

COMPANY REGISTRATION NUMBER: 01367328

Comtrex Systems Corporation Limited
Financial Statements
31 March 2017

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Comtrex Systems Corporation Limited

Financial Statements

Year ended 31 March 2017

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Comtrex Systems Corporation Limited

Officers and Professional Advisers

The board of directors

S Roberts
J Rice

Company secretary

Mrs S J Roberts

Registered office

2 Gatwick Metro Centre
Balcombe Road
Horley
Surrey
RH6 9GA

Auditor

Shipleys LLP
Chartered accountant & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Comtrex Systems Corporation Limited

Strategic Report

Year ended 31 March 2017

Business review

Comtrex designs, develops, assembles, markets, sells and provides services for computer software, electronic terminals and turn-key systems for restaurants, both table and quick service. The Company's hardware and software systems provide transaction processing, operational controls and management information, both in-store and on an enterprise level.

During the fiscal year ended 31 March 2017, the Company continued to strengthen its strategic third party relationships which are key to ensuring that its ability to offer a comprehensive solution to both existing and new clients. An example of this was the completion of an integration with MasterCard's payment gateway to provide a fully integrated payment solution.

The Company continued to operate at levels consistent with past performance while further increasing its cash reserves and strengthening its liquidity and solvency position. While total revenues grew a modest 1%, recurring revenues grew at a more substantial 8%. Other key performance indicators include gross profit, which remained consistent at 73%, EBITDA, which grew by 4%, and income before income taxes, which also grew by 4%. The Company's cash position increased by 48% and stood at £3,574,957 at the end of fiscal year 2017.

The company embarked on a comprehensive refurbishment of its corporate office to reduce its energy costs and improve the workplace the cost of which will be borne from its ongoing operations. This refurbishment required an investment of approximately £300,000 and was completed in June 2017.

Principal risks and uncertainties

The principal risk facing the business continues to be the general market uncertainty as the UK enters the Brexit negotiations and the effect this has on consumer confidence and the value of Sterling. The Company's six largest customers represent approximately 46% of total revenues. The Company believes that its relationship with these customers is excellent and the average length of time the Company has been providing systems and services to those six customers is thirteen (13) years. In addition to continuing to provide superior service and support, the Company has sought, and succeeded in negotiating multi-year support and service agreements with each of its largest five customers. The Company's ability, and willingness, to provide custom software development for its large customers is one of its primary strengths and a reason key customers continue to do business with the Company.

Research and development

Research and development is a vital part of the Company's plan to continue providing superior and innovative product offerings. Research and development expenditures during fiscal year 2017 continued at historical levels of 8% of total revenues. Major tasks accomplished during the most recent fiscal year included developing a methodology that would create real-time reporting for the Enterprise solution on an overall estate of restaurants or service locations that numbered in excess of 1,000 locations. The goal was to expand reporting to provide granular reporting at an enterprise level on a near real-time basis. Other significant strategic projects included payment at table with DataCash, a MasterCard subsidiary, completion of a unique table side order entry system, the OrderPad and integration with NCR's OrderMan table side order entry device. The Company continued to expand the capability not only of its point-of-sale product offering but its enterprise level reporting and inventory system as well.

Future developments

The Company's development efforts are largely determined by the needs of its largest customers. The Company seeks to solve the unique requirements of individual customers through the creative development of software and systems which will have a wider and broader appeal to less technologically sophisticated customers. Examples of such developments in the past include online coupon/voucher systems, online loyalty systems and pay at table systems.

Comtrex Systems Corporation Limited

Strategic Report *(continued)*

Year ended 31 March 2017

This report was approved by the board of directors on 02-08-17 and signed on behalf of the board by:



S Roberts
Director

Registered office:
2 Gatwick Metro Centre
Balcombe Road
Horley
Surrey
RH6 9GA

Comtrex Systems Corporation Limited

Directors' Report

Year ended 31 March 2017

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

Directors

The directors who served the company during the year were as follows:

S Roberts
J Rice

Dividends

The directors do not recommend the payment of a dividend.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

The company's financial assets are bank balances, trade debtors and other debtors.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for bad debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows. The company does not enter into any formally designated hedging arrangements.

Liquidity risk

The company has significant bank balances which are sufficient to meet trade creditors and other liabilities as they arise.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report, including future developments and research and development.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Comtrex Systems Corporation Limited

Directors' Report *(continued)*

Year ended 31 March 2017

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

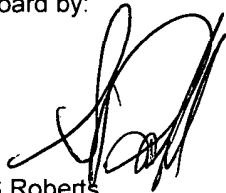
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 02-08-17..... and signed on behalf of the board by:



S Roberts
Director

Registered office:
2 Gatwick Metro Centre
Balcombe Road
Horley
Surrey
RH6 9GA

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited

Year ended 31 March 2017

We have audited the financial statements of Comtrex Systems Corporation Limited for the year ended 31 March 2017 which comprise the income statement, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited *(continued)*

Year ended 31 March 2017

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.



Robert Wood (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountant & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

3/8/17

Comtrex Systems Corporation Limited

Income Statement

Year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	6,833,367	6,766,420
Cost of sales		<u>(1,811,036)</u>	<u>(1,845,141)</u>
Gross profit		5,022,331	4,921,279
Distribution costs		<u>(3,073,254)</u>	<u>(3,023,864)</u>
Administrative expenses		<u>(816,017)</u>	<u>(808,119)</u>
Operating profit	5	1,133,060	1,089,296
Other interest receivable and similar income	9	5,565	4,654
Interest payable and similar expenses	10	<u>—</u>	<u>(3,926)</u>
Profit before taxation		1,138,625	1,090,024
Tax on profit	11	<u>(84,044)</u>	<u>(37,285)</u>
Profit for the financial year		<u>1,054,581</u>	<u>1,052,739</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 12 to 23 form part of these financial statements.

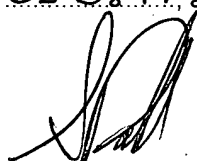
Comtrex Systems Corporation Limited

Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	222,799	397,956
Tangible assets	13	933,315	958,234
Investments	14	200	200
		<u>1,156,314</u>	<u>1,356,390</u>
Current assets			
Stocks	15	134,121	159,301
Debtors	16	1,346,181	1,322,424
Cash at bank and in hand		3,574,957	2,412,490
		<u>5,055,259</u>	<u>3,894,215</u>
Creditors: amounts falling due within one year	17	<u>(859,471)</u>	<u>(947,663)</u>
Net current assets		<u>4,195,788</u>	<u>2,946,552</u>
Total assets less current liabilities		<u>5,352,102</u>	<u>4,302,942</u>
Provisions			
Taxation including deferred tax	18	(42,044)	(47,465)
Net assets		<u>5,310,058</u>	<u>4,255,477</u>
Capital and reserves			
Called up share capital	22	6,000	6,000
Profit and loss account	23	5,304,058	4,249,477
Members funds		<u>5,310,058</u>	<u>4,255,477</u>

These financial statements were approved by the board of directors and authorised for issue on ~~02-08-17~~, and are signed on behalf of the board by:



S Roberts
Director

Company registration number: 01367328

The notes on pages 12 to 23 form part of these financial statements.

Comtrex Systems Corporation Limited

Statement of Changes in Equity

Year ended 31 March 2017

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2015	6,000	3,196,738	3,202,738
Profit for the year		1,052,739	1,052,739
Total comprehensive income for the year	–	1,052,739	1,052,739
At 31 March 2016	6,000	4,249,477	4,255,477
Profit for the year		1,054,581	1,054,581
Total comprehensive income for the year	–	1,054,581	1,054,581
At 31 March 2017	<u>6,000</u>	<u>5,304,058</u>	<u>5,310,058</u>

The notes on pages 12 to 23 form part of these financial statements.

Comtrex Systems Corporation Limited

Statement of Cash Flows

Year ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	1,054,581	1,052,739
<i>Adjustments for:</i>		
Depreciation of tangible assets	214,542	235,226
Amortisation of intangible assets	175,157	175,157
Other interest receivable and similar income	(5,565)	(4,654)
Interest payable and similar expenses	–	3,926
Loss on disposal of tangible assets	15,834	1,386
Tax on profit	84,044	37,285
Accrued expenses	71,533	12,852
<i>Changes in:</i>		
Stocks	25,180	(19,535)
Trade and other debtors	(23,757)	(316,658)
Trade and other creditors	(219,466)	(50,357)
Cash generated from operations	1,392,083	1,127,367
Interest paid	–	(3,926)
Interest received	5,565	4,654
Tax (paid)/received	(29,724)	8,905
Net cash from operating activities	<u>1,367,924</u>	<u>1,137,000</u>
Cash flows from investing activities		
Purchase of tangible assets	(212,857)	(235,170)
Proceeds from sale of tangible assets	7,400	6,242
Net cash used in investing activities	<u>(205,457)</u>	<u>(228,928)</u>
Cash flows from financing activities		
Proceeds from borrowings	–	(229,321)
Net cash used in financing activities	<u>–</u>	<u>(229,321)</u>
Net increase in cash and cash equivalents	1,162,467	678,751
Cash and cash equivalents at beginning of year	2,412,490	1,733,739
Cash and cash equivalents at end of year	<u>3,574,957</u>	<u>2,412,490</u>

The notes on pages 12 to 23 form part of these financial statements.

Comtrex Systems Corporation Limited

Notes to the Financial Statements

Year ended 31 March 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 2 Gatwick Metro Centre, Balcombe Road, Horley, Surrey, RH6 9GA.

The principal activity of the company during the year was supplying point of sale equipment and related stationery.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The amounts in the financial statements are presented to the nearest £, unless otherwise stated.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the subsidiary undertakings are dormant.

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 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.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Stock provision

Provision is made for obsolete or defective items where appropriate during the year end stock takes. A further provision is then applied to write stock down to the estimated net realisable value.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	Straight line over 10 years
Mission Licences	-	Straight line over 3 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	straight line over 50 years
Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	15-33% straight line
Motor Vehicles	-	33% reducing balance
Rental Equipment	-	straight line over the life of the agreement

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 Group after deducting all of its liabilities.

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 statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Trade and other debtors

Trade and other debtors are initially recorded at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, receivables and stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Trade and other creditors

Trade and other creditors are initially recognised at the transaction price and are thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	1,924,058	2,352,413
Rendering of services	4,877,841	4,397,005
Commissions	31,468	17,002
	<u>6,833,367</u>	<u>6,766,420</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Amortisation of intangible assets	175,157	175,157
Depreciation of tangible assets	214,542	235,226
Loss on disposal of tangible assets	15,834	1,386
Impairment of trade debtors	10,411	28,065
Foreign exchange differences	14,957	3,204
Cost of stock recognised as an expense	<u>1,647,374</u>	<u>1,757,052</u>

Amortisation of intangible assets is included in administration expenses.

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>10,000</u>	<u>10,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>8,750</u>	<u>8,750</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Management staff	1	1
Sales & marketing staff	13	12
Administrative staff	5	5
Development & programming staff	20	20
Support staff	28	30
	<u>67</u>	<u>68</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

7. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	2,441,119	2,388,127
Social security costs	282,424	263,381
Other pension costs	62,390	51,977
	<u>2,785,933</u>	<u>2,703,485</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	175,000	183,250
Company contributions to defined contribution pension plans	18,000	18,000
	<u>193,000</u>	<u>201,250</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

9. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	<u>5,565</u>	<u>4,654</u>

10. Interest payable and similar expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	<u>—</u>	<u>3,926</u>

11. Tax on profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	89,465	29,721
Deferred tax:		
Origination and reversal of timing differences	(749)	7,564
Impact of change in tax rate	(4,672)	—
Total deferred tax	<u>(5,421)</u>	<u>7,564</u>
Tax on profit	<u>84,044</u>	<u>37,285</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>1,138,625</u>	<u>1,090,024</u>
Profit on ordinary activities by rate of tax	227,725	218,005
Effect of expenses not deductible for tax purposes	31,158	35,549
Utilisation of tax losses	–	(38,064)
Research & Development tax credit	(170,167)	(178,205)
Impact of change in tax rate	<u>(4,672)</u>	<u>–</u>
Tax on profit	<u>84,044</u>	<u>37,285</u>

12. Intangible assets

	Goodwill £	Software licence £	Total £
Cost			
At 1 Apr 2016 and 31 Mar 2017	<u>412,333</u>	<u>798,352</u>	<u>1,210,685</u>
Amortisation			
At 1 April 2016	237,583	575,146	812,729
Charge for the year	41,233	133,924	175,157
At 31 March 2017	<u>278,816</u>	<u>709,070</u>	<u>987,886</u>
Carrying amount			
At 31 March 2017	<u>133,517</u>	<u>89,282</u>	<u>222,799</u>
At 31 March 2016	<u>174,750</u>	<u>223,206</u>	<u>397,956</u>

Goodwill represents the difference between the cost of acquiring the business and assets of Redpepper Solutions Limited in 2010 and its net assets at the date of acquisition. Goodwill arising on acquisition amounted to £224,056. In addition, goodwill has since increased by the payment of further deferred contingent consideration amounts of £188,277 due under the agreement for the acquisition of Redpepper Solutions Limited on 1 July 2008. The carrying amount as at 31 March 2017 was £133,517 (2016: £174,750) and the goodwill has an estimated remaining life of 3 years.

Software license of £400,972 relate to software licences acquired upon the acquisition of the business and assets of Mission Integrated Systems Limited in 2014. The carrying amount as at 31 March 2017 was £89,282 (2016: £223,206) and the goodwill has an estimated remaining life of 1 year.

Amortisation cost for the year and prior year are included in administrative expenses.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

13. Tangible assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Rental Equipment £	Total £
Cost						
At 1 Apr 2016	728,997	7,550	391,001	265,359	459,503	1,852,410
Additions	—	—	38,599	20,007	154,251	212,857
Disposals	—	—	(3,557)	(65,763)	(60,215)	(129,535)
At 31 Mar 2017	<u>728,997</u>	<u>7,550</u>	<u>426,043</u>	<u>219,603</u>	<u>553,539</u>	<u>1,935,732</u>
Depreciation						
At 1 Apr 2016	183,143	5,426	332,770	147,898	224,939	894,176
Charge for the year	14,580	1,888	14,838	44,754	138,482	214,542
Disposals	—	—	(3,322)	(63,273)	(39,706)	(106,301)
At 31 Mar 2017	<u>197,723</u>	<u>7,314</u>	<u>344,286</u>	<u>129,379</u>	<u>323,715</u>	<u>1,002,417</u>
Carrying amount						
At 31 Mar 2017	<u>531,274</u>	<u>236</u>	<u>81,757</u>	<u>90,224</u>	<u>229,824</u>	<u>933,315</u>
At 31 Mar 2016	<u>545,854</u>	<u>2,124</u>	<u>58,231</u>	<u>117,461</u>	<u>234,564</u>	<u>958,234</u>

Rental Equipment

Included within the net book value of £933,315 is £229,824 (2016 - £234,564) relating to assets leased to customers. The depreciation charge to the financial statements in the year in respect of such assets amounted to £138,482 (2016 - £107,624).

14. Investments

	Shares in group undertakings £
Cost	
At 1 Apr 2016 and 31 Mar 2017	<u>200</u>
Impairment	
At 1 Apr 2016 and 31 Mar 2017	<u>—</u>
Carrying amount	
At 31 March 2017	<u>200</u>

Subsidiaries

	Class of share	Percentage of shares held
Subsidiary undertakings		
Redpepper Solutions Limited	Ordinary	100
Mission Integrated Systems Limited	Ordinary	100

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

14. Investments *(continued)*

The results and capital and reserves for the year are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2017	2016	2017	2016
	£	£	£	£
Subsidiary undertakings				
Redpepper Solutions Limited	100	100	—	—
Mission Integrated Systems Limited	100	100	—	—

The above companies were incorporated in England and were dormant during the year.

The registered office of the subsidiaries is 2 Gatwick Metro Centre, Balcombe Road, Horley, Surrey, RH6 9GA.

15. Stocks

	2017	2016
	£	£
Finished goods and goods for resale	<u>134,121</u>	<u>159,301</u>

16. Debtors

	2017	2016
	£	£
Trade debtors	1,090,521	1,205,460
Prepayments and accrued income	<u>255,660</u>	<u>116,964</u>
	<u>1,346,181</u>	<u>1,322,424</u>

17. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	213,079	289,397
Amounts owed to group undertakings	200	200
Accruals and deferred income	228,221	156,688
Corporation tax	89,465	29,724
Social security and other taxes	318,297	328,046
Other creditors	<u>10,209</u>	<u>143,608</u>
	<u>859,471</u>	<u>947,663</u>

18. Provisions

	Deferred tax (note 19) £
At 1 April 2016	47,465
Charge against provision	<u>(5,421)</u>
At 31 March 2017	<u>42,044</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in provisions (note 18)	<u>42,044</u>	<u>47,465</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Accelerated capital allowances	<u>42,044</u>	<u>47,465</u>

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £62,390 (2016: £51,977).

21. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	<u>1,090,521</u>	<u>1,205,460</u>
Financial liabilities measured at amortised cost		
Trade creditors	<u>213,079</u>	<u>289,397</u>
Financial assets measured at amortised cost		
Cash at bank and in hand	<u>3,592,077</u>	<u>2,412,490</u>

Income and expenditure incurred in respect of the above financial instruments is disclosed in notes 5, 9 and 10.

22. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</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 ordinary shares rank equally with regard to the company's residual assets.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

23. Reserves

The profit and loss reserve includes all current and prior retained period profits and losses.

24. Related party transactions

During the year, the company purchased goods and services from its parent company, in the ordinary course of business, of £428,104 (2016: £385,555). An year end a balance of £48,040 (2016: £nil) was outstanding.

The total remuneration for key management personnel for the year totalled £461,530 (2016: £451,713).

25. Controlling party

The company is wholly owned by Comtrex Systems Corporation Inc, a company incorporated in the United States of America. The registered office of Comtrex Systems Corporation Inc, is 101B Foster Road, Moorestown, New Jersey, USA.

In the opinion of the directors, there is no controlling party.