

**Abtest Limited**

**Annual report and financial statements**

**Registered number 620992**

**31 December 2016**

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## Directors' report

The directors present their report and financial statements for the year ended 31 December 2016.

### Principal activities

The principal activity of the company is the provision of accelerated life, environmental measurement and life test facilities and the design and manufacture of automatic test equipment.

### Business review

The 2016 sales performance at £1,222,000 increased from the 2015 equivalent of £1,164,000.

Abtest Limited had a loss for the year of £70,000 (2015: £20,000 profit). The directors have prepared the financial statements on the going concern basis as its ultimate parent undertaking (see note 15) has confirmed its intention to continue to support the business for at least twelve months from the date of this report.

### Future developments

In 2017 Abtest Limited will be looking to develop new customer relationships and build on existing customer relationships.

### Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. These risks include:

- Evolving products and markets.
- High proportion of fixed overheads and variable revenues.

In addition to these, management is uncertain of the impact that both Brexit and the change in US leadership may have on financial performance. Management is monitoring developments and working to determine appropriate business strategies for various potential trading positions.

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all identified risks. Where possible, processes are in place to monitor and mitigate such risks.

### Financial instruments

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade 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 risks arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and the policies have remained unchanged from previous periods.

### Dividends

The directors do not recommend the payment of a dividend (2015: nil).

### Directors

The directors who held office during the year and subsequently, up to the date of this report, were as follows:

R W Moseley	
S J Mather	(resigned 31/12/2016)
L D Boardman	
KR Call	(appointed 1/1/2017)

### Political contributions

The Company made no political donations or incurred any political expenditure during the year.

## **Directors' report** *(continued)*

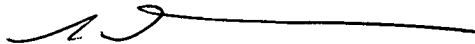
### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



**L D Boardman**  
*Director*

REGISTERED OFFICE:  
Unit 1  
Tregwilym Industrial Estate  
Rogerstone  
Newport  
South Wales  
NP10 9YA

28<sup>th</sup> June 2017

## **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

## **Independent auditor's report to the members of Abtest Limited**

We have audited the financial statements of Abtest Limited for the year ended 31 December 2016 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of Abtest Limited** *(continued)*

### **Matters on which we are required to report by exception**

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Emma Holiday (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

*30th June* 2017

**Profit and Loss Account**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>1,222</b>	<b>1,164</b>
Cost of sales		<b>(967)</b>	<b>(891)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>255</b>	<b>273</b>
Distribution costs		<b>(139)</b>	<b>(144)</b>
Administrative expenses		<b>(171)</b>	<b>(93)</b>
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>		<b>(55)</b>	<b>36</b>
Interest payable and similar charges	<b>6</b>	<b>(15)</b>	<b>(16)</b>
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(70)</b>	<b>20</b>
Tax on (loss)/profit on ordinary activities	<b>7</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>		<b>(70)</b>	<b>20</b>
		<hr/> <hr/>	<hr/> <hr/>

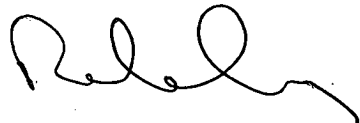
All the activities of the company are classed as continuing.

The company has no other comprehensive income for either year and accordingly a statement of comprehensive income has not been prepared.

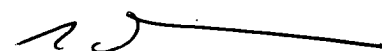
**Balance Sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2016</b> <b>£000</b>	2015 £000	2015 £000
<b>Fixed assets</b>					
Tangible assets	8		29		74
<b>Current assets</b>					
Stocks	9	37		21	
Debtors	10	121		433	
		<u>158</u>		<u>454</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(410)</u>		<u>(681)</u>	
<b>Net current liabilities</b>			<u>(252)</u>		<u>(227)</u>
<b>Net liabilities</b>			<u>(223)</u>		<u>(153)</u>
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Profit and loss account			<u>(323)</u>		<u>(253)</u>
<b>Shareholders' deficit</b>			<u>(223)</u>		<u>(153)</u>

These financial statements were approved by the Board of Directors on 28<sup>th</sup> June 2017 and were signed on its behalf by:



**R W Moseley**  
*Director*



**L D Boardman**  
*Director*

Company registered number: 620992

## Statement of Changes in Equity

for the year ended 31 December 2015

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	100	(273)	(173)
<b>Total comprehensive income for the year</b>			
Profit for the financial year	-	20	20
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	20	20
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2015</b>	<b>100</b>	<b>(253)</b>	<b>(153)</b>
	<hr/>	<hr/>	<hr/>

## Statement of Changes in Equity

for the year ended 31 December 2016

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	100	(253)	(153)
<b>Total comprehensive expense for the year</b>			
Loss for the financial year	-	(70)	(70)
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	(70)	(70)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<b>100</b>	<b>(323)</b>	<b>(223)</b>
	<hr/>	<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Abtest Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, TT Electronics Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of TT Electronics Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from St Andrews House, West Street, Woking, Surrey, GU21 6EB.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Comparative period reconciliations for share capital and tangible fixed assets;
- Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of TT Electronics Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements are disclosed in note 16.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Measurement convention*

The financial statements have been prepared on the historical cost basis except that financial instruments classified as fair value through the profit or loss are stated at their fair value.

#### *Going concern*

Notwithstanding that the company has net current liabilities of £252,000, the directors have prepared the financial statements on the going concern basis as its ultimate parent undertaking (see note 15) has confirmed its intention to continue to support the business for at least twelve months from the date of approval of this report.

The directors have a reasonable expectation that, with this support, the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 1.

#### *Foreign currency*

Monetary assets and liabilities in foreign currencies are translated at rates ruling at the balance sheet date.

Transactions during the year are translated at rates ruling at the time of the transactions. Exchange differences which arise from normal trading are dealt with through the profit and loss account.

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

#### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### *Trade and other Creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, less accumulated depreciation.

Depreciation is calculated on a straight line basis so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and equipment	3-10 years
---------------------	------------

#### *Work in progress*

Work in progress is stated at the lower of cost, including related overheads, and net realisable value.

Cost includes direct costs plus attributable overheads based on normal level of activity. A provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

## Notes (continued)

### 1 Accounting policies (continued)

#### Turnover

Turnover is the invoice value of goods and services supplied excluding VAT. Transactions are recorded as sales when the delivery of products or performance of services takes place in accordance with the contract terms of sale.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### Pension costs

##### Defined Benefit Scheme

The Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to the participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is TT Electronics Plc. No contributions were made by the company in the year.

##### Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme for the benefit of directors and employees. The pension cost charge for the period represents contributions payable by the company to the scheme.

### 2 Turnover

All turnover is from the principal activity of the company.

	2016 £000	2015 £000
By geographical market		
United Kingdom	1,180	1,145
Rest of Europe	16	15
North America	5	1
Rest of the World	21	3
	<u>1,222</u>	<u>1,164</u>

## Notes (continued)

### 3 Auditor's remuneration

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	<u>6</u>	<u>4</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, TT Electronics Plc.

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2016	2015
Production	13	13
Sales and distribution	2	3
Administration	1	2
	<u>16</u>	<u>18</u>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	547	509
Social security costs	48	57
Contributions to defined contribution plans	31	39
	<u>626</u>	<u>605</u>

### 5 Directors' remuneration

The Directors received remuneration totalling £2,000 (2015: £2,000) in respect of their services to the Company. The remuneration was paid by other companies within the Group of the ultimate parent undertaking, TT Electronics Plc.

### 6 Interest payable and similar charges

	2016 £000	2015 £000
On amounts owed to group undertakings	<u>15</u>	<u>16</u>
	<u>15</u>	<u>16</u>

## Notes (continued)

### 7 Taxation

#### Recognised in the profit and loss account

	2016 £000	2015 £000
UK corporation tax (credit)/charge	-	-
Deferred tax (credit)/charge	-	-
	<u>          </u>	<u>          </u>

#### Reconciliation of effective tax rate

	2016 £000	2015 £000
(Loss)/profit for the year	(70)	20
Taxation	-	-
	<u>          </u>	<u>          </u>
(Loss)/profit excluding taxation	(70)	20
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	(14)	4
Group relief for which no payment was received/(made)	14	(4)
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

The company has the following recognised deferred tax assets (see note 10):

	2016 £000	2015 £000
Accelerated capital allowances	-	-
	<u>          </u>	<u>          </u>

The Company has unrecognised deferred tax in respect of fixed asset and other timing differences of £47,000 (2015: £45,000). The recoverability of the assets is dependent upon the future profitability of the business and the availability of current year losses that can be surrendered from other group companies, and is therefore considered to be too uncertain to recognise.

Deferred tax is calculated at 19% for the period.

The applicable tax rate for the period is based on the UK standard rate of corporation tax of 20% (2015: 20.25%). The enacted UK tax rate applicable from 1 April 2017 is 19% and from 1 April 2020 is 17%. This will reduce the company's future current tax charge accordingly.

## Notes (continued)

### 8 Tangible fixed assets

	Land and buildings £000	Plant and equipment £000	Total £000
<b>Cost</b>			
Balance at 1 January 2016	47	1,283	1,330
Additions	-	6	6
	<u>47</u>	<u>1,289</u>	<u>1,336</u>
Balance at 31 December 2016	<u>47</u>	<u>1,289</u>	<u>1,336</u>
<b>Depreciation</b>			
Balance at 1 January 2016	47	1,209	1,256
Depreciation charge for the year	-	51	51
	<u>47</u>	<u>1,260</u>	<u>1,307</u>
Balance at 31 December 2016	<u>47</u>	<u>1,260</u>	<u>1,307</u>
<b>Net book value</b>			
At 31 December 2015	-	74	74
	<u>-</u>	<u>74</u>	<u>74</u>
At 31 December 2016	-	29	29
	<u>-</u>	<u>29</u>	<u>29</u>

### 9 Stocks

	2016 £000	2015 £000
Work in progress	<u>37</u>	<u>21</u>

Raw materials, consumables and changes in WIP recognised as cost of sales in the year amounted to £967,000 (2015: £891,000).

## Notes (continued)

### 10 Debtors

	2016 £000	2015 £000
Trade debtors	76	231
Amounts owed by group undertakings	34	186
Prepayments and accrued income	11	16
	<u>121</u>	<u>433</u>

### 11 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank loans and overdrafts	194	481
Trade creditors	56	22
Amounts owed to group undertakings	75	85
Taxation and social security	30	48
Accruals	55	45
	<u>410</u>	<u>681</u>

### 12 Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
100,000 Ordinary shares at £1 each	100	100
	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

All shares are classified in shareholders' funds.

## Notes (continued)

### 13 Contingent liabilities

There was a cross guarantee between certain companies in the group on all bank overdrafts with Barclays Bank plc. At 31 December 2016 total borrowings which the company is a cross-guarantor to amounted to £nil (2015: £nil).

### 14 Related parties

The company has taken advantage of the exemption available under FRS 101.8(k) and has not disclosed transactions with wholly owned companies that are part of the TT Electronics Plc group of companies.

### 15 Ultimate parent company and parent company of larger group

AB Electronic Products Group Limited is the company's controlling party by virtue of its 100 per cent interest in the company.

The company's ultimate controlling party and ultimate parent undertaking is TT Electronics Plc which is registered in England and Wales. TT electronics plc heads the only group in which the company is consolidated.

Copies of the TT Electronics Plc financial statements can be obtained from the registered office at St Andrews House, West Street, Woking, Surrey, GU21 6EB.

### 16 Accounting judgements

In the application of the company's accounting policies 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. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### *Deferred tax asset*

Recognition of a deferred tax asset requires management judgment on whether future financial performance of the company will allow the deferred tax asset to be utilised. Changes in the level of recognised deferred tax assets would lead to a change in the tax charge.