

**Cobham CTS Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2017**

**Registered number 04044609**

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# **Cobham CTS Limited**

Cobham CTS Limited

Annual report and financial statements  
for the year ended 31 December 2017

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# **Cobham CTS Limited**

## **Directors' report for the year ended 31 December 2017**

This report has been prepared taking advantage of the small companies exemption in accordance with section 415A of the Companies Act 2006.

The directors have pleasure in submitting their report, together with the audited financial statements of Cobham CTS Limited (the Company) for the year ended 31 December 2017. The Company is a private company limited by shares and is incorporated, registered and domiciled in England, number 04044609. The address of the registered office of the Company is Brook Road, Wimborne, Dorset BH21 2BJ.

The Company is a wholly owned subsidiary of Cobham plc.

### **Results**

The Company's results for the year are set out in the income statement on page 6 showing a profit for the financial year after tax of £41,000 (2016: loss £90,000). At 31 December 2017, the Company had net assets of £369,000 (2016: £28,956,000). The Company ceased to trade in 2015 and the only activity undertaken during 2016 and 2017 is the resolution of legacy balances. The Company is expected to become dormant in 2018.

Dividends of £28,628,000 (2016: £nil) were paid during the year as set out in note 6.

### **Going concern**

The Company has no present obligations. After making enquiries, the directors have a reasonable expectation that the Company has access to adequate resources should they be required, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Directors**

The following directors held office during the year and up to the date of signing these financial statements:

R A Pearson  
J M George - resigned 6 April 2018  
L C Colloff - appointed 24 April 2018

The directors benefited from a Directors' and Officers' liability insurance policy which was in place during the financial year and at the date of this report.

### **Statement of directors' responsibilities**

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101) 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 of the profit or loss of the Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

# **Cobham CTS Limited**

## **Directors' report for the year ended 31 December 2017 (continued)**

### **Statement of directors' responsibilities (continued)**

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.

### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



R A Pearson

**Director**

29 May 2018

# **Cobham CTS Limited**

## **Independent auditors' report to the members of Cobham CTS Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion Cobham CTS Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101, Reduced Disclosure Framework, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements included within the Annual report and financial statements (the Annual Report), which comprise: the income statement and statement of comprehensive income for the year ended 31 December 2017; the balance sheet as at 31 December 2017; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

#### **Basis for opinion**

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

#### *Independence*

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

#### **Conclusions relating to going concern**

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

- 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.

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

# **Cobham CTS Limited**

## **Independent auditors' report to the members of Cobham CTS Limited (continued)**

### **Reporting on other information**

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

As explained more fully in the statement of directors' responsibilities set out on page 1 and 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

# **Cobham CTS Limited**

## **Independent auditors' report to the members of Cobham CTS Limited (continued)**

### *Use of this report*

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

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Sarah Harrison (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Southampton

29 May 2018

## Cobham CTS Limited

### Income statement and statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Administrative expenses		(7)	82
Other operating expense		-	(57)
<b>Operating (loss)/profit</b>	2	<b>(7)</b>	25
Finance income	3	42	84
<b>Profit on ordinary activities before taxation</b>		<b>35</b>	109
Tax on profit on ordinary activities	4	6	(199)
<b>Profit after taxation for the year and total comprehensive expense</b>		<b>41</b>	(90)



# Cobham CTS Limited

## Balance sheet as at 31 December 2017

	Note	2017 £000	2016 £000
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	7	369	419
Cash and cash equivalents		-	28,547
		<b>369</b>	<b>28,966</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	-	(10)
<b>Net assets</b>		<b>369</b>	<b>28,956</b>
<b>Equity</b>			
Share capital	9	-	1,000
Share premium		-	9,000
Retained earnings		369	18,956
<b>Total equity</b>		<b>369</b>	<b>28,956</b>

The financial statements on pages 6 to 13 were approved by the board on 29 May 2018 and were signed on its behalf by:



R A Pearson  
Director

## Cobham CTS Limited

### Statement of changes in equity for the year ended 31 December 2017

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Total equity at 1 January 2016	1,000	9,000	19,046	<b>29,046</b>
Loss and total comprehensive expense for the year	-	-	(90)	<b>(90)</b>
Total equity at 31 December 2016	1,000	9,000	18,956	<b>28,956</b>
Profit and total comprehensive expense for the year	-	-	41	<b>41</b>
Effect of capital reduction (note 9)	(1,000)	(9,000)	10,000	-
Dividends paid (note 6)	-	-	(28,628)	<b>(28,628)</b>
<b>Total equity at 31 December 2017</b>	-	-	<b>369</b>	<b>369</b>

# **Cobham CTS Limited**

## **Notes to the financial statements for the year ended 31 December 2017**

### **1. Statement of accounting policies**

#### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101).

The financial statements have been prepared on the going concern basis, under the historical cost convention unless as otherwise stated and in accordance with the Companies Act 2006 as applicable to companies applying FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a cash flow statement and related notes (IAS 7, Statement of Cash Flows and paragraph 10(d) of IAS 1, Presentation of Financial Statements);
- Paragraph 38 of IAS 1, Presentation of Financial Statements comparative period reconciliations in respect of paragraph 79(a)(iv) of IAS 1 (number of shares outstanding);
- capital management disclosures required by paragraphs 134 to 136 of IAS 1;
- the requirements of paragraphs 30 and 31 of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors concerning the effects of new but not yet effective IFRSs;
- details of compensation of key management personnel required by paragraph 17 of IAS 24, Related Party Disclosures; and
- the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group.

In addition, as the consolidated financial statements of Cobham plc include the equivalent disclosures, the following exemption under FRS 101 has also been taken:

- Financial instrument information required by IFRS 7, Financial Instruments: Disclosures and paragraphs 91 to 99 of IFRS 13, Fair value measurement except those which are relevant for the financial instruments which are held at fair value and are neither held as part of a trading portfolio or derivatives.

#### **Accounting developments**

No new standards are required to be adopted from 1 January 2017.

Amendments to IAS 7, Disclosure Initiative and IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses have been adopted with effect from 1 January 2017 together with the Annual Improvements 2014-2016 cycle. No changes to previously published accounting policies or other adjustments were required on the adoption of these amendments.

# **Cobham CTS Limited**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **1. Statement of accounting policies (continued)**

#### **Management judgement and estimation uncertainty**

The preparation of financial statements requires the use of judgements and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses.

These judgements and estimates 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. The current economic conditions have been considered when evaluating accounting judgements and estimates, including the application of the going concern basis of preparation. Although estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### Significant judgements in applying accounting policies

There were no significant judgements, apart from those involving estimations, that the directors made in the process of applying the Company's accounting policies which require separate disclosure in these financial statements.

#### Assumptions and estimation uncertainties

At the balance sheet date there were no key assumptions concerning the future or other major sources of estimation uncertainty which had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

#### **Significant accounting policies**

The principal accounting policies, which have been applied consistently throughout the year are set out below.

#### **Current and deferred taxation**

The tax expense is the sum of current tax and deferred tax. Tax is charged or credited to the income statement except when it relates to items recognised in other comprehensive income (OCI) or directly in equity, in which case the tax is also recognised in OCI or directly in equity respectively.

Current tax is provided at the amounts expected to be paid using rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. It is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and that are expected to apply in the period in which the asset is realised or liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

#### **Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument and are initially recognised at fair value at trade date. Subsequent measurement is dependent upon the classification of the instrument which is determined at initial recognition with reference to the purpose for which the instruments were acquired and re-evaluated at each reporting date.

# Cobham CTS Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 1. Statement of accounting policies (continued)

The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. Fair value measurements are used on a recurring basis.

All financial assets and liabilities are classified as current or non-current dependent upon the maturity date of the instruments. Financial assets and liabilities are presented on an offset basis when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis.

#### Financial assets

Assets held at fair value through profit or loss are those categorised as held for trading under IAS 39 and are subsequently carried at fair value.

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. These include trade and other receivables, and cash and cash equivalents. Subsequent to initial recognition, assets categorised as loans and receivables are carried at amortised cost using the effective interest method.

None of the Company's financial assets fall into the available for sale or held to maturity categories of IAS 39.

#### Financial liabilities

Financial liabilities are categorised on initial recognition as held for trading under IAS 39 and are held at fair value through profit or loss, or other liabilities, which are held at amortised cost using the effective interest method.

#### Trade and other receivables

Trade and other receivables are stated at their amortised cost, reduced when there is evidence that the Company may not be able to collect the amount due. All trade receivables which are more than six months overdue are provided for by reference to past default experience. The balance may be written off in full, generally where receivables are in excess of 12 months old. Impairments are charged to operating costs in the income statement.

#### **Foreign currencies**

Transactions denominated in currencies other than the functional currency are translated at an average monthly rate of exchange which approximates to the actual daily rate throughout the year.

Monetary assets and liabilities denominated in non-functional currencies are retranslated at the exchange rate ruling at the balance sheet date. All exchange differences are dealt with in administrative expenses in the income statement.

### 2. Operating profit

Operating profit is stated after charging/(crediting):

	2017 £000	2016 £000
Exchange differences	-	(5)
Auditors' remuneration for the audit of the Company's financial statements	-	10

Fees for the audit of the Company's financial statements of £9,283 were borne by another group company in the current year with no recharge to the Company. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated group financial statements of the ultimate parent undertaking, Cobham plc, disclose the non-audit fees on a consolidated basis.

# Cobham CTS Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 3. Finance income

	2017 £000	2016 £000
Bank interest receivable	42	84

### 4. Tax on profit on ordinary activities

Tax charged in the income statement:

	2017 £000	2016 £000
<b>Current tax:</b>		
UK corporation tax on profit for the year	-	6
Adjustment in respect of previous years	(6)	172
<b>Total current tax</b>	<b>(6)</b>	<b>178</b>
<b>Deferred tax:</b>		
Charge for the year	-	21
<b>Tax on profit on ordinary activities</b>	<b>(6)</b>	<b>199</b>

The tax on profit on ordinary activities can be reconciled to the accounting profit as follows:

	2017 £000	2016 £000
<b>Profit on ordinary activities before taxation</b>	<b>35</b>	<b>109</b>
Profit on ordinary activities multiplied by the standard rate in the UK of 19.25% (2016: 20.00%)	7	22
Effects of:		
(Utilisation of tax losses)/tax losses not recognised	(7)	21
R&D tax credit	-	(16)
Adjustments in respect of previous years	(6)	172
<b>Total tax on profit on ordinary activities</b>	<b>(6)</b>	<b>199</b>

The tax rate for the current year is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

### 5. Directors' emoluments and employee costs

The Directors are employed by, and receive emoluments from another group undertaking and also acts as directors for a number of legal entities within the Cobham plc group. Where this is the case, no specific amounts can be apportioned in the current or prior year in respect of directors services supplied to the Company.

The Company had no employees during 2017 or 2016.

# Cobham CTS Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 6. Dividends

	2017 £000	2016 £000
Interim dividend for current year paid of £2.85 (2016: £nil) per share	28,500	-
Interim dividend for current year paid of £127.90 (2016: £nil) per share	128	-
	28,628	-

### 7. Trade and other receivables

	2017 £000	2016 £000
Amounts owed by fellow subsidiary undertakings	-	17
Corporation tax recoverable	369	263
Other receivables	-	139
	369	419

Amounts owed by fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

### 8. Current liabilities: Trade and other payables

	2017 £000	2016 £000
Accruals and deferred income	-	10

### 9. Share capital and reserves

Share capital – allotted, called up and fully paid

	2017 £000	2016 £000
1,000 (2016: 10,000,000) Ordinary shares of £0.10 each	-	1,000

On 14 July 2017, the share capital of the Company was reduced by way of a written resolution from 10,000,000 to 1,000 Ordinary shares of £0.10 each.

### 10. Immediate and ultimate parent undertaking

The Company's immediate parent undertaking is Lockman Electronic Holdings Limited.

The ultimate parent undertaking and controlling party is Cobham plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Cobham plc consolidated financial statements can be obtained from the Company Secretary at Cobham plc, Brook Road, Wimborne, Dorset BH21 2BJ.