

Company Registration No. 00376071 (England and Wales)

OXLEY DEVELOPMENTS COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020



OXLEY DEVELOPMENTS COMPANY LIMITED

COMPANY INFORMATION

Directors	Mrs J A Kelly Mr D M Cavan Mr M Jordan
Company number	00376071
Registered office	Priory Park Ulverston Cumbria LA12 9QG
Auditor	Azets Audit Services Fleet House New Road Lancaster LA1 1EZ

OXLEY DEVELOPMENTS COMPANY LIMITED

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OXLEY DEVELOPMENTS COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the strategic report for the year ended 30 September 2020.

Fair review of the business

The company continues to focus on innovative and state of the art technology while recognising the increasing complexity in the products and services we offer to customers. Major OEMs continue to demand increasing levels of technical data in support of development and production contracts with significant challenges in performance criteria of products and delivery timelines.

The increase in revenue reflects short term timing of differences with a significant order of £1m for Night Vision products being supplied this year. Underlying growth shows an upward trend. Margins have improved due to volume and product mix, but material cost inflation continues to impact results. Oxley Developments Company is engaged with a National Growth Program named Sharing in Growth funded by the UK Government providing matched funding of £1.1m, providing funding for training and process improvements across the business to deliver a change program over the next two years. The programme is producing tangible positive results.

Oxley Developments Company has reported a profit after tax of £1,106,557 (2019: 752,519) which is higher than the previous year due to the increased turnover and product mix. Next year looks set to be a challenging year given the impact of COVID-19 and sales are expected to be in line with this year's performance. Investment in resources in technology and capital equipment are planned for next year to support the planned long-term growth.

The Middle East and South Asia have growing Defence and Aerospace markets and key strategic sales opportunities have been developed either directly or through in-country representation. Opportunities in the commercial sector will slip to the right due to the impact of COVID-19 on the Commercial Aerospace sector.

Principal risks and uncertainties

The principal risks and uncertainties facing the business relate to changes in government defence spending policies in key markets, including the USA as a result of the impact of COVID-19. The approval of the US Government budget in 2020 unlocked funding to the market in the year. The company has a broad customer base across many countries throughout the World, which provides a degree of protection against the risk of dependence on the US market. Brexit is not expected to impact the business due to the nature of the products being sold to European customers and the long-term nature of the contracts.

The company is making progress towards selling variants of existing and new products into commercial aerospace applications. Growth in this sector is forecast over the coming decade due to high demand, particularly in developing markets.

The Covid-19 pandemic is affecting all businesses and individuals across the globe. Oxley's customers and suppliers have broadly stayed open due to the fact that they operate and support the Defence & Aerospace Sector which is key to all governments' military requirements. Our employees are categorised as key workers as a result of the fact that they work for a business in this sector. All necessary health and safety steps have been taken with staff working from home where possible and via the implementation of strict distancing and other protective regimes. In terms of financial support, Oxley Developments Company has received support from the UK government by deferring the payment of taxes and it has access to the other support schemes available which it will use if needed. Additional financial modelling has been performed for a range of different scenarios which demonstrates that the business is still viable.

OXLEY DEVELOPMENTS COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Key performance indicators

The directors monitor key performance indicators at a company level to review the development, performance or position of the business. These include:

- Sales growth
- Gross margin
- Operating profit
- Cash balance position
- Head count evolution

On behalf of the board


Mrs J A Kelly
Director
12/02/21

OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and financial statements for the year ended 30 September 2020.

Principal activities

The principal activity of the company continued to be that of the design, development and manufacture of components, systems and technologies for the electronics and avionic industries.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs J A Kelly
Mr D M Cavan
Mr M Jordan

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Financial risk management

The company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. It's policy is to finance working capital through retained reserves and through borrowings at prevailing market interest rates, and to fix the sterling cost of imported components by entering into forward exchange contracts at the time of ordering. The company does not use hedge accounting.

The company's exposure to the price risk of financial instruments is therefore minimal. As the counterparty to all financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments. It's cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms, matching the maturity of the currency purchases.

The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Research and development

The Directors recognise that to retain the company's competitive advantage in the industries that it operates, investment in research and development is essential. Equipment and people in the company's design and development team is one of the key areas benefitting from the recent investment in the business.

There has been a significant growth in the level of customer funded contracts this year that has contributed to the product development activities and expansion of the company's product portfolio; this is anticipated to continue.

Auditor

The auditor, Azets Audit Services (previously trading as Baldwins Audit Services), is deemed to be reappointed under section 487(2) of the Companies Act 2006.

OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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;
- 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 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.

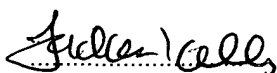
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Environmental Management Standard

The company has successfully maintained its ISO 14001 certification, the Environmental Management Standard.

On behalf of the board



Mrs J A Kelly
Director

Date: 12/02/21.....

OXLEY DEVELOPMENTS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXLEY DEVELOPMENTS COMPANY LIMITED

Opinion

We have audited the financial statements of Oxley Developments Company Limited (the 'company') for the year ended 30 September 2020 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, 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, including FRS 102 *The Financial Reporting Standard applicable 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 state of the company's affairs as at 30 September 2020 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.

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. 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.

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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this 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 our audit:

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

OXLEY DEVELOPMENTS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OXLEY DEVELOPMENTS COMPANY LIMITED

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 and the directors' report.

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
- 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, 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.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Azets Audit Services

**Susanna Cassey (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor**

23 February 2021

**Fleet House
New Road
Lancaster
LA1 1EZ**

OXLEY DEVELOPMENTS COMPANY LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Turnover	4	12,273,717	11,502,932
Cost of sales		(6,505,981)	(6,960,259)
Gross profit		5,767,736	4,542,673
Distribution costs		(543,857)	(576,754)
Administrative expenses		(4,185,067)	(3,448,929)
Other operating income		330,694	201,698
Exceptional item	3	(185,028)	-
Operating profit	5	1,184,478	718,688
Interest payable and similar expenses	9	(83,252)	(80,683)
Profit before taxation		1,101,226	638,005
Tax on profit	10	5,331	114,514
Profit for the financial year		1,106,557	752,519
Retained earnings brought forward		60,016	(692,503)
Retained earnings carried forward		<u>1,166,573</u>	<u>60,016</u>

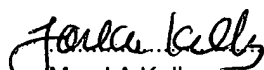
OXLEY DEVELOPMENTS COMPANY LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	11	745,975		765,776	
Tangible assets	12	1,300,185		1,452,253	
			2,046,160		2,218,029
Current assets					
Stocks	13	3,818,328		4,141,382	
Debtors	14	3,147,054		2,805,710	
Cash at bank and in hand		1,958,966		1,116,725	
			8,924,348		8,063,817
Creditors: amounts falling due within one year	15	(5,444,154)		(5,751,581)	
Net current assets			3,480,194		2,312,236
Total assets less current liabilities			5,526,354		4,530,265
Creditors: amounts falling due after more than one year	16		(159,330)		(269,798)
Net assets			5,367,024		4,260,467
Capital and reserves					
Called up share capital	19	4,200,451		4,200,451	
Profit and loss reserves		1,166,573		60,016	
Total equity			5,367,024		4,260,467

The financial statements were approved by the board of directors and authorised for issue on 12/02/21 and are signed on its behalf by:


Mrs J A Kelly
Director


Mr D M Cavan
Director

Company Registration No. 00376071

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

Oxley Developments Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Priory Park, Ulverston, Cumbria, LA12 9QG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Oxley Group Limited. These consolidated financial statements are available from its registered office, Priory Park, Ulverston, Cumbria, LA12 9QG.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.2 Going concern

The Directors have prepared a three year business plan for the company based on the remaining facilities which show that they expect the company to be profitable over this period and remain within its facilities.

The Group Board has reasonable expectation of the continuing viability of the company during this Covid-19 health crisis. Customers are keen to receive and in some cases expedite deliveries and suppliers are delivering in most cases as normal, resulting from the fact that they all operate and support the Defence & Aerospace Sector which is key to all governments' military requirements.

The Directors originally prepared a three year business plan based on the remaining facilities which showed that they expect the company to be profitable over this period and remain within its facilities. Since the Covid-19 pandemic, additional financial modelling has been performed for the group, for a range of different scenarios, to establish the scope of the stresses that could impact the business and this has shown that the business is still viable. Government backed loans are available and have been taken up in the US, whilst the UK company has received support from the government by deferring the payment of taxes and it has access to the other support schemes available which it will use if needed.

Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	10 years straight line
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OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20 years straight line
Plant and equipment	5 years straight line
Fixtures and fittings	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Directors consider the key judgements and uncertainties relevant to the financial statements to be in respect to the carrying value of stock, debtors and intangible assets. The Directors apply their experience and knowledge of the industry to determine whether the carrying values and where relevant, useful economic lives, are appropriate, and make provisions to reduce the carrying value where necessary.

3 Exceptional item

	2020 £	2019 £
Expenditure		
Exceptional item - redundancy costs	185,028	-

4 Turnover and other revenue

	2020 £	2019 £
Other significant revenue		
Royalty income	141,160	109,304
Grants received	89,983	19,985
Research & development tax credits	74,217	59,208
Other scrap sales	9,701	12,851
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	3,673,395	3,247,775
Rest of European Union	3,949,622	3,906,860
Rest of world	4,650,700	4,348,297
	12,273,717	11,502,932

Grants received this year relate to government job retention scheme grants for furloughed staff.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

5 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	27,672	(23,817)
Research and development costs	790,524	705,505
Depreciation of owned tangible fixed assets	375,321	331,420
Depreciation of tangible fixed assets held under finance leases	-	7,602
Amortisation of intangible assets	100,000	100,000
Operating lease charges	45,503	44,121
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	14,575	14,150
	<u> </u>	<u> </u>

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Office and management	26	23
Manufacturing	139	136
	<u> </u>	<u> </u>
Total	165	159
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	4,612,193	4,256,779
Social security costs	479,260	353,994
Pension costs	198,761	188,461
	<u> </u>	<u> </u>
	5,290,214	4,799,234
	<u> </u>	<u> </u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	94,966	75,934
Company pension contributions to defined contribution schemes	5,824	3,680
	<u>100,790</u>	<u>79,614</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 2).

9 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	12,322	8,760
Interest payable to group undertakings	68,982	71,628
Other interest on financial liabilities	1,948	-
Interest on finance leases and hire purchase contracts	-	295
	<u>83,252</u>	<u>80,683</u>

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	-	(114,514)
Adjustments in respect of prior periods	(5,331)	-
	<u>(5,331)</u>	<u>(114,514)</u>
Total current tax	<u>(5,331)</u>	<u>(114,514)</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

10 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	1,101,226	638,005
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	209,233	121,221
Tax effect of expenses that are not deductible in determining taxable profit	1,437	8,010
Tax effect of utilisation of tax losses not previously recognised	(58,611)	150,052
Unutilised tax losses carried forward	64,891	(8,516)
Permanent capital allowances in excess of depreciation	-	(944)
Depreciation on assets not qualifying for tax allowances	8,696	-
Amortisation on assets not qualifying for tax allowances	19,000	19,000
Research and development tax credit	(244,646)	(403,279)
Other non-reversing timing differences	-	(55)
Other permanent differences	-	(3)
Under/(over) provided in prior years	(5,331)	-
Taxation credit for the year	(5,331)	(114,514)

The company has tax losses of £3,508,131 (2019: £3,816,612) carried forward which will reduce tax payments in future years if suitable tax profits arise. A deferred asset has not been recognised in respect of these losses.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

11 Intangible fixed assets

	Development costs £
Cost	
At 1 October 2019	1,278,394
Additions	80,199
At 30 September 2020	1,358,593
Amortisation and impairment	
At 1 October 2019	512,618
Amortisation charged for the year	100,000
At 30 September 2020	612,618
Carrying amount	
At 30 September 2020	745,975
At 30 September 2019	765,776

12 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 October 2019	727,442	4,988,506	1,217,468	6,933,416
Additions	111,312	87,849	24,092	223,253
Disposals	-	(44,947)	-	(44,947)
At 30 September 2020	838,754	5,031,408	1,241,560	7,111,722
Depreciation and impairment				
At 1 October 2019	68,868	4,413,784	998,511	5,481,163
Depreciation charged in the year	39,438	217,392	118,491	375,321
Eliminated in respect of disposals	-	(44,947)	-	(44,947)
At 30 September 2020	108,306	4,586,229	1,117,002	5,811,537
Carrying amount				
At 30 September 2020	730,448	445,179	124,558	1,300,185
At 30 September 2019	658,574	574,722	218,957	1,452,253

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

12 Tangible fixed assets (Continued)

The carrying value of leasehold improvements comprises:

	2020 £	2019 £
Short leasehold	730,448	658,574

13 Stocks

	2020 £	2019 £
Raw materials and consumables	1,185,833	1,298,730
Work in progress	1,941,689	2,074,454
Finished goods and goods for resale	690,806	768,198
	3,818,328	4,141,382

14 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	2,174,377	1,537,069
Corporation tax recoverable	5,331	127,981
Amounts owed by group undertakings	309,503	284,995
Other debtors	172,185	385,847
Prepayments and accrued income	485,658	469,818
	3,147,054	2,805,710

Included within prepayments and accrued income is £319,770 (2019 - £319,750) of amounts due from customers for contract work as an asset.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

15 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts		91,666	-
Trade creditors		917,110	1,387,666
Amounts owed to group undertakings		3,414,338	3,527,184
Taxation and social security		191,397	88,711
Other creditors		333,157	268,236
Accruals and deferred income		496,486	479,784
		<u>5,444,154</u>	<u>5,751,581</u>

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

16 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other creditors	<u>159,330</u>	<u>269,798</u>

17 Deferred taxation

No deferred tax was provided for at the start or end of the year as it was not considered appropriate to provide for a deferred tax asset in respect of trading losses (see note 10).

18 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	<u>198,761</u>	<u>188,461</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
42,004,510 Ordinary shares of 10p each	<u>4,200,451</u>	<u>4,200,451</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	29,332	26,718
Between two and five years	41,164	14,366
	<u>70,496</u>	<u>41,084</u>

21 Events after the reporting date

For reasons already outlined in the strategic report and going concern accounting policy, the continuing worldwide coronavirus pandemic in 2020 and 2021 is considered to be a non-adjusting event.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

22 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Rental expenses	
	2020	2019
	£	£
Other related parties	105,400	105,400

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	2,807,516	2,920,362
Other related parties	633,172	606,822

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due from related parties		
Other related parties	309,503	318,711

Other information

The company has taken advantage of the exemption contained in Section 33 of Financial Reporting Standard 102 'Related Party Disclosures' from disclosing transactions entered into between two or more members of a group, where the entity is wholly owned and included within the consolidated financial statements that are publicly available.

23 Ultimate controlling party

The immediate parent company is Oxley Group Limited.

In the opinion of the Directors the ultimate parent company is Oxley International Inc, a company incorporated in Panama.

Consolidated financial statements are not prepared by Oxley International Inc and therefore Oxley Group Limited's financial statements are the consolidated financial statements of the largest and smallest group of which the company is a member. Consolidated accounts are available from the registered office.