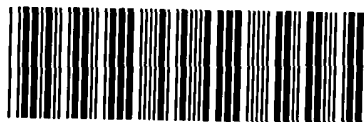


Thales Training and Simulation Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2020

Registration number: 426402

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Thales Training and Simulation Limited

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Thales Training and Simulation Limited

Company Information

Directors

E A McCrorie
M W P Seabrook

Company Secretary

M W P Seabrook

Registered office

350 Longwater Avenue
Green Park
Reading
RG2 6GF

Auditor

Mazars LLP

Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Thales Training and Simulation Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their annual report and the financial statements, together with the auditor's report, for Thales Training and Simulation Limited for the year ended 31 December 2020.

Matters covered in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. These matters relate to the principal activity, business review and principal risks and uncertainties.

Dividends

The Directors declared final dividends of £nil for the year (2019: £35,962,000).

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.

Brexit and COVID-19 review

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which ended on 31 December 2020. On 24 December 2020, the United Kingdom and the European Union entered into a Trade and Cooperation Agreement (TCA) establishing the basis on which goods will be traded from 1 January 2021 between parties in the United Kingdom and the European Union. Whilst it is anticipated that some of the detail necessary to operate under the TCA will be determined in future as this new relationship evolves, the Directors consider this outcome provides a platform from which UK based companies can plan and execute future trading activity with parties in the European Union, and that it provides a basis to resolve much of the uncertainty which remained after the United Kingdom had left the European Union on 31 January 2020 without having in place the new TCA. In anticipation of the changes which Brexit will bring for Thales UK group, its trading activities and its relationships with customers and suppliers, the Thales Group has assessed the potential impacts of Brexit and has put in place measures to manage and monitor the on-going impacts.

During the year, the global outbreak of a novel strain of coronavirus (COVID-19) caused substantial disruption to society, business and wider economic activity, and many national governments have imposed measures to limit the spread of the virus. Whilst there are now developing plans in many countries to combat the virus through mass vaccination programmes, there is expected to be significant disruption for the immediate future. Thales UK group and its ultimate parent company, Thales SA, have been assessing on a continuous basis the impacts of this disruption in order to adapt its business strategy accordingly to respond as further information evolves.

However, in the Directors' view, the potential impacts of both Brexit and COVID-19 for the Company are limited by the fact that the Company does not trade in its own right, nor do any of its subsidiaries (Note 7). These matters are addressed further in the Going Concern policy on page 16 and in the review of events since the balance sheet date (Note 15).

At the time of signing these financial statements, the Directors have not identified any impacts of Brexit or of COVID-19 which might require a material change to the current activities of the Company, nor which would require any adjustments to the financial amounts presented in the financial statements at 31 December 2020.

Thales Training and Simulation Limited

Directors' Report for the Year Ended 31 December 2020 continued

Environmental information

The Thales Group in the UK has implemented an Environmental Policy to conduct its current and future business in a way that protects the environment. This is achieved through development and implementation of Environmental Management Systems against which it reports environmental performance regularly to the Thales Holdings UK plc board. It is a Thales requirement that operating companies are certified to the International Standard for Environmental Management Systems ISO 14001. Current Environmental Programmes include reducing the Thales UK Group's carbon footprint and implementing a Green Purchasing programme.

Directors of the Company

The Directors who served during the year were as follows:

E A McCrorie
M W P Seabrook

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 2020 no political donations were made (2019: £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.

Auditors

The Company has appointed Mazars LLP as its auditor. In accordance with section 489 of the Companies Act 2006, the Company has not elected to re-appoint its auditor annually and Mazars LLP will therefore continue in office.

Approved by the Board on 23 April 2021 and signed on its behalf by:



E McCrorie, Director

350 Longwater Avenue
Green Park
Reading RG2 6GF

Thales Training and Simulation Limited

Strategic Report for the Year Ended 31 December 2020

Principal activity

The Company did not carry out any operational trading activity during the current or preceding year. The Company acts as a holding company for Thales Group investments in a number of subsidiaries and certain other companies which provide training services to third parties. No change is currently envisaged in the Company's activities.

Section 172(1) Statement

The Directors have taken account of new reporting requirements as required by *The Companies (Miscellaneous Reporting) Regulations 2019* (the Regulations) which apply for companies which meet certain criteria in respect of reporting periods commencing on or after 1 January 2020. In this regard, the Directors consider that the Company is within the scope of the criteria which determine whether or not an entity is required to provide a Section 172(1) report in its annual report and financial statements on the basis that it meets the criterion of being a subsidiary of a company the shares of which are quoted on a regulated financial market (see Note 14 for ultimate parent company details).

Under the Regulations, the Directors are required to report on certain specified matters. However, the Directors note that the Company does not trade in its own right, and does not have any contracts with third parties for the sale or purchase of goods and services, nor does it have any employees. Consequently, in the Directors' view there are no relevant matters which should be presented in this report regarding engagement with customers, suppliers or employees.

The Directors carry out their statutory duties under Section 172 of The Companies Act 2006 to promote the interests of the Company in accordance with the Corporate Governance arrangements of Thales UK Group, and in this regard minutes of statutory meetings and key decisions of the Directors are recorded and retained by the Company Secretary.

Business review

The Company made a profit after taxation for the year of £nil (2019: profit after taxation for the year of £38,111,000).


Financial risk management objectives and policies

The Company had no amounts receivable from, or payable to, its parent company or any other party at the year end, (2019: amount receivable £nil, and amount payable to its parent company amounting to £nil).

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

In view of the above, the Directors consider that the Company has no exposure to credit risk or liquidity risk.

Approved by the Board on 23 April 2021 and signed on its behalf by:



E McCrorie, Director

350 Longwater Avenue
Green Park
Reading
RG2 6GF

Thales Training and Simulation Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Company'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.

Thales Training and Simulation Limited

Independent Auditor's Report to the Members of Thales Training and Simulation Limited

Opinion

We have audited the financial statements of Thales Training and Simulation Limited for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its results for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Thales Training and Simulation Limited'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.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material

Thales Training and Simulation Limited

Independent Auditor's Report to the Members of Thales Training and Simulation Limited continued

Other information continued

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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 not identified material misstatements in the Strategic Report or 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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.

Thales Training and Simulation Limited

Independent Auditor's Report to the Members of Thales Training and Simulation Limited continued

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 the 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. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, corruption and fraud, money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and 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 manual journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

Thales Training and Simulation Limited

Independent Auditor's Report to the Members of Thales Training and Simulation Limited continued

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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.



Jon Seaman (Apr 26, 2021 11:59 GMT+1)

Jonathan Seaman (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

26 April 2021

Thales Training and Simulation Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Finance income	3	-	38,111
Loss on liquidation of investment		-	-
Profit before tax		-	38,111
Income tax charge	6	-	-
Profit after tax		-	38,111
Total comprehensive Income for the year		-	38,111

All amounts relate to continuing operations.

The notes on pages 16 to 22 form an integral part of these financial statements.

Thales Training and Simulation Limited

(Registration number: 426402)

Statement of Financial Position as at 31 December 2020

	Note	2020 £000	2019 £000
Assets			
Non-current assets			
Investments in subsidiaries, joint ventures and associates	7	2,700	2,700
Other non-current financial assets	8	<u>44</u>	<u>44</u>
		2,744	2,744
Current assets			
Trade and other receivables	9	<u>-</u>	<u>-</u>
Total assets		<u>2,744</u>	<u>2,744</u>
Current liabilities			
Trade and other payables	10	<u>-</u>	<u>-</u>
Net Current assets		<u>-</u>	<u>-</u>
Net assets		<u>2,744</u>	<u>2,744</u>
Equity			
Share capital	11	<u>-</u>	<u>-</u>
Retained earnings		<u>2,744</u>	<u>2,744</u>
Total shareholder's funds		<u>2,744</u>	<u>2,744</u>

The notes on pages 16 to 22 form an integral part of these financial statements.

Approved by the Board on 23 April 2021 and signed on its behalf by:



E McCrorie
Director

Thales Training and Simulation Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share Capital £000	Retained earnings £000	Total £000
At 1 January 2019	-	595	595
Profit for the year	-	38,111	38,111
Total comprehensive profit for the year	-	38,111	38,111
Dividends	-	(35,962)	(35,962)
At 31 December 2019	-	2,744	2,744
Profit for the year	-	-	-
Total comprehensive profit for the year	-	-	-
Dividends	-	-	-
At 31 December 2020	-	2,744	2,744

The retained profit relates to the performance of the Company.

The notes on pages 16 to 22 form an integral part of these financial statements.

Thales Training and Simulation Limited

Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Profit for the year		-	38,111
		<hr/>	<hr/>
		-	38,111
Working capital adjustments			
Decrease in trade and other payables	10	-	(2,149)
Net cash flow from operating activities		<hr/>	<hr/>
		-	35,962
Cash flows from financing activities			
Dividends paid		-	(35,962)
Net cash from financing activities		<hr/>	<hr/>
		-	-
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		<hr/>	<hr/>
		-	-

The notes on pages 16 to 22 form an integral part of these financial statements.

Thales Training and Simulation Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England and Wales. The address of its registered office is shown on page 3.

2 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the European Union ("IFRSs").

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

These financial statements contain information about Thales Training and Simulation Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Thales SA, which prepares consolidated accounts which are publicly available.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 has had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for accounting periods beginning after 1 January 2020, and which have not been adopted early, are expected to have a material effect on the financial statements.

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.

In concluding their assessment that it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 31 December 2020, the Directors have taken account of the anticipated impacts and remaining potential uncertainties related to two significant events which occurred during the year, notably Brexit and the global emergence of the Corona virus, COVID-19.

As indicated in the Directors' report and in Note 15, in the Directors' view, the potential impacts of both Brexit and COVID-19 for the Company are limited by the fact that the Company does not trade in its own right, nor do any of its subsidiaries (Note 7), and consequently, neither of these issues is considered by the Directors to make it inappropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

Thales Training and Simulation Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 continued

Investments

Investments in subsidiaries, associates and joint ventures are accounted for at cost less any provision for impairment. An impairment loss is recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Trade receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Directors.

Financial assets and liabilities

Classification

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.

Recognition and measurement

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.

Taxation

The tax charge / (credit) comprises current and deferred tax. Income tax expense/(credit) is recognised in the statement of comprehensive income 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/(receivable) on the profit /(loss) for the year and any adjustments in respect of previous years using tax rates enacted or substantively enacted at the reporting date.

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. The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets recognised in the financial statements are listed below:

Impairment of investments

The impairment reviews of certain investments in the trading subsidiaries are based on future cash flows.

Thales Training and Simulation Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 continued

3 Finance income

	2020 £000	2019 £000
Dividends received	-	38,111
	<u>-</u>	<u>38,111</u>

4 Profit before tax

The Company did not incur any expenses directly during the year. (2019: £nil).

This cost of audit fees incurred in the year of £2,000 and in the previous year (2019: £2,000) was borne by the Company's immediate parent company, Thales UK Limited.

5 Employment costs

The Company had no employees during the year (2019: none) and did not incur any employment costs during the year (2019: £nil).

None of the Directors received any remuneration from the Company during the year in respect of services to the Company (2019: £nil). The Directors' costs are borne by Thales UK Limited.

6 Income tax charge

	2020 £000	2019 £000
Total tax charge for the year:	<u>-</u>	<u>-</u>
Profit before tax	-	38,111
Profit multiplied by standard corporation tax at 19% (2019: 19%)	-	(7,241)
Effects of:		
Dividends	-	7,241
Expenses not deductible for tax purposes	<u>-</u>	<u>-</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

The rate of corporation tax remained unchanged at 19%. The corporation tax rate of 19% will be maintained for the financial year 2021. The rate of 19% was enacted in the second reading of the 2020 Finance Bill.

Thales Training and Simulation Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 continued

7 Investments

	£000
Carrying value of investment in subsidiary at 31 December 2020 and 31 December 2019	2,700

Details of the subsidiaries as at 31 December 2020 are set out below:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights held	
		2020	2019
Thales Training & Simulation (Eagle Middle Wallop) Limited	Non-trading	100%	100%
Thales Training & Simulation (Merlin) Limited	Non-trading	100%	100%
Thales Training & Simulation (ACE Holdings) Limited	Holding Company	100%	100%

Holding 100,000 ordinary shares of £1 each in Thales Training & Simulation (Eagle Middle Wallop) Limited;

Holding 2,700,000 ordinary shares of £1 each in Thales Training & Simulation (Merlin) Limited;

Holding 100 ordinary shares of £1 each in Thales Training & Simulation (ACE Holdings) Limited;

Each of the above listed subsidiaries has its registered office at:

350 Longwater Avenue, Green Park, Reading, RG2 6GF.

8 Other non-current financial assets

Other participating interests comprise:

A shareholding of 67,600 ordinary shares of €1 each in Eurofighter Simulation Systems GmbH, a company incorporated in Germany. The company's registered office is Eurofighter Simulation, Systems GmbH, Ludwigstrasse 9, 2. OG / co. Nutrion, D-80539 Munich, Germany. The shareholding represents 26% of the issued ordinary shares. The principal activity of the company is the provision of simulation specific systems.

A shareholding of 3,060 ordinary shares of SAR1,000 each in The Advanced Arabian Simulation Company, a Company incorporated in Saudi Arabia. The company's registered office is PO BOX 90916, RIYADH 11623, Saudi Arabia. The shareholding represents 40% of the issued shares. The principal activity of the company is the provision of simulation training services.

Thales Training and Simulation Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 continued

9 Trade and other receivables

	2020 £000	2019 £000
Amount due from parent company	-	-
	-	-

The Company does not have a separate bank account and participates in the pooled bank account managed by its parent company, Thales UK Limited. Dividends from subsidiaries and investee companies are paid directly into the Thales UK Limited pooled account and are treated as an amount receivable by the Company from its parent company.

10 Trade and other creditors

	2020 £000	2019 £000
Amount due to parent company	-	-
	-	-

11 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£000	No.	£000
Ordinary shares of £1 each	1	-	1	-

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 make 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 end 31 December 2020 and 31 December 2019.

12 Fair value measurement

In the Directors' opinion, there is no difference between amounts of assets and liabilities presented in the annual financial statements and their fair values.

Thales Training and Simulation Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 continued

13 Dividends

	2020 £000	2019 £000
Dividends paid	-	35,962

As stated in the Directors' Report, the Directors declared final dividends of £nil during the year (2019: £35,962,000).

14 Related party transactions

	Amounts owed by		Amounts owed to		Transactions in the year	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Parent company	-	-	-	-	-	(35,962)
Subsidiaries	-	-	-	-	-	38,111

The Company's immediate parent undertaking is Thales UK Limited, a company incorporated in England and Wales.

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.

Thales Training and Simulation Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 continued

15 Events since the balance sheet date

In preparing the financial statements for the year ended 31 December 2020, the Directors have considered those events which have occurred since that date which might impact upon the Company's ability to continue to operate its current activities, or which might impact the financial values as stated in the statement of financial position at 31 December 2020.

In this regard, the Directors have identified two issues which occurred in 2020, and which, in their view, warrant specific consideration and disclosure in these financial statements because of their overall significance and the fact that they continue to give rise to impacts during 2021.

Firstly, the United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which ended on 31 December 2020. On 24 December 2020, the United Kingdom and the European Union entered into a Trade and Cooperation Agreement (TCA) establishing the basis on which goods will be traded from 1 January 2021 between parties in the United Kingdom and the European Union. Whilst it is anticipated that some of the detail necessary to operate under the TCA will be determined in future as this new relationship evolves, the Directors consider this outcome provides a platform from which UK based companies can plan and execute future trading activity with parties in the European Union, and that it provides a basis to resolve much of the uncertainty which remained after the United Kingdom had left the European Union on 31 January 2020 without having in place the new TCA. In anticipation of the changes which Brexit will bring for Thales UK group, its trading activities and its relationships with customers and suppliers, the Thales Group has assessed the potential impacts of Brexit and has put in place measures to manage and monitor the on-going impacts.

Secondly, the global outbreak of a novel strain of coronavirus (COVID-19) caused substantial disruption to society, business and wider economic activity, and many national governments have imposed measures to limit the spread of the virus. Whilst there are now developing plans in many countries to combat the virus through mass vaccination programmes, there is expected to be significant disruption for the immediate future. Thales UK group and its ultimate parent company, Thales SA, have been assessing on a continuous basis the impacts of this disruption in order to adapt its business strategy accordingly to respond as further information evolves.

However, in the Directors' view, the potential impacts of both Brexit and COVID-19 for the Company are limited by the fact that the Company does not trade in its own right, nor do any of its subsidiaries (Note 7). These matters are addressed further in the Going Concern policy on page 16.

At the time of signing these financial statements, the Directors have not identified any impacts of Brexit or of COVID-19 which have arisen in 2021 prior to signing these financial statements which might require a material change to the current activities of the Company, nor which would require any adjustments to the financial amounts presented in the financial statements at 31 December 2020.

Additionally, the Company only recognises two assets, being £2,700,000 representing the cost of its investment in subsidiary company Thales Training & Simulation (Merlin) Limited (Note 7), and £44,000 representing the cost of its minority investment in Eurofighter Simulation Systems GmbH (Note 8), neither of which is impaired.

All other investments are fully provided for through impairment charges previously recognised in the Company's statement of income.