

TELENT COMMUNICATIONS HOLDINGS LIMITED

Report and Financial Statements

Year ended 31 March 2018

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TELENT COMMUNICATIONS HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

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TELENT COMMUNICATIONS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTOR

M A Webberley

REGISTERED OFFICE

Point 3
Haywood Road
Warwick
CV34 5AH

AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditor
Birmingham, UK

TELENT COMMUNICATIONS HOLDINGS LIMITED

DIRECTOR'S REPORT

The Director presents his annual report and the audited financial statements of the Company for the year ended 31 March 2018.

This Director's report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

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 Director intends 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 Director continues to adopt the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The Company made a profit during the year of £40.7m (2017: £20.9m). An interim dividend of £23.9m was declared and paid during the year ended 31 March 2018 (2017: £17.4m).

POLITICAL CONTRIBUTIONS

The Company made no political donations and did not incur any political expenditure during the year.

DIRECTORS

The Directors holding office since 1 April 2017 are listed below:

M A Webberley

AUDITOR

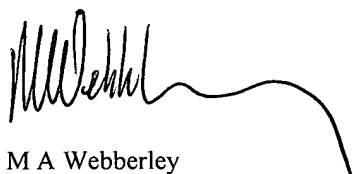
In the case of the person who is a Director of the Company at the date when this report is approved:

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

Date: 3 October 2018

TELENT COMMUNICATIONS HOLDINGS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102, the financial reporting standard applicable in the UK and Republic of Ireland.

Under company law the Director must not approve the financial statements unless he is 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 Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and has general responsibility for taking such steps as are reasonably open to him 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

Opinion

We have audited the financial statements of telent Communications Holdings Limited ("the Company") for the year ended 31 March 2018 which comprise the profit and loss account, statement of changes in equity, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Director's report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Director's report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 the Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Director is not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

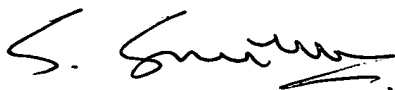
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



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 OCTOBER 2018

TELENT COMMUNICATIONS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2018

	Note	2018 £m	2017 £m
Movements on investments in subsidiaries			
- Movement in provisions against fixed asset investments	5	16.8	3.5
Dividends received from subsidiary undertakings		23.9	17.4
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		40.7	20.9
Taxation on profit on ordinary activities	4	-	-
PROFIT FOR THE FINANCIAL YEAR		40.7	20.9

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 comprehensive income has been prepared.

All results derive from continuing operations.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

	Share capital £m	Profit and loss account £m	Total £m
At 1 April 2016	-	402.6	402.6
Profit for the financial year	-	20.9	20.9
Dividends paid	-	(17.4)	(17.4)
At 1 April 2017	-	406.1	406.1
Profit for the financial year	-	40.7	40.7
Dividends paid	-	(23.9)	(23.9)
At 31 March 2018	-	422.9	422.9

TELENT COMMUNICATIONS HOLDINGS LIMITED

BALANCE SHEET

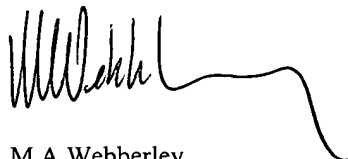
At 31 March 2018

	Note	2018 £m	2017 £m
FIXED ASSETS			
Investments in subsidiary undertakings	5	717.7	700.9
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year			
Amount owed to Group undertakings	6	(294.8)	(294.8)
NET ASSETS		<u>422.9</u>	<u>406.1</u>
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account		<u>422.9</u>	<u>406.1</u>
SHAREHOLDER'S FUNDS		<u>422.9</u>	<u>406.1</u>

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

The Director approved and authorised for issue the financial statements of **telent** Communications Holdings Limited, registered number 319092 on 3 October 2018.

Signed:



M A Webberley

Director

TELENT COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES

telent Communications Holdings Limited is a private company limited by shares and incorporated and domiciled in England, UK.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102").

The financial statements are prepared in Sterling which is the functional currency of the Company and under the historical cost convention.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS102 in respect of the following disclosures:

- Cash flow statement and related notes; and
- Key management personnel compensation;

As the consolidated financial statements of **telent** Limited include the disclosures equivalent to those required by FRS102, the Company has also taken the exemptions available in respect of the following disclosures:

- The disclosures required by FRS102.11 (Basic Financial Instruments) and FRS102.12 (Other Financial Instrument Issues) in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of Schedule 1.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Related party transactions

The Company is a wholly owned subsidiary of **telent** Limited. Advantage has been taken of the exemption permitted by FRS102 section 33.11 not to disclose transactions with entities that are part of the **telent** Group or investees of the **telent** Group qualifying as related parties. Balances with these entities are disclosed in the balance sheet on page 7 and in note 6 on page 12.

Group accounts

The financial statements contain information about telent Communications Holdings Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of **telent** Limited, a company registered in England.

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 Director continues 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 exceed carrying value.

TELENT COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources and which affect the value of assets and liabilities reported in the balance sheet and the result for the year reported in the profit and loss account.

Judgements

In the Directors' opinion no critical judgements have been made, apart from those involving estimations (see below), that have had a significant effect on the amounts recognised in the financial statements.

Estimates

In making accounting estimates, the Directors are required to make assumptions about the future and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Those matters are set out below.

Taxation

Recognition of any deferred tax asset requires estimation by management of the likely level of the Company's future taxable profit from ongoing operations where tax losses are available to be utilised against those future profits. Any forecast of future profitability is inherently judgemental and therefore actual performance may differ from that forecast.

3. DIRECTORS, EMPLOYEES AND AUDITOR

The Director is employed and remunerated by other companies in the **telent** Group. He does not receive any remuneration specifically for his qualifying services as a Director of the Company (2017: £nil). The Company had no employees during the year (2017: none). Fees payable to the Company's auditor for the audit of the annual financial statements are £1,800 (2017: £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 (CONTINUED)

At 31 March 2018

4. TAXATION

a) Total tax charge on profit on ordinary activities

	2018 £m	2017 £m
Total tax charge on profit on ordinary activities	-	-

b) Reconciliation of total tax charge for the year

Profit on ordinary activities before taxation	40.7	20.9
Tax charge on profit at UK statutory rate of 19% (2017: 20%)	7.7	4.2
Non taxable movement in provisions against fixed asset investments	(3.2)	(0.7)
Non taxable dividend income	(4.5)	(3.5)
Total tax charge for the year	-	-

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 March 2018 has been calculated based on these rates.

c) Deferred tax

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

	2018 £m Recognised	2018 £m Not recognised	2017 £m Recognised	2017 £m Not recognised
Tax effect of timing differences due to:				
Tax losses	-	4.5	-	4.5
Deferred tax asset	-	4.5	-	4.5

Deferred tax assets of £4,541,000 (2017: £4,541,000) 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.

TELENT COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2018

5. FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings	£m
Cost	
At 1 April 2017 and 31 March 2018	1,924.0
Provisions	
At 1 April 2017	(1,223.1)
Decrease in provision	16.8
At 31 March 2018	<u>(1,206.3)</u>
Net book value	
At 31 March 2018	<u>717.7</u>
At 1 April 2017	<u>700.9</u>

Subsidiary undertakings

The companies set out below are 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. **telent** Technology Services Limited is held directly by the Company. NE Computing Plc is held indirectly by the Company as it is a wholly owned subsidiary of **telent** Technology Services Limited. Both subsidiaries were wholly owned by the Company as at 31 March 2018 and 31 March 2017.

	Principal activity	Percentage held %	Country of incorporation and operation
telent Technology Services Limited	Technology Services	100.0	Great Britain
NE Computing Plc	Dormant	100.0	Great Britain

The aggregate of capital and reserves of **telent** Technology Services Limited, as at 31 March 2018, was £717.7m and its profit for that year was £40.5m. The aggregate of capital and reserves of NE Computing Plc, as at 31 March 2018, was £2.7m and its profit for that year was £nil.

The registered office of **telent** Technology Services Limited and NE Computing Plc is Point 3, Haywood Rd, Warwick, CV34 5AH, England.

TELENT COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2018

6. CREDITORS

	2018 £m	2017 £m
Amounts falling due within one year		
Amount owed to Group undertakings	294.8	294.8

The amount due to Group undertakings are inter-company balances with group companies. The loans are repayable on demand with no fixed maturity date and are interest free.

7. SHARE CAPITAL

	2018 £m	2017 £m
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each (2017: 1,000 ordinary shares of £1 each)	-	-

8. RELATED PARTIES

The Company is a wholly owned subsidiary of **telent** Limited. Advantage has been taken of the exemption permitted by FRS 102 section 33.11 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 note 6 of these financial statements.

9. 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.