

TELENT COMMUNICATIONS HOLDINGS LIMITED

Report and Financial Statements

Year ended 31 March 2014

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TELENT COMMUNICATIONS HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

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TELENT COMMUNICATIONS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

C G Donaldson
M A Webberley

SECRETARY

C G Donaldson

REGISTERED OFFICE

Point 3
Haywood Road
Warwick
CV34 5AH

AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditor
Birmingham, UK

TELENT COMMUNICATIONS HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2014.

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

The Company is a holding company whose subsidiary undertakings are principally engaged in supplying technology services to telecommunications operators and to enterprises, including those in the public sector. The Directors intend the Company to carry on business in its current capacity for the foreseeable future.

The parent company, **telent** Limited, has agreed to support the Company for the next 12 months, commencing from the date these financial statements are signed. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The Company made a profit during the year of £18,451,000 (2013: £21,145,000 profit) due to movements in the provision against fixed asset investments. The Directors do not recommend the payment of a dividend (2013: £nil)

DIRECTORS

The Directors holding office since 1 April 2013 are listed below:

C G Donaldson
M A Webberley

AUDITOR

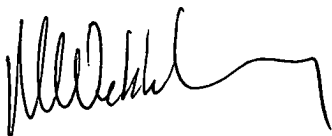
In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, KPMG LLP shall be deemed to be re-appointed as auditor for a further term under the provisions of section 487(2) of the Companies Act 2006.

By Order of the Board



M A Webberley
Director

3 September 2014

TELENT COMMUNICATIONS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELENT COMMUNICATIONS HOLDINGS LIMITED

We have audited the financial statements of **telent** Communications Holdings Limited for the year ended 31 March 2014 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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
- the directors were not entitled to not prepare a strategic report, in accordance with the small companies regime; or
- we have not received all the information and explanations we require for our audit.



Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham, B4 6GH

Date: 5 September 2014

TELENT COMMUNICATIONS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2014

	Note	2014 £m	2013 £m
Movements on investments in subsidiaries			
- Movement in provisions against fixed asset investments	4	18.5	21.1
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>18.5</u>	<u>21.1</u>
Taxation on profit on ordinary activities	3	-	-
PROFIT FOR THE FINANCIAL YEAR		<u>18.5</u>	<u>21.1</u>

The accompanying notes are an integral part of this profit and loss account.

There were no recognised gains or losses in the year or in the prior year other than the result for that year. Accordingly, no statement of total recognised gains and losses has been prepared.

All results derive from continuing operations.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Year ended 31 March 2014

	2014 £m	2013 £m
Profit for the financial year	18.5	21.1
Opening shareholder's funds	<u>359.3</u>	<u>338.2</u>
Closing shareholder's funds	<u>377.8</u>	<u>359.3</u>

TELENT COMMUNICATIONS HOLDINGS LIMITED

BALANCE SHEET

At 31 March 2014

	Note	2014 £m	2013 £m
FIXED ASSETS			
Investments in subsidiary undertakings	4	672.6	656.4
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year			
Amount owed to Group undertakings		(294.8)	(297.1)
NET ASSETS		<u>377.8</u>	<u>359.3</u>
CAPITAL AND RESERVES			
Called up share capital	6	-	-
Profit and loss account	7	<u>377.8</u>	<u>359.3</u>
SHAREHOLDER'S FUNDS		<u>377.8</u>	<u>359.3</u>

The accompanying notes are an integral part of this balance sheet.

The Board of Directors approved and authorised for issue the financial statements of **telent** Communications Holdings Limited, registered number 319092 on 3 September 2014.

Signed on behalf of the Board of Directors by:



M A Webberley

Director

TELENT COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently in the year and the preceding year, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

As the Company is itself a wholly owned subsidiary of **telent** Limited, a company incorporated in Great Britain, no Group financial statements have been prepared; therefore these financial statements portray the Company as an individual undertaking.

Going Concern

The parent company, **telent** Limited, has agreed to support the Company for at least the next 12 months, commencing from the date these financial statements are signed. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Fixed asset investments

Investments in subsidiary undertakings are valued at cost less any provisions necessary for impairment. The impairment review is performed by comparing the carrying value of the investment with the net assets held by the subsidiary. Impairment charges are recognised in the profit and loss account to the extent that the carrying value exceeds the net assets held. Amounts written back on investments are recognised in the profit and loss account to the extent that the net assets held exceeds carrying value.

Taxation

Taxation on profit on ordinary activities is that which has been paid or becomes payable in respect of profits for the year. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. DIRECTORS, EMPLOYEES AND AUDITOR

The Directors are employed and remunerated by other companies in the **telent** Group. They do not receive any remuneration specifically for their services as Directors of the Company (2013: £nil). The Company had no employees during the year (2013: none). Fees payable to the Company's auditor for the audit of the annual financial statements are £1,800 (2013: £1,800), and were borne by another Group company in both the current and preceding financial years. There were no fees paid for non-audit work in either year.

TELENT COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £m	2013 £m
United Kingdom taxation:		
Corporation tax at 23% (2013: 24%)	-	-
Reconciliation of current tax for the year		
Profit on ordinary activities before taxation	18.5	21.1
Tax charge on profit at UK statutory rate of 23% (2013: 24%)	4.3	5.1
Non taxable provisions against fixed asset investments	(4.3)	(5.1)
Current tax for the year	-	-

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 March 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

TELENT COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

4. FIXED ASSET INVESTMENTS

Shares in Group companies	£m
Cost	
At 1 April 2013	1,927.8
Liquidation of subsidiary	(2.8)
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At 31 March 2014	1,925.0
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Provisions	
At 1 April 2013	(1,271.4)
Liquidation of subsidiary	0.5
Decrease in provision	18.5
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At 31 March 2014	(1,252.4)
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Net book value at 31 March 2014	672.6
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Net book value at 1 April 2013	656.4
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Subsidiary undertakings

The companies set out below are principal subsidiary undertakings, all of which operated in the telecommunications industry in their country of incorporation or registration. The share capital of the undertakings comprises ordinary shares or common stock and is wholly owned by the Group except where shown otherwise. Undertakings marked * are held directly by the Company.

	Principal activity	Percentage held %	Country of incorporation and operation
telent Technology Services Limited*	Technology Services	100.0	Great Britain
G Middle East Limited*	In Liquidation	100.0	Great Britain
Telephone Cables Limited*	Liquidated on 10 September 2013	100.0	Great Britain
The Alan Campbell Group Ltd	Non trading	100.0	Great Britain
Traffic Signals UK Limited	Liquidated on 6 March 2014	100.0	Great Britain

TELENT COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

5. DEFERRED TAX

The potential amounts of deferred taxation, and the amounts recognised in the financial statements, are as follows:

	2014 £m	2014 £m	2013 £m	2013 £m
	Recognised	Not recognised	Recognised	Not recognised
Tax effect of timing differences due to:				
Tax losses	-	5.3	-	6.1
Deferred tax asset	-	5.3	-	6.1

Deferred tax assets of £5,343,000 (2013: £6,144,000) have not been recognised as the Company is not sufficiently certain that it will be able to recover these assets within a relatively short period of time.

6. SHARE CAPITAL

	2014 £m	2013 £m
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each (2013: 1,000 ordinary shares of £1 each)	-	-

7. RESERVES

	Profit and Loss Account £m
At 1 April 2013	359.3
Profit for the financial year	18.5
At 31 March 2014	377.8

8. CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of **telent** Limited, in whose consolidated financial statements, which are publicly available, the Company is included. The Company is therefore exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised).

TELENT COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

9. RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of **telent** Limited. Advantage has been taken of the exemption permitted by Financial Reporting Standard 8 not to disclose transactions with entities that are part of the **telent** Group or investees of the Group qualifying as related parties. Balances with these entities are disclosed in the balance sheet on page 6 of these financial statements.

10. PARENT UNDERTAKING

The Company's ultimate controlling party is Tusk Investments LP Inc., a Guernsey registered Limited Liability Partnership. The Company's immediate parent and controlling company is **telent** Limited which is the only parent undertaking to consolidate the financial statements of the Company.

Copies of the financial statements of **telent** Limited are available from the Secretary at Point 3, Haywood Road, Warwick, CV34 5AH.

11. POST BALANCE SHEET EVENT

On 19th July 2014 **telent** Technology Services Ltd, a directly held subsidiary of the Company (see note 4), acquired a 25% interest in Convergent Holdings (London) Limited ("CNS Group"), a London-based information assurance and cyber security specialist.