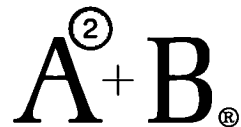


Registered number: 02225720



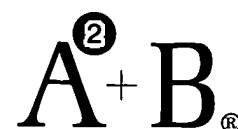
**PEGASUS INTERNATIONAL (UK)  
LIMITED**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



**PEGASUS INTERNATIONAL (UK) LIMITED**



**COMPANY INFORMATION**

**Directors**

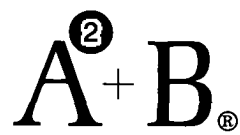
G S Stevenson (resigned 7 April 2017)  
M D Wooldridge (appointed 7 April 2017)  
D R Wyatt  
C Monroe Jr

**Registered number**

02225720

**Registered office**

145-157 St. John Street  
London  
England  
EC1V 4PW



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| Balance sheet                         | 2      |
| Statement of changes in equity        | 3      |
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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

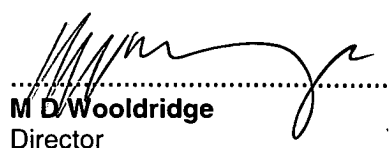
|   | Note | 2017<br>£          | 2016<br>£          |
|---|------|--------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                    |                    |
| Tangible assets                                       | 4    | 11,204             | 47,256             |
| <b>Current assets</b>                                 |      |                    |                    |
| Debtors: amounts falling due after more than one year | 5    | -                  | 90,465             |
| Debtors: amounts falling due within one year          | 5    | 2,275,631          | 2,500,428          |
| Cash at bank and in hand                              |      | 406,461            | 206,585            |
|   |      | <u>2,682,092</u>   | <u>2,797,478</u>   |
| Creditors: amounts falling due within one year        | 6    | (6,394,498)        | (5,720,193)        |
| <b>Net current liabilities</b>                        |      | <u>(3,712,406)</u> | <u>(2,922,715)</u> |
| <b>Total assets less current liabilities</b>          |      | <u>(3,701,202)</u> | <u>(2,875,459)</u> |
| <b>Provisions for liabilities</b>                     |      |                    |                    |
| Other provisions                                      | 7    | (88,640)           | (159,554)          |
|   |      | <u>(88,640)</u>    | <u>(159,554)</u>   |
| <b>Net liabilities</b>                                |      | <u>(3,789,842)</u> | <u>(3,035,013)</u> |
| <b>Capital and reserves</b>                           |      |                    |                    |
| Called up share capital                               |      | 33,340             | 33,340             |
| Profit and loss account                               |      | (3,823,182)        | (3,068,353)        |
|   |      | <u>(3,789,842)</u> | <u>(3,035,013)</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

  
M D Wooldridge  
Director

Date: 23/08/18

The notes on pages 4 to 10 form part of these financial statements.

PEGASUS INTERNATIONAL (UK) LIMITED



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

|  | Called up<br>share capital | Profit and<br>loss account | Total equity       |
|--|----------------------------|----------------------------|--------------------|
|  | £                          | £                          | £                  |
| At 1 January 2017                              | 33,340                     | (3,068,353)                | (3,035,013)        |
| Loss for the year                              | -                          | (754,829)                  | (754,829)          |
| <b>Total comprehensive income for the year</b> | -                          | (754,829)                  | (754,829)          |
| <b>At 31 December 2017</b>                     | <b>33,340</b>              | <b>(3,823,182)</b>         | <b>(3,789,842)</b> |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

|  | Called up<br>share capital | Profit and<br>loss account | Total equity       |
|--|----------------------------|----------------------------|--------------------|
|  | £                          | £                          | £                  |
| At 1 January 2016                              | 33,340                     | (1,853,860)                | (1,820,520)        |
| Loss for the year                              | -                          | (1,214,493)                | (1,214,493)        |
| <b>Total comprehensive income for the year</b> | -                          | (1,214,493)                | (1,214,493)        |
| <b>At 31 December 2016</b>                     | <b>33,340</b>              | <b>(3,068,353)</b>         | <b>(3,035,013)</b> |

The notes on pages 4 to 10 form part of these financial statements.

**1. General information**

Pegasus International (UK) Limited is a limited company incorporated in Scotland. The registered office is 145-157 St John Street, London, England, EC1V 4PW. The principal activity of the company is consultancy services.

**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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Going concern**

During the year the company reported a loss of £754,829 and this has resulted in a net liabilities position of £3,789,842 at 31 December 2017. Included within these liabilities are amounts due to group companies of £6,029,914. The company continues to be loss making however, the financial statements are prepared on a going concern basis, which assumes that the company will continue to meet its liabilities as they fall due. The parent company has confirmed they shall continue to support the company to facilitate its ability to continue trading as a going concern for the foreseeable future.

**2.3 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:

**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.

The stage of completion is ascertained by assessing the fair value of the services provided to the balance sheet date as a proportion of the total fair value of the contract. Losses on contracts are recognised in the period in which the loss first becomes foreseeable. Contract losses are determined as the amount by which estimated direct and indirect costs of the contract exceed the estimated total revenues that will be generated by the contract.

**2.4 Tangible fixed 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Tangible fixed 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:

|                     |           |
|---------------------|-----------|
| Fixtures & fittings | - 3 years |
| Computer equipment  | - 3 years |

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.

2.5 Operating leases: Lessee

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

2.6 Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



**2. Accounting policies (continued)**

**2.10 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.11 Pensions**

**Defined contribution pension plan**

The company contributes to 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 an independently administered fund.

**2.12 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably 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.

**2.13 Cashflow**

The company has taken advantage of the exemption, under FRS102 paragraph 1.12(b), from preparing a statement of cash flows on the basis that it is a qualifying entity controlled within the group whose consolidated financial statements are publicly available, and includes the company's cash flows in its own consolidated financial statements.

**2. Accounting policies (continued)**

**2.14 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence. In the current year and prior year exceptional costs relates to redundancy costs.

**2.15 Current and deferred taxation**

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.

**3. Employees**

The average monthly number of employees, including directors, during the year was 13 (2016 - 16).

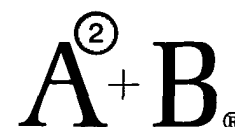
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

## 4. Tangible fixed assets

|                                     | Fixtures &<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|-------------------------------------|-----------------------------|----------------------------|------------|
| <b>Cost or valuation</b>            |                             |                            |            |
| At 1 January 2017                   | 14,823                      | 669,863                    | 684,686    |
| Additions                           | -                           | 12,604                     | 12,604     |
| At 31 December 2017                 | 14,823                      | 682,467                    | 697,290    |
| <b>Depreciation</b>                 |                             |                            |            |
| At 1 January 2017                   | 14,284                      | 623,146                    | 637,430    |
| Charge for the year on owned assets | 444                         | 48,212                     | 48,656     |
| At 31 December 2017                 | 14,728                      | 671,358                    | 686,086    |
| <b>Net book value</b>               |                             |                            |            |
| At 31 December 2017                 | 95                          | 11,109                     | 11,204     |
| At 31 December 2016                 | 539                         | 46,717                     | 47,256     |

PEGASUS INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017



5. Debtors

|                                     | 2017<br>£         | 2016<br>£         |
|-------------------------------------|-------------------|-------------------|
| <b>Due after more than one year</b> |                   |                   |
| Other debtors                       | -                 | 90,465            |
|                                     | <u>          </u> | <u>          </u> |
|                                     | 2017<br>£         | 2016<br>£         |
| <b>Due within one year</b>          |                   |                   |
| Trade debtors                       | 1,133,171         | 323,542           |
| Other debtors                       | 90,474            | 12,093            |
| Prepayments and accrued income      | 938,472           | 2,051,279         |
| Tax recoverable                     | 113,514           | 113,514           |
|                                     | <u>2,275,631</u>  | <u>2,500,428</u>  |

6. Creditors: Amounts falling due within one year

|                                       | 2017<br>£        | 2016<br>£        |
|---------------------------------------|------------------|------------------|
| Trade creditors                       | 31,969           | 64,921           |
| Amounts owed to other group companies | 6,029,914        | 5,295,152        |
| Other taxation and social security    | 39,308           | 49,175           |
| Other creditors                       | 8,302            | 7,921            |
| Accruals and deferred income          | 285,005          | 303,024          |
|                                       | <u>6,394,498</u> | <u>5,720,193</u> |

The company has granted a debenture over the whole of its assets to the Bank of Scotland.

**7. Provisions**

|                            | Lease<br>abandonment<br>£ |
|----------------------------|---------------------------|
| At 1 January 2017          | 159,554                   |
| Utilised in year           | (70,914)                  |
| <b>At 31 December 2017</b> | <b>88,640</b>             |

**Lease abandonment**

During the prior year the company vacated its premises in Aberdeen. The premises were occupied under a lease agreement which expires in March 2019. The premises remained unoccupied at the year end. A discounted lease has been recognised as a provision.

**8. Operating lease commitments**

At 31 December 2017, the company had future minimum lease payments under non-cancellable operating leases totalling £227,500 (2016 - £292,500).

**9. Ultimate parent undertaking and controlling party**

The immediate holding company of Pegasus International (UK) Limited is Pegasus International Inc., a company incorporated in the United States of America.

The ultimate holding company is Huntington Ingalls Industries Inc a publically listed company on the NYSE, USA.

**10. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed on 13/09/18 by James Pirrie (Senior statutory auditor) on behalf of Anderson Anderson & Brown Audit LLP.

In forming our opinion we have considered the net liabilities of £3,789,842. Of this, £6,029,914 is due to the parent company and other group companies. The companies has confirmed this balance will not be repaid in advance of other creditors. Furthermore, the parent company has confirmed to provide financial support to the company. In view of the significance of this, we consider it should be drawn to your attention, but our opinion is not qualified in this respect.