Company Registration No. 00592717

IONIX SYSTEMS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2018

REPORT AND FINANCIAL STATEMENTS 2018

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R A Norwitt
C A Lampo

COMPANY SECRETARY

Abogado Nominees Limited
L E D'Amico

REGISTERED OFFICE

Prospect House
Taylor Business Park
Risley
Warrington
WA3 6HP
United Kingdom

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

AUDITOR

Deloitte LLP
Statutory Auditor
Leeds
LS1 2AL
United Kingdom

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activities of the company are that of a specialist designer and manufacturer of wiring harness and woven systems, providing interconnection solutions for aerospace, defence, power generation and other high-performance engineering sectors.

BUSINESS REVIEW

The principal markets that the company operates within are the manufacture of high complexity, low to medium volume wiring harnesses for aerospace, defence and industrial applications. This year saw an increase in business activity with ever higher demands for our capabilities and skills as the ramp up for new aero engines continued. During 2018 we have built upon our previous investments in people and plant and equipment and this will continue for the coming years, so we are able to the meet the demand and exploit new opportunities that are available.

During the year to 31st December 2018, the Company has increased its sales volume within the Commercial Aerospace and Military markets by securing significant Long-Term Agreements (LTA) with one of our key customers, and some diversification of new customers. This has led to sales of £20.1m in 2018, compared to £19.3m during the same period in 2017, a 4.1% growth. The LTA has helped to enable the company to secure a very stable platform of business for next few years and underpins its ability to offer customers a sustainable business.

The Company has experienced an increase in operating profitability in 2018 compared to 2017 of £0.6m (excluding dividend income) which is due to a continued emphasis on cost monitoring and our supplier development plans. This has meant that the Company was able to increase its Return on Sales from 15.3% in 2017 to 17.7% in 2018. Furthermore, the increased focus on operating as a lean manufacturer as meant that Gross Profit margins have increased from 20.1% in 2017 to 21.4% in 2018.

During the year we continued to protect the continuity of supply to customers by buying raw materials well ahead against a background of lengthening lead times and spikey demand forecasts. In addition, with increased business activity and sometimes erratic demand signals, this has helped us to ensure that we are able to meet customer's sales demand and to help support our customer with their own, sometimes rapidly changing schedules.

The Board would also like to thank the skilled Ionix employees who have been dedicated through the year in supporting the Company and its customers. Despite some of the challenges that we are seeing in the short-term, due to the uncertainty surrounding Brexit and the impact of this on the FX rates, the fundamentals of the business remain strong, and well placed to ensure the future success of the company.

Key Performance Indicators (KPIs)

The key financial KPIs are those documented in the business review above, and mainly focus on Return on Sales, Sales Growth and Overall Profitability Margins. In terms of Strategic KPIs we use a combination of internal and external focused measurements.

Our external measures are driven by our needs to exceed our customers' expectations are:

- On Time and In Full (OTIF) which measures delivery performances in terms of full quantity shipped and delivered on time. This is also measured by our key customers.
- Parts Per Million (PPM) which measures the rate of quality defect returns against our total products shipped.

Internally we have many sub KPI's displayed openly to all employees but the main one is Zero Defects project which is measuring our internal efficiency across many areas and ultimately is key to improving our profitability.

FUTURE DEVELOPMENTS

Looking towards the future, the entry into 2019 is from a strong position, as the Company is ready to take advantage of the multitude of exciting opportunities that it is beginning to see in the marketplace from the introduction of new engine protoypes. The Company's culture of strong operating discipline and proactive cost reduction measures is expected to result in consistent profitability and cash flow improvements, and in particular will help to ensure that the Company stays ahead of the competition. Therefore the Company will continue to drive our diversification plans into new markets, Space, Navel and Marine markets.

PRINCIPAL RISKS AND UNCERTAINTIES

Due to the nature of the products, brand reputation is a risk for the Company. The directors seek to mitigate the risk to the reputation of the Company's brands and maintain the brands' positioning relative to the competition by continuing to invest in quality control.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

The Company looks to ensure a diverse mix of customers and also negotiates contracts that are of a long-term nature, where possible, to support sustainable performance year on year.

The Company uses various financial instruments. These include intragroup loans and various items such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments is credit risk. The Directors do not deem liquidity to be a risk due to no external debt, having strong cash reserves and being part of a successful Group.

Credit risk

The company's principal financial asset is trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Approved by the Board of Directors on 2 August 2019
and signed on behalf of the Board

Craig A. Lampo
Director

DIRECTORS' REPORT

In accordance with s414C (11) of the Companies Act, included in the Strategic Report is information relating to details of the company's strategic view, financial risk management, principal risks and uncertainties, principal activities and future developments which would otherwise be required by Schedule 7 to the Accounting Regulations to be contained in a Director's Report.

RESULTS

The profit for the year after taxation amounted to £4,279,000 (2017: £2,410,000).

DIVIDENDS

During the year, dividends of £1.7m were received (2017 - £nil). During the year, no dividends were declared (2017 - £2.5m).

DIRECTORS

The directors who served during the year, and to the date of this report, unless otherwise stated, were:

R A Norwitt

C A Lampo

EMPLOYEES

Within the bounds of confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees.

During the year, the company gave full and fair consideration to application for employment by disabled persons, having regard to their particular aptitudes and abilities and to appropriate vacancies. The company will continue to ensure that disabled employees are considered on the same basis as any other member of staff with regard to training, career development and promotion.

GOING CONCERN

The directors are aware of their duty to assess the ability of the Company to continue as a going concern and in particular are sensitive to this requirement given the current uncertain economic outlook, particularly surrounding the UK economy with regards to Brexit. Based on this the financial statements have been prepared on a going concern basis. Further details on the basis of preparation are given in note 1 to the financial statements.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information 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 provision of s418 of the Companies Act 2006.

The Company is not required to undertake an annual general meeting under the Companies Act 2006. Accordingly, Deloitte LLP will be deemed to remain in office until further notice.

The Company has taken advantage of certain disclosure exemptions available to them as a qualifying entity under FRS 102.

Approved by the Board of Directors on 2 August 2019
and signed on behalf of the Board

Director
Craig A. Lampo

DIRECTORS' RESPONSIBILITIES STATEMENT

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) 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 IONIX SYSTEMS LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Ionix Systems Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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 respect of these matters.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IONIX SYSTEMS LIMITED (continued)

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Scott Bayne

Scott Bayne FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
2 August 2019

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
TURNOVER	1,3	20,136	19,333
Cost of sales		(15,820)	(15,446)
GROSS PROFIT		4,316	3,887
Administrative expenses		(748)	(926)
OPERATING PROFIT	4	3,568	2,960
Dividend income received	11	1,698	-
Interest receivable and similar income	7	42	27
Interest payable and similar expenses	8	(4)	-
PROFIT BEFORE TAXATION		5,304	2,987
Tax on profit	9	(1,025)	(576)
PROFIT FOR THE FINANCIAL YEAR, BEING TOTAL COMPREHENSIVE INCOME	18	4,279	2,410

The above results relate to continuing operations.

There are no items of comprehensive income in the current year or previous year other than those stated above in the profit and loss account. Accordingly, a separate statement of comprehensive income has not been presented.

BALANCE SHEET
As at 31 December 2018

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
FIXED ASSETS					
Tangible assets	11		98		74
Investments	12		-		-
			98		74
CURRENT ASSETS					
Stocks	13	3,395		3,459	
Debtors	14	10,011		8,842	
Cash at bank and in hand		726		404	
		14,132		12,705	
CREDITORS: amounts falling due within one year	15	(3,691)		(6,519)	
TOTAL ASSETS LESS CURRENT LIABILITIES			10,441		6,186
NET ASSETS			10,539		6,260
CAPITAL AND RESERVES					
Called-up share capital	17		-		-
Profit and loss account	18		10,539		6,260
SHAREHOLDER'S FUNDS			10,539		6,260

The financial statements of Ionix Systems Limited, registered number 00592717, were approved by the Board of Directors and authorised for issue on 2 August 2019.

Signed on behalf of the Board of Directors

Director
Craig A. Lampo

STATEMENT OF CHANGES IN EQUITY
As at 31 December 2018

Equity attributable to equity shareholders of the Company:

	Called-up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2017	-	6,350	6,350
Profit for the financial year and total comprehensive income	-	2,410	2,410
Dividends paid (note 10)	-	(2,500)	(2,500)
At 31 December 2017	-	6,260	6,260
Profit for the financial year and total comprehensive income	-	4,279	4,279
At 31 December 2018	-	10,539	10,539

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

1. ACCOUNTING POLICIES

Accounting convention

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Ionix Systems Limited is a private company, limited by shares and incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard FRS 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Ionix Systems Limited is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates.

Ionix Systems Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemption has been taken in relation to presentation of a cash flow statement, financial instruments and key management personnel compensation.

Group financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Ionix Aerospace Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company, which are publicly available.

Going concern

The directors are aware of their duty to assess the ability of the company to continue as a going concern and in particular are sensitive to this requirement given the current uncertain economic outlook particularly surrounding the UK economy with regards to Brexit. The directors have reviewed the company's forecasts and projections taking into account reasonably possible changes in trading performance.

After making such enquiries, the directors have a reasonable expectation that the company has adequate resources available to continue in operation for the foreseeable future. Thus, the directors continues to adopt the going concern basis in preparing the annual report and financial statements.

Related party transactions

The company has taken advantage of the exemption within FRS 102 not to disclose related party transactions with fellow wholly-owned group undertakings. There are no other related party transactions in either the current or prior year.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers. Turnover and profit before taxation are derived from the company's principal activity. Turnover is recognised when the risk and rewards of ownership have passed to the customer, primarily on receipt by the customer.

Interest Income Policy

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure in the Statement of Comprehensive Income for the respective year in which it was received and incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

1. **ACCOUNTING POLICIES (continued)**

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery - 3-5 years on a straight line
Computer equipment - 3-5 years on a straight line

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives and rent free periods are amortised through the profit and loss account over the period of the lease.

Stocks

Stocks and work in progress are calculated on an weighted average cost basis and are stated in the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. No element of profit is included in the valuation of work in progress.

Financial Instruments

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transaction in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Profit and loss account.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. No contributions were unpaid at the year-end (2017: same).

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and paid and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

2. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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. 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In the opinion of the directors, there are no estimation uncertainty that would require disclosure in the financial statements.

Critical judgements and sources of estimation uncertainty in applying the Company's accounting policies

In the opinion of the directors, there are no critical accounting judgements or estimation of uncertainty that require disclosure in the financial statements.

3. TURNOVER

The turnover and profit before taxation arise wholly within the United Kingdom and are attributable to the Company's principal activity.

4. OPERATING PROFIT

	2018 £'000	2017 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the company	22	56
Auditor's remuneration – fees for the audit of the Financial Statements	25	24
Cost of stock recognised as an expense	11,637	11,721
Operating lease rentals:		
- land and buildings	86	84
- plant and machinery	13	10
Loss on foreign exchange	21	283

No non audit fees were payable to the company's auditor in the year (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2018 £'000	2017 £'000
Wages and salaries	1,391	1,381
Social security costs	159	139
Other pension costs	51	45
	1,601	1,565

The average monthly number of employees, including the directors, during the year was as follows:

	2018 £'000	2017 £'000
Direct	27	28
Indirect	30	30
	57	58

6. DIRECTORS' REMUNERATION

In the current and prior year the directors were remunerated by a fellow Group company and the costs were not recharged to this company, as such no transactions relating to the directors occurred.

7. INTEREST RECEIVABLE

	2018 £'000	2017 £'000
Bank/Intercompany interest receivable	42	27

8. INTEREST PAYABLE

	2018 £'000	2017 £'000
Other interest payable	4	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

9. TAXATION

	2018 £'000	2017 £'000
The tax charge comprises:		
Current tax		
UK corporation tax charge on profit for the year	684	582
Overseas withholding tax charge	340	-
Deferred tax (note 16)		
Original and reversal of timing differences	1	(6)
Total tax on profit	1,025	576

Factors affecting total tax charge for the year:

	2018 £'000	2017 £'000
Profit before taxation	5,304	2,987
Tax on profit at standard UK corporation tax rate of 19.0% (2017: 19.25 %)	1,008	575
Effects of:		
Income not taxable	(324)	-
Effects of changes in taxation rates	1	1
Effects of overseas withholding tax	340	-
Total tax charge for the year	1,025	576

The standard rate of UK Corporation Tax was confirmed to reduce to 19% and 18% with effect from 1 April 2016 and 1 April 2017 respectively. These rates were substantially enacted at the balance sheet date and, therefore, the deferred tax assets and liabilities are calculated in these statements at these rates. A further reduction to 17% from 1 April 2020 has also been announced.

10. DIVIDENDS

	2018 £'000	2017 £'000
Dividends received £169.80 per share	1,698	-
2017: Dividends £250 per share paid	-	2,500

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

11. TANGIBLE FIXED ASSETS

	Plant & machinery £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2018	309	160	469
Additions	35	11	46
Disposals	-	-	-
At 31 December 2018	344	171	515
Depreciation			
At 1 January 2018	267	128	395
Charge for the year	17	5	22
Disposals	-	-	-
At 31 December 2018	284	133	417
Net book value			
At 31 December 2018	60	38	98
At 31 December 2017	42	32	74

12. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £'000
Cost and net book value	
At 31 December 2017 and 31 December 2018	-

Subsidiary undertaking

The following is the only wholly owned subsidiary undertaking of the company:

Name	Principal activity	Registered office
Ionix Systems OU	Manufacture 'inert' wiring harnesses	Pikk Street 59b, Kuressare, 93815, Saare maakond, Estonia

All ownership interests are in the ordinary share capital of the investee.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

13. STOCKS

	2018 £'000	2017 £'000
Raw materials	1,339	1,805
Work in progress	1,467	994
Finished goods and goods for resale	589	660
	3,395	3,459

There is no material difference between the balance sheet value of stocks and their replacement cost.

14. DEBTORS: amounts falling due within one year

	2018 £'000	2017 £'000
Trade debtors	4,888	4,602
Prepayments and accrued income	49	66
Deferred tax asset (note 16)	23	24
Amounts owed by fellow group undertakings	5,051	4,150
	10,011	8,842

Intercompany balances arising from trading items are repayable to terms. There is no interest receivable on these unsecured balances.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	2,325	2,263
Amounts owed to group undertakings	166	1,295
Amounts owed to Parent	215	215
Amounts owed to subsidiary	215	1,907
Corporation tax	354	316
Other taxation and social security	298	356
Accruals and deferred income	118	167
	3,691	6,519

Intercompany balances arising from trading items are repayable to terms. There is no interest receivable on these unsecured balances.

16. DEFERRED TAXATION ASSET

	2018 £'000	2017 £'000
At 1 January 2018	24	18
(Charge)/credit for the year (note 9)	(1)	6
At 31 December 2018	23	24

The deferred taxation asset is made up as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

	2018 £'000	2017 £'000
Accelerated Capital Allowances	22	23
Short term timing differences - trading	1	1
	23	24

17. SHARE CAPITAL

	2018 £	2017 £
Authorised, Allotted, called up and fully paid		
10,000 'A' shares of £0.01 each	100	100

18. RESERVES

	Profit and loss account £'000
At 1 January 2018	6,260
Profit for the financial year	4,279
Dividends paid	-
At 31 December 2018	10,539

19. OPERATING LEASE COMMITMENTS

At 31 December 2018 the total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
Within 1 year:		
- Plant and machinery	9	15
- Land and buildings	66	86
Between 2-5 years:		
- Plant and machinery	6	15
- Land and buildings	91	157

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The smallest group for which financial statements are prepared is Ionix Aerospace Limited, a company incorporated in England and Wales. Consolidated financial statements can be obtained from Prospect House, Taylor Business Park, Risley, Warrington WA3 6HP.

The directors regard Amphenol Corporation Inc., a company incorporated in the USA, as the ultimate parent company and the ultimate controlling party.

Amphenol Corporation Inc. is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from its registered address Amphenol Corporation Inc., 358 Hall Avenue, Wallingford, Connecticut, USA.