

Controls and Communications Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2016

Registration number: 314979



Controls and Communications Limited

Contents

Company Information	1
Directors Report	2
Strategic Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5
Income Statement	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11

Controls and Communications Limited

Company Information

Directors	M W P Seabrook E McCrorie
Company secretary	M W P Seabrook
Registered office	350 Longwater Avenue Green Park Reading RG2 6GF
Company Registration No	314979
Auditors	Ernst & Young LLP 1 More London Place, London SE1 2AF

Controls and Communications Limited

Directors Report

The directors present their annual report and the financial statements, together with the auditor's report, for Controls and Communications Limited for the year ended 31 December 2016.

Dividends'

The directors do not recommend the payment of a dividend (2015-£nil)

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors of the company

The directors who served during the year were as follows:

M W P Seabrook Company secretary and director

S J Stratton Resigned 10 April 2017

The following director was appointed after the year end:

E McCrorie Appointed 10 April 2017

Directors liabilities

The company has not granted any indemnity against liability to its Directors during the year or at the date of approving the directors' report.

Donations

During the period to 31 December 2016 no charitable donations or political donations were made (2015- £nil)

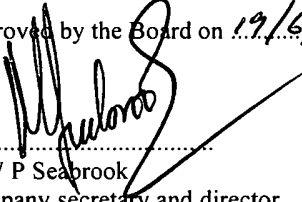
Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the auditor, the Directors have taken all the steps they are obliged to take as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Reappointment of auditors

Ernst & Young LLP have indicated their willingness to continue in office and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

Approved by the Board on 19/6/17 and signed on its behalf by:


.....
M W P Seabrook
Company secretary and director

350 Longwater Avenue
Green Park
Reading
RG2 6GF

Controls and Communications Limited

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the Company is to act as a non-trading company, within the Thales group of companies based in the UK.

Business review

The audited accounts for the year ended 31 December 2016 are set out on pages 7 to 16 . The Company made a loss after taxation for the year £21,000 (2015 £37,000).

The Directors do not foresee any change in the business of the Company in the foreseeable future.

Financial risk management objectives and policies

The Company's financial assets and liabilities are trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

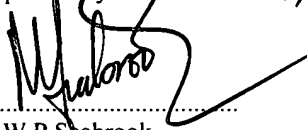
The main risk arising from the Company's financial instruments is credit risk. The Board reviews and agrees policies for managing this risk and they are summarised below.

Credit risk

The Company's principal financial assets are trade and other receivables. The Company trades exclusively with fellow subsidiaries and associates.

The Company has no significant concentration of credit risk due to the financial status of its counterparties.

Approved by the Board on 19/6/17 and signed on its behalf by:


.....
M W P Seabrook
Company secretary and director

350 Longwater Avenue
Green Park
Reading
RG2 6GF

Controls and Communications Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; 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.

Controls and Communications Limited

Independent Auditor's Report to the shareholders of Controls and Communications Limited

We have audited the financial statements of Controls and Communications Limited for the year ended year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- The information given in the Strategic Report and Directors' Report for the principal year for which the financial statements are prepared is consistent with the financial statements
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Controls and Communications Limited

Independent Auditor's Report to the shareholders of Controls and Communications Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or Directors' Report.

We have nothing to report in respect of the following matters where 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



.....
J I Gordon (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London

19 June 2017

Controls and Communications Limited

(Registration number: 314979)

Statement of comprehensive income for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Continuing Operations			
Finance income	5	7	14
Finance costs	5	<u>(28)</u>	<u>(51)</u>
Loss before tax		<u>(21)</u>	<u>(37)</u>
Income tax expense	7	<u>-</u>	<u>-</u>
Loss and total comprehensive Loss for the year net of tax		<u>(21)</u>	<u>(37)</u>

The accompanying notes are an integral part of this statement of comprehensive income.

Controls and Communications Limited

(Registration number: 314979)

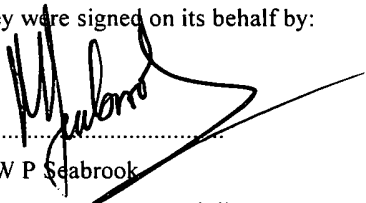
Statement of Financial Position as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Assets			
Current assets			
Trade and other receivables	8	48,694	48,706
Cash at bank	10	<u>10</u>	<u>-</u>
Total assets		48,704	48,706
Liabilities			
Current liabilities			
Trade and other payables	9	<u>6,750</u>	<u>6,731</u>
Net Assets		<u>41,954</u>	<u>41,975</u>
Equity			
Share capital	12	688	688
Other capital reserves		656	656
Retained earnings		<u>40,610</u>	<u>40,631</u>
Total equity		<u>41,954</u>	<u>41,975</u>

The accompanying notes are an integral part of this statement of financial position.

The financial statements on pages 7 to 16 were approved by the board of directors and authorised for issue on
..... 19/6/17.

They were signed on its behalf by:


.....
M W P Seabrook

Company secretary and director

Controls and Communications Limited

(Registration number: 314979)

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £ 000	Other reserves £ 000	Retained earnings £000	Total £000
At 31 December 2014	688	656	40,668	42,012
Loss for the year	-	-	(37)	(37)
At 31 December 2015	688	656	40,631	41,975
Loss for the year	-	-	(21)	(21)
At 31 December 2016	688	656	40,610	41,954

Controls and Communications Limited

(Registration number: 314979)

Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
FINANCING ACTIVITIES			
Loss for the year		(21)	(37)
Adjustments to cash flows from non-cash items			
Decrease/(increase) in trade and other receivables	8	12	(32)
Increase in trade and other payables	9	19	40
Net cash flow from financing activities		<u>10</u>	<u>(29)</u>
Cash and cash equivalents at 1 January		<u>-</u>	<u>29</u>
Cash and cash equivalents at 31 December		<u>10</u>	<u>-</u>

Cash and cash equivalents include bank overdrafts.

The accompanying notes are an integral part of this statement of cash flows.

Controls and Communications Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Corporate information

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on the 19th June 2017. The Company is a limited Company incorporated and domiciled in England & Wales.

The address of the registered office is given on page 1. The nature of the Company's operations and principal activities are set out in the strategic report. Information on its ultimate parent is presented on note 13 .

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) adopted for use in the European Union. The financial statements have been prepared on a historical cost basis. The financial statements are presented in pounds sterling, the currency in which the Company's transactions are denominated, and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

The principal accounting policies adopted are set out below:

Financial instruments

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are carried at fair value (in the majority of cases this will equate to original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end). Bad debts are written off when identified.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank overdrafts are initially recorded at the proceeds received, net of direct issue costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Controls and Communications Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Taxation

The tax charge comprises current tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity. Current tax is the expected tax payable on the profit or loss for the year and any adjustments in respect of previous years using tax rates enacted or substantively enacted at the reporting date.

Revenue recognition

Finance income is recognised as interest accrues, by reference to the principal outstanding and at the interest rate applicable.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3 Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. There have been no new or amended International Financial Reporting Standards (IFRS's) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2016.

New standards issued but not yet effective

The Company has not applied the following IFRS and IFRIC that are applicable to the Company and that have been issued but are not yet effective.

New/revised international financial reporting standards

Effective date		
IFRS 9	Financial Instruments	Annual Periods beginning on or after 1 January 2018

The Directors do not expect that the adoption of the above pronouncements will have a material impact to the financial statements in the period of initial application other than disclosure.

4 Auditors' remuneration

For the year ended 31 December 2016 and the preceding year, the auditor's remuneration of £7,000 (2015 - £7,000) has been borne by a fellow subsidiary.

Controls and Communications Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

5 Finance income and costs

	2016 £ 000	2015 £ 000
Amount received from group undertakings	<u>7</u>	<u>14</u>
Amount paid to group undertakings	<u>(28)</u>	<u>(51)</u>

6 Directors' remuneration

The Directors received no remuneration for their services in respect of the Company in either the current or preceding year.

The Company had no employees other than the Directors.

7 Income tax expense

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

Corporation tax is calculated at 20% (2015 - 20.25%) of the estimated assessable profit or loss for the year.

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

	2016 £ 000	2015 £ 000
Loss before tax	<u>(21)</u>	<u>(37)</u>
(Loss)/ (profit) multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(4)	(8)
Tax effect of:		
Imputed interest on non-interest bearing loans	111	121
Group relief surrendered for nil payment	<u>(107)</u>	<u>(113)</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

The rate of corporation tax remained unchanged at 20% on 1 April 2016. Reductions to 19% and 18%, effective from 1 April 2017 and 1 April 2020 respectively, were included in the Finance Act (No.2) 2015 which was enacted on 18 November 2015, and a further reduction to 17% effective 1 April 2020 was included in the Finance Act 2016 which was substantively enacted on 6 September 2016.

Controls and Communications Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

8 Trade and other receivables

	2016 £ 000	2015 £ 000
Amount owed by other group undertakings	<u>48,694</u>	<u>48,706</u>

The Directors consider that an allowance for estimated irrecoverable amounts, determined by reference to past default experience, is not necessary.

The carrying amount above represents the Company's maximum exposure to credit risk.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

At 31 December 2016 & 31 December 2015 the aged trade receivables analysis is as follows:

	Total £ 000	Neither past due nor impaired £ 000	Overdue amount less than 3 months £ 000	Overdue amount more than 3 months £ 000	Overdue amount more than 6 months £ 000
2016	<u>48,694</u>	<u>48,694</u>	-	-	-
2015	<u>48,706</u>	<u>48,706</u>	-	-	-

9 Trade and other payables

	2016 £ 000	2015 £ 000
Amount owed to other group undertakings	6,642	6,623
Accruals and deferred income	<u>108</u>	<u>108</u>
	<u>6,750</u>	<u>6,731</u>

The Directors consider that the carrying amount of trade payables approximates their fair value.

10 Cash at bank

	2016 £ 000
Cash at bank	<u>10</u>

Controls and Communications Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

11 Financial instruments

Categories of financial instruments

	Loans and receivables £ 000	Amortised cost £ 000	Total £ 000
31 December 2016			
Assets			
Trade and other receivables	48,694	-	48,694
Liabilities			
Trade and other payables	-	6,750	6,750
31 December 2015			
Assets			
Trade and other receivables	48,706	-	48,706
Liabilities			
Trade and other payables	-	6,731	6,731

12 Share capital

	No. 000	2016 £ 000	No. 000	2015 £ 000
<i>Authorised</i>				
27,521,425 ordinary shares of £0.03 each	27,521	688	27,521	688
12,478,575 ordinary shares of £0.03 each	12,479	312	12,479	312
	<u>40,000</u>	<u>1,000</u>	<u>40,000</u>	<u>1,000</u>
Allotted, called up and fully paid shares				
	No. 000	2016 £ 000	No. 000	2015 £ 000
27,521,425 ordinary shares of £0.03 each	<u>27,521</u>	<u>688</u>	<u>27,521</u>	<u>688</u>

Note: Ordinary shares are issued at £0.025 each.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

Controls and Communications Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

13 Related party transactions

The immediate parent company is Thales Electronics Limited, a company incorporated in the United Kingdom. The ultimate parent company is Thales SA, a company incorporated in France. This is also both the largest and smallest group which includes the company and for which consolidated accounts are prepared. Copies of the group accounts of Thales SA are available from Tour Carpe Diem, 31 place des Corolles, 92098 Paris La Défense, France

Trading transactions

During the year, the Company entered into the following transactions with related parties:

	Intercompany transactions received		Intercompany transactions paid		Amounts owed by related parties		Amounts owed to related parties	
	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000
Parent company	-	-	-	-	35,714	35,714	-	-
Fellow subsidiaries	-	-	-	-	12,980	12,992	-	-
Fellow subsidiaries	-	-	-	-	-	-	6,642	6,623

The amounts outstanding are unsecured. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts owed by related parties.