital

	31 December 2023 £	31 December 2022 £
<b>Allotted, called up and fully paid</b>		
4,107,411 (2022 4,107,411) Ordinary shares of £0.01 each	41,074	41,074
1,000,000 (2022 1,000,000) Preferred ordinary shares of £0.01 each	10,000	10,000
104,233 (2022: 104,233) B Ordinary shares of £0.01 each	1,042	1,042
	<u>52,116</u>	<u>52,116</u>

### 22. Reserves

#### Share premium account

The share premium reserve comprises of amount arising on the issue of ordinary share capital of the company.

#### Profit and loss account

The profit and loss account reserve comprise, the cumulative profit and loss trading results, capital contributions from shareholders less any dividends distributed to shareholders.

### 23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £257,100 (2022 - £215,612). Contributions amounting to £30,805 (2022 - £29,843) were payable to the fund at the balance sheet date and are included in creditors.

### 24. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2023 £	31 December 2022 £
<b><u>Payment Due</u></b>		
Not later than 1 year	137,625	129,136
Later than 1 year and not later than 5 years	126,156	85,555
	<u>263,781</u>	<u>214,691</u>

The company had no other off-balance sheet arrangements.

# Clyde Space Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 25. Related party transactions

All purchases from related parties are in the normal course of business and are carried out on an arms-length basis.

During the year, an advance of salary was paid to Luis Gomes totalling £41,000, at the year end date £39,523 was included in prepayments.

The parent company, AAC Clyde Space AB advanced £1,330,776 (2022 - £2,107,237) to Clyde Space Limited during the year. Interest charged by the parent company during the year amounted to £73,484 (2022 - £114,502).

During the year, the parent company made a capital contribution of £28,198 (2022 - £4,760,435) to equity.

Turnover totalling £63,048 (2022 - £89,888) was recognised in relation to goods and services sold to AAC Clyde Space AB. Goods and services totalling £648,615 (2022 - £1,067,463) were provided by AAC Clyde Space AB. A management charge totalling £510,429 (2022 - £585,448) was issued by AAC Clyde Space AB covering the year to 31 December 2023. In addition, a management charge totalling £1,307,087 (2022 - £1,236,174) was issued by Clyde Space Ltd to AAC Clyde Space AB. At the balance sheet date, the company owed AAC Clyde Space AB £3,572,053 (2022 - £1,271,739).

AAC Space Africa (PTY) Ltd, is a wholly owned subsidiary of AAC Clyde Space AB. During the year, Clyde Space Limited purchased good and services totalling £115,597 (2022 - £206,872). At the balance sheet date, the company was owed £10,712 (2022 - £nil) from AAC Space Africa (PTY) Ltd and owed £nil (2022 - £31,544).

Hyperion Technologies B.V. is a wholly owned subsidiary of AAC Clyde Space AB. During the year, Clyde Space Limited purchased good and services totalling £177,429 (2022 - £171,587). In addition, turnover totalling £57,907 (2022 - £45,838) was recognised in relation to goods and services sold to Hyperion Technologies B.V. At the balance sheet date, the company owed Hyperion Technologies B.V. £99,544 (2022 - £21,319).

SpaceQuest Ltd is a wholly owned subsidiary of AAC Clyde Space AB. During the year, Clyde Space Limited purchased services totalling £11,292 (2022 - £nil) and sold goods totalling £158,815 (2022 - £17,444). At the balance sheet date, the company was owed £39,724 (2022 - £9,014) by SpaceQuest Ltd.

Omnisys Instruments AB is a wholly owned subsidiary of AAC Clyde Space AB. During the year, Clyde Space Limited purchased services totalling £22,068 (2022 - £nil) and sold goods totalling £3,153 (2022 - £nil). At the balance sheet date, the company owed £3,883 (2022 - £nil) to Omnisys Instruments AB.

During January 2016 Clyde Space Inc. was incorporated in Delaware, USA. As described in note 14, the process to dissolve the company commenced in 2021 but was not yet concluded by 31 December 2023.

### 26. Controlling party

The company is a direct subsidiary of the ultimate parent company, AAC Clyde Space AB, which is registered in Sweden (number 556677-0599) with registered offices in Uppsala Science Park, Sweden. AAC Clyde Space AB consolidated financial statements are available on the parent company website. <https://investor.aac-clyde.space/en>