

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

Report and Financial Statements

Year ended 31 March 2019



ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

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ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M A Webberley
H M Green

REGISTERED OFFICE

Point 3
Haywood Road
Warwick
CV34 5AH

AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditor
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2019.

This Directors' 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 did not trade during the current and prior year and the Directors do not anticipate that the Company will begin trading in the foreseeable future. The Company continues to manage legacy claims from former employees relating to industrial diseases.

RESULTS AND DIVIDENDS

The Company made a profit for the year after taxation of £1,305,000 (2018: £834,000). No dividends have been declared or paid in the year (2018: £nil).

The Directors acknowledge that the Company's net assets position is reliant on an intercompany debtor of £24,779,000 (2018: £23,621,000). As such, the parent company, **telent** Limited, has agreed to support the Company for at least the next 12 months, commencing from the date these accounts are signed. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

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 2018 are listed below:

H M Green
M A Webberley

DIRECTORS' CONFIRMATION

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

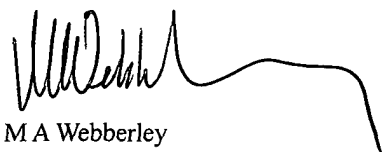
- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant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

AUDITOR

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
14 November 2019

ASSOCIATED ELECTRICAL INDUSTRIES 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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 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 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, and 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 ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

Opinion

We have audited the financial statements of Associated Electrical Industries Limited ("the Company") for the year ended 31 March 2019 which comprise the profit and loss account, the statement of changes in equity, the 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 2019 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' 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 directors' 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 directors' 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 ASSOCIATED ELECTRICAL INDUSTRIES 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were 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.



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

Date: 20 November 2019

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2019

	Note	2019 £000	2018 £000
Movement in provision for liabilities	10	81	(560)
Exceptional items	6	1,248	1,430
OPERATING PROFIT		1,329	870
Interest receivable and similar income	4	1	-
Interest payable and similar charges	5	(25)	(36)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,305	834
Tax charge on profit on ordinary activities	7	-	-
PROFIT FOR THE FINANCIAL YEAR		1,305	834

The notes on pages 8 to 13 are an integral part of these financial statements.

There were no recognised gains or losses in the year or in the prior year other than the profit 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 2019

	Share capital £000	Profit and loss account £000	Total £000
At 1 April 2017	-	20,180	20,180
Profit for the financial year	-	834	834
At 1 April 2018	-	21,014	21,014
Profit for the financial year	-	1,305	1,305
At 31 March 2019	-	22,319	22,319

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

BALANCE SHEET

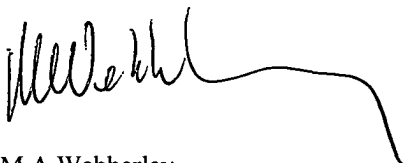
At 31 March 2019

	Note	2019 £000	2018 £000
CURRENT ASSETS			
Cash at bank and in hand		62	60
Debtors: Amounts falling due after one year	8	24,779	23,621
		<u>24,841</u>	<u>23,681</u>
CREDITORS: Amounts falling due within one year	9	(60)	(58)
NET CURRENT ASSETS		<u>24,781</u>	<u>23,623</u>
Total assets less current liabilities		24,781	23,623
Provisions for liabilities	10	(2,462)	(2,609)
NET ASSETS		<u>22,319</u>	<u>21,014</u>
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss account		<u>22,319</u>	<u>21,014</u>
SHAREHOLDER'S FUNDS		<u>22,319</u>	<u>21,014</u>

The notes on pages 8 to 13 are an integral part of these financial statements.

The Board of Directors approved and authorised for issue the financial statements of Associated Electrical Industries Limited, registered number 62919 on 14 November 2019.

Signed on behalf of the Board of Directors by:



M A Webberley
Director

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

1. ACCOUNTING POLICIES

Associated Electrical Industries Limited is a private company limited by shares and incorporated and domiciled in England, UK. The address of the registered office is given on page 1.

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 FRS 102, 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.

Going concern

The Directors acknowledge that the Company's net assets position is reliant on an intercompany debtor of £24,779,000 (2018: £23,621,000). As set out in note 10, the Company is exposed to known and projected claims from former employees relating to industrial diseases. When such claims are settled, they will be paid by the parent company, **telent** Limited, and recharged to the Company as a reduction in the inter-company debtor balance. The parent company is also expected to pay for other small administration costs of running the Company. As such, the parent company has agreed to support the Company for at least the next 12 months, commencing from the date of the signing these accounts.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not be so. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange on the date of transaction. All exchange gains and losses are included in profit on ordinary activities before taxation. Non-sterling net assets have been translated at year-end rates of exchange.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2019

1. 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, after taking account of adjustments in respect of prior period liabilities.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or 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.

Interest receivable and payable

Interest payable and similar charges include net foreign exchange losses that are recognised in the profit and loss account. Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest receivable and interest payable are recognised in profit or loss as they accrue. Foreign currency gains and losses are reported on a net basis.

Related party transactions

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 8 of these financial statements.

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.

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2019

2. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Provisions for liabilities

The Company's provisions are set out in note 10. Estimates are made by the Company's internal legal counsel supported, as necessary, by external advisors. A provision is recognised when it is probable that an obligation exists for which a reliable estimate can be made after careful analysis of the individual matter. The Company is subject to a number of claims from former employees relating to industrial diseases.

The provision for industrial disease liabilities is based on a triennial independent actuarial review, which takes into account industry trends and the Company's specific experience of the number and types of claims and their values since the previous valuation. The independent actuarial review provides "Lower", "Central" and "Higher" projections, however it should be noted that the Lower and Higher amounts do not represent the minimum and maximum values of a range of possible outcomes. The actual experience may differ from that assumed in the actuarial valuation due to changes in the "mix" of the types of claim that the Company receives and the value of claims for higher amounts can be significantly affected by the age and earnings of the claimant.

3. 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 (2018: £nil). The Company had no employees during the year (2018: none). Fees payable to the Company's auditor for the audit of the annual accounts were £2,800 (2018: £1,800) and were borne by another Group company in both the current and preceding years. There were no fees paid for non-audit work in either year.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	2018 £000
Bank interest	1	-

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Unwind of discount on provisions	25	36

6. EXCEPTIONAL ITEMS

During the year ended 31 March 2018, the Company won a claim against a third party for the reimbursement of legacy costs. In the year ended 31 March 2019, costs totalling £1,248,000 were reimbursed (2018: £1,430,000).

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2019

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Total tax charge on profit on ordinary activities

	2019 £000	2018 £000
Current taxation		
UK corporation tax at 19% (2018: 19%)	-	-
Tax on profit on ordinary activities	-	-

	2019 £000	2018 £000
b) Reconciliation of total tax charge for the year		
Profit on ordinary activities before taxation	1,305	834
Tax charge on profit at UK statutory rate of 19% (2018: 19%)	(248)	(158)
Movement in short-term timing differences not provided in deferred tax	15	58
Losses not provided in deferred tax	12	100
Group relief for no payment	221	-
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.

c) Deferred tax

	2019 £000	2019 £000 Not Recognised	2018 £000	2018 £000 Not Recognised
Tax effect of timing differences due to:				
Tax losses	-	12	-	23
Short term timing differences	-	-	-	13
	-	12	-	36

Deferred tax assets of £12,000 (2018: £36,000) 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.

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2019

8. DEBTORS: Amounts falling due after one year

	2019 £000	2018 £000
Amounts owed by parent undertaking	24,779	23,621

The intercompany debtors are interest free and repayable on demand, however, the Directors do not expect to receive payment in full within 12 months of the balance sheet date.

9. CREDITORS: Amounts falling due within one year

	2019 £000	2018 £000
Other creditors	60	58

10. PROVISIONS FOR LIABILITIES

	2019 £000	2018 £000
At 1 April	2,609	2,332
Unwind of discount	25	36
Utilised in the period	(91)	(319)
Created in the period	-	602
Released in period	(81)	(42)
At 31 March	2,462	2,609

The provision comprises known and projected claims from former employees relating to industrial diseases. The Company's exposure to these claims was assessed by independent actuaries at 31 December 2017 (2018: 31 December 2017) and is discounted at a rate of 1.003% (2018: 1.003%). The next assessment will be as at 31 December 2020. The Directors estimate that the provision will be utilised in the period up to 2050.

11. SHARE CAPITAL

	2019 £000	2018 £000
Called up share capital		
Issued, called up and fully paid:		
1 (2018: 1) ordinary share of £1	-	-

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2019

12. RELATED PARTY TRANSACTIONS

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 8 of these financial statements.

13. ULTIMATE PARENT COMPANY

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.