

Airbus DS Limited

Report and Financial Statements

31 December 2017



Registered No. 04191036

Corporate information

Directors

C Paynter
J Whitehead
N Ede

Secretary

J Rose

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Registered Office

Quadrant House
Celtic Springs
Coedkernew
Newport
NP10 8FZ

Directors' Report

The directors present their report for the year ended 31 December 2017.

Results and dividends

The loss for the year amounted to £nil (2016 – loss for the year £nil). On 19 December 2017 the board of directors approved a dividend of £27,019,126 (2016 £nil)

Directors

The current directors as at 31 December 2017 are listed on page 1. All directors have served for the full year.

Going concern

The Company participates in the Airbus SE group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiary undertakings. The directors having made appropriate enquiries and reviewed the financial position of the company and its parent undertaking, expect that the company will have continued access to the Airbus Group banking facilities for working capital funding and will be able to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386 (1) of the Companies Act 2006. Therefore the auditors, Ernst & Young LLP, will be deemed to be reappointed for each succeeding year.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Directors' Report (continued)

Small company status

This report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to smaller entities.

On behalf of the Board



C Paynter
Director
27th March 2018

Statement of directors' responsibilities in respect of the financial statements

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 Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. 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 the affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRBUS DS LIMITED

Opinion

We have audited the financial statements of Airbus DS Limited for the year ended 31 December 2017 which comprise the Income Statement, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 7 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 101 "Reduced Disclosure Framework in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as 31 December 2017 and of its result 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.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRBUS DS LIMITED

(continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

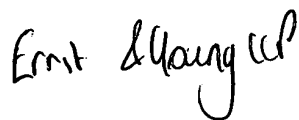
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRBUS DS LIMITED
(continued)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



John Howarth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

Date: 29-3-2018

Income Statement

for the year ended 31 December 2017

	<i>Notes</i>	<i>2017</i> <i>£000</i>	<i>2016</i> <i>£000</i>
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit/ (loss)		-	-
		<hr/>	<hr/>
Operating profit / (loss)		-	-
		<hr/>	<hr/>
Profit / (Loss) on ordinary activities before taxation		-	-
Tax credit	3	-	-
		<hr/>	<hr/>
Profit / (loss) for the financial year		-	-
		<hr/> <hr/>	<hr/> <hr/>

Statement of comprehensive income

for the year ended 31 December 2017

The company has no recognised gains or losses therefore no separate Statement of Total comprehensive income has been presented.

Balance sheet

at 31 December 2017

	Notes	2017 £000	2016 £000
Current assets			
Debtors due within one year	4	-	27,019
		<u>-</u>	<u>27,019</u>
Net current assets		-	27,019
Total assets less current liabilities		<u>-</u>	<u>27,019</u>
Net assets		-	27,019
Capital and reserves			
Called up share capital	5	-	100
Merger reserve	6	(3,444)	(3,444)
Profit and loss account	6	3,444	30,363
Total equity funds		<u>-</u>	<u>27,019</u>

Approved by the Board on and signed on its behalf by:



C Paynter
Director
27th March 2018

Statement of changes in equity

at 31 December 2017

	<i>Share Capital</i>	<i>Merger reserve</i>	<i>Retained earnings</i>	<i>Total Equity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2016	100	(3,444)	30,363	27,019
At 1 January 2017	100	(3,444)	30,363	27,019
Dividends paid	-	-	(27,019)	(27,019)
Share capital reduction	(100)	-	100	-
At 31 December 2017	-	(3,444)	3,444	-

Notes to the financial statements

at 31 December 2017

1. Authorisation of financial statements and statements of compliance with FRS 101

The financial statements of Airbus DS Limited for the year ended 31 December 2017 were authorised for issue by the board of directors on 27th March 2018 and the balance sheet was signed on the board's behalf by Colin Paynter. Airbus DS Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards and the historical cost convention. The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Airbus SE.

The results of Airbus DS Limited are included in the consolidated financial statements of Airbus SE, which are available from The Secretary, Airbus SE, Mendelweg 30, 2333 CS Leiden, The Netherlands.

The principal accounting policies adopted by the Company are set out in note 2.

2.1 Basis of preparation

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

- (i) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statement to present comparative information in respect of:
 - (a) paragraph 79(a)(iv) of IAS1;
- (ii) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements. For accounting periods beginning before 1 January 2013, paragraphs 38A, 38B, 38C, 38D, 40A, 40B, 40C and 40D of IAS 1 (effective 1 January 2013) should be replaced with paragraphs 39 and 40 of IAS 1 (effective 1 January 2009).
- (iii) the requirements of IAS 7 Statement of Cash Flows.
- (iv) the requirement of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (v) the requirements in IAS 24 Related Party Disclosures.
- (vi) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (vii) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated

Notes to the financial statements (continued)

at 31 December 2017

2.2 Significant accounting policies

a) Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

b) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Notes to the financial statements (continued)

at 31 December 2017

3. Tax on loss on ordinary activities

(a) Tax credit in the income statement

	2017 £000	2016 £000
Current income tax:		
Total current income tax	-	-
Deferred tax:		
Total deferred tax	-	-
Total credit in the income statement	-	-

(b) Reconciliation of the total tax credit

The tax credit in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below

	2017 £000	2016 £000
Accounting loss before income tax	-	-
Tax calculated at UK standard rate of corporation tax of 19.25% (2016: 20%)	-	-
Total tax credit in the income statement	-	-

(c) Unrecognised tax losses

The Company has tax losses which arose in the UK of £3,928,463 (2016: £3,928,463) that are available indefinitely for offset against non-trading taxable profits. A deferred tax asset has not been recognised in respect of these losses as there is uncertainty over the recoverability.

(d) Change in corporation tax rate

The Finance Act 2016 has been enacted and included legislation to reduce the main rate of corporation tax to 17% from 1 April 2020. The company does not have a recognised deferred tax balance, but this reduction in the tax rate will reduce the unrecognised value of the unrelieved loss

4. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	-	27,019
Due within one year	-	27,019

Notes to the financial statements (continued)

at 31 December 2017

5. Allotted and issued share capital

	2017	2016	2017	2016
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>No.</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £0.01 each	1	10,000,002	0.01	100

6. Reserves

a) Share Capital

In line with the Companies Act 2006, on December 19, 2017 the Board of Directors passed a special resolution, that the Company's share capital account is reduced from £100,000.02 to £0.01 by cancelling and extinguishing 10,000,001 existing issued and paid up ordinary shares, with the resulting share capital reduction credited to the profit and loss account of the Company.

b) Retained earnings

On 19 December 2017 the board of Directors of Airbus DS Limited approved a dividend to its ultimate parent company, Airbus Defence and Space limited. The dividend amount of £27,019,126 was satisfied by setting off against £27,019,126 of the intercompany amount owed to the company by Airbus Defence and Space Limited.

c) Merger reserve

On 1 May 2004, the company acquired the majority of the trading assets of another EADS UK subsidiary, EADS Defence Systems and Electronics (UK) Ltd. for the consideration of £1. The transfer of the assets and liabilities associated with this acquisition has been accounted for using merger accounting principles.

7. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Airbus Defence and Space limited, which prepares group financial statements, the only other group company preparing consolidated accounts which include Airbus DS Limited is Airbus SE.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Airbus SE which is incorporated in the Netherlands. Copies of the group financial statements, which include the company, are available from The Secretary, Airbus Group SE, Mendelweg 30, 2333 CS Leiden, The Netherlands.

Airbus DS Limited

Meeting of the Board of Directors

27th March 2018

Minutes of a Meeting of the Board of Directors of Airbus DS Limited held at Gunnels Wood Road, Stevenage, on the 27th March 2018 at 11.15am.

Present: N Ede
C Paynter (by telephone)
J Whitehead (by telephone)

In attendance: Alan Shaw

1. Chairman

Mr Nigel Ede was appointed Chairman of the meeting.

2. Notice and quorum

The Chairman reported that due notice of the meeting had been given and that a quorum was present. Accordingly, the Chairman declared the meeting open.

3. Declaration of Directors' Interests

In accordance with section 177 of the Companies Act 2006, the Directors present declared their respective interests. It was noted that having disclosed such interests, according to article 30 of the articles of association of the Company, the Directors were entitled to vote and form part of the quorum for the meeting.

4. Production of Documents

There was produced to the Meeting the Directors' report and financial statements for the year ended 31 December 2017 and a draft representation letter addressed to Ernst & Young.

5. Approval of Directors

It was resolved that (i) the draft representation letter addressed to Ernst & Young be approved and that any one director be authorised to sign it, (ii) the Directors' Report and financial statements for the year ended 31st December 2017 be approved and that the signature of the Balance Sheet and the Directors' Report by one Director on behalf of the Board be authorised.

6. Meeting Closed

There was no further business and the Chairman declared the meeting closed.


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Chairman