

Textron Systems Electronic Systems UK (Holdings) Limited

Annual report and financial statements

For the year ended 31 December 2018



Company number: 4295616

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Company information

Directors

T W M Liu

S T Mensh

Secretary

N F Rojas-Mera

Registered office

16 Compass Point

Ensign Way

Hamble

Southampton

Hampshire

SO31 4RA

Company number

4295616

Auditors

Ernst & Young LLP

Wessex House

19 Threefield Lane

Southampton

SO14 3QB

Directors' report

The directors present their report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company continued to be that of a holding company.

Directors

The directors who served the company during the year are as follows:

S T Mensh
T W M Liu

Results and Dividends

The company did not trade during the period. The subsidiary undertaking has met the expenses of the company. The directors recommended the payment of a dividend of £4,000,000 following the receipt of a dividend for the same amount from the company's wholly owned subsidiary Textron Systems Electronic Systems UK Limited. This was paid during the year.

Going Concern

The company participates in the Textron Inc. group's centralised treasury arrangements and shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt of the ability of the Textron Inc. group to continue as a going concern or its ability to continue with the current banking arrangements. Accordingly the financial statements have been prepared on a going concern basis.

Statement of disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and signed on behalf of the Board by



.....
T W M Liu

Director

06/08/2019

Statement of Directors' responsibilities

for the year ended 31 December 2018

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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 102 'the Financial Reporting Standard applicable in the UK and Ireland' 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 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.

Independent Auditor's Report to the Members of Textron Systems Electronic Systems UK (Holdings) Limited

Opinion

We have audited the financial statements of Textron Systems Electronic Systems UK (Holdings) Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 5, 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 2018 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Independent Auditor's Report to the Members of Textron Systems Electronic Systems UK (Holdings) Limited (continued)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in not preparing a Strategic Report and in preparing the Directors' Report.

Independent Auditor's Report to the Members of Textron Systems Electronic Systems UK (Holdings) Limited (continued)

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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.

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.



*David Hales (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton*

Date: *7 August 2019*

Statement of comprehensive income

for the year ended 31 December 2018

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Operating profit	-	-
Dividend income	4,000,000	-
Profit on ordinary activities before taxation	4,000,000	-
Taxation	-	-
Profit for the year attributable to owners of the parent	4,000,000	-
Other comprehensive income	-	-
Total comprehensive income attributable to owners of the parent	4,000,000	-

The notes on pages 9 to 11 are an integral part of these financial statements.

Balance Sheet

as at 31 December 2018

	Note	2018 £	2017 £
Non-current assets			
Investments	3	806,783	806,783
Net assets		<u>806,783</u>	<u>806,783</u>
Capital and reserves			
Share capital		111	111
Share premium		740,000	740,000
Retained earnings		<u>66,672</u>	<u>66,672</u>
Shareholders' equity		<u>806,783</u>	<u>806,783</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and of the Companies Act 2006.

The notes on pages 10 to 12 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue by



T W M Liu

Director

06/08/2019

Statement of changes in equity

For the year ended 31 December 2018

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2017	111	740,000	66,672	806,783
Profit for the financial year	-	-	-	-
Total comprehensive income	-	-	-	-
Dividends paid	-	-	-	-
At 31 December 2017	111	740,000	66,672	806,783
Profit for the financial year	-	-	4,000,000	4,000,000
Total comprehensive income	-	-	4,000,000	4,000,000
Dividends paid	-	-	(4,000,000)	(4,000,000)
At 31 December 2018	111	740,000	66,672	806,783

The notes on pages 9 to 11 are an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2018

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards (FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland') and under historical cost accounting rules.

The company's accounting reference date is 1 January 2018 to 31 December 2018 and normally the annual financial statements are drawn up for a 52 or 53 week period, ending on the Saturday closest to December 31.

Under Financial Reporting Standard 102, the company is exempt from the requirement to prepare a cash flow statement.

The primary economic environment in which the Company operates is governed by Pounds Sterling, and as such this is the functional currency and the Company's financial statements have been prepared and presented in this currency.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts, as the Company's ultimate parent company publishes group financial statements in which this company is included. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Related parties

As the company is a wholly owned subsidiary of Textron Inc, the company has taken advantage of the exemption contained in FRS102 and has therefore not disclosed transactions or balances with other wholly owned entities which form part of the Group. The consolidated financial statements of Textron Inc, within which this company is included, may be obtained from the address set out in note 4.

Notes to the financial statements (continued)

for the year ended 31 December 2018

1 Accounting policies (*continued*)

Investments

Non-current asset investments are stated at cost. The carrying value of investments are reviewed for impairment when events or changes in circumstance indicate the carrying value may not be recoverable.

2 Statement of comprehensive income and statement of change in equity

The company did not trade during the period but has received and paid a dividend during 2018. Therefore a statement of comprehensive income and statement of changes in equity have been prepared.

3 Non-current asset investments

Subsidiary undertakings:

Cost:

At 1 January 2018 and 31 December 2018	806,783
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Net book value

At 31 December 2018	806,783
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At 1 January 2018	806,783
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The investment above relates to a 100% equity investment in Textron Systems Electronic Systems UK Limited, a company incorporated in England. Its principle activity is that of research, design, development and manufacture of electro optical simulation, stimulation and force protection solutions.

4 Ultimate parent undertaking and controlling party

The immediate parent undertaking is AAI Corporation, 124 Industry Lane, Hunt Valley, Maryland, 21030, USA.

The company's ultimate parent undertaking and controlling party is Textron Inc, a company incorporated in the USA. Copies of the Textron Inc. consolidated financial statements for the period ended 31 December 2018 which are the largest and smallest consolidated financial statements which include the results and net assets of the company, may be obtained from 40 Westminster Street, Providence, RI 02903, USA.

Notes to the financial statements (continued)

for the year ended 31 December 2018

5 Additional Information

The company is a private company limited by shares and registered in England.

The company had no employees, other than its directors, and incurred no employee costs (2017: nil).

The remunerations of the auditors' is borne fully by the company's wholly owned subsidiary Textron Systems Electronic Systems UK Limited.