

# Financial Statements

## Agmet Limited

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**For the Year Ended 31 December 2015**

**Registered number: 1494424**



**Agmet Limited**  
**Registered number:1494424**

## Company Information

**Directors**

M A Stein  
R B Tait  
D J Cullum  
K Jones-Williams

**Registered number**

1494424

**Registered office**

8 Commercial Road  
Reading  
Berkshire  
RG2 0QZ

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
3140 Rowan Place  
John Smith Drive  
Oxford Business Park South  
Oxford  
Oxfordshire  
OX4 2WB

**Bankers**

HSBC Bank plc  
26 Broad Street  
READING  
RG1 2BU

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# Strategic Report

**For the Year Ended 31 December 2015**

## **Introduction**

This is the third time we have provided a comprehensive report on the Company's business strategy. The objectives of this report are to provide shareholders and other users of these statements:

- with the appropriate level of background context for these financial statements
- with an analysis of the entity's past performance; and
- insight into the group's main objectives and strategies and the principal risks it faces and how they might affect future prospects.

## **Business review**

The principal activities of the company are the manufacture and sale of Thick Film products to the Electronics industry.

During the year (with comparatives shown for the year ended 31 December 2014), the Company generated:

- Turnover of £9.4m (2014: £10.1m) and
- Operating after tax (NPAT) of £0.296m (2014: £0.257m)

Both turnover and NPAT were in line with Board expectations after allowing for the negative effect of the weak Euro.

## **The Company's Objectives**

The Board sees the main business objective as delivering sustainable, responsible and profitable business growth in order to deliver:

- High quality products on time
- Excellent customer relationships
- Rewarding careers for the company's employees
- Growth in shareholder value.

## **The Company's Strategy**

The Company's strategy is to:

- Continue to develop innovative products for the electronics industry
- Increase the current levels of profitability
- Provide excellent customer service.

## **Financial risk management objectives and policies**

The Company's finance department implements the policies set by the Board of Directors. The department has guidelines agreed by the directors to manage price risk, credit risk, currency risk and circumstances where it would be appropriate to use financial instruments to manage these.

## **Performance risk**

The Board considers the principal risks and uncertainties facing the business to be those associated with the current general economic climate and competitive pressure, and exchange rate fluctuations.

## **Price risk**

The Company has exposure to commodity price risk as a result of its operations. The Company manages this by adjusting selling prices to reflect current commodity prices.

## Strategic report (continued)

### **Credit risk**

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of an allowance for doubtful debtors, estimated by the directors. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers. The Company has adopted a strict credit vetting policy based on track record payment history and externally available credit data.

### **Liquidity risk**

The Company seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

### **Currency risk**

The Company is exposed to translation and transaction foreign exchange risk. Approximately 94% of the Company's sales are to Europe and United States of America and these transactions are priced in Euros or Dollars respectively. The Company also purchases some stock in Euros and Dollars from suppliers in Europe and United States of America.

### **Financial key performance Indicators**

The Company monitors Sales, Gross Profit Margin and Profit and Tax.

Year ended 31 December	2015	2014	2013	2012
Revenues	£9.4m	£10.1m	£10.4m	£9.4m
Gross Profit	£3.6m	£4.2m	£4.0m	£3.5m
Gross Profit %	38.1%	41.8%	38.7%	37.0%
Profit after Tax	£0.296m	£0.257m	£0.268m	£0.202m

This report was approved by the board on *22nd APRIL 2016*

and signed on its behalf.

**D J Cullum**  
Director



# Directors' Report

For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

## Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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; 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.

## Results and dividends

The profit for the year, after taxation, amounted to £296,079 (2014 -£257,348).

The directors do not propose the payment of a dividend

## Charitable contributions

A donation was made in the year of £10,000 (2014: £50,000) to the Max Borkenstein Foundation. Further details of this donations are disclosed in note 21 to the financial statements.

## Directors

The directors who served during the year were:

M A Stein  
R B Tait  
D J Cullum  
K Jones-Williams

## Future developments

The directors plan to accelerate penetration and growth in certain application areas where it has a strong current presence and expertise combined with significant future opportunity particularly heaters on Steel technology.

# Directors' Report

For the Year Ended 31 December 2015

## Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## Post balance sheet events

There have been no significant events affecting the Company since the year end.

## Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22nd APRIL 2016 and signed on its behalf.



D J Cullum  
Director



## Independent Auditor's Report to the Members of Agmet Limited

We have audited the financial statements of Agmet Limited for the year ended 31 December 2015, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and reconciliation of net cash flow to movement in net funds/debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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**

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 2015 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.





## Independent Auditor's Report to the Members of Agmet Limited

### **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.

A handwritten signature in black ink that reads "Grant Thornton UK LLP".

Mark Bishop (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Oxford

Date: 22 April 2016

# Statement of Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover		9,447,600	10,097,613
Cost of sales		(5,844,150)	(5,872,755)
<b>Gross profit</b>		<b>3,603,450</b>	<b>4,224,858</b>
Administrative expenses		(3,312,634)	(3,968,293)
<b>Operating profit</b>		<b>290,816</b>	<b>256,565</b>
Interest receivable and similar income	8	218	218
<b>Profit on taxation</b>		<b>291,034</b>	<b>256,783</b>
Tax on profit	9	5,045	565
<b>Profit for the year</b>		<b>296,079</b>	<b>257,348</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>296,079</b>	<b>257,348</b>

## Balance Sheet

As at 31 December 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	10	134,973	171,456
		<u>134,973</u>	<u>171,456</u>
<b>Current assets</b>			
Stocks	11	1,967,325	2,164,386
Debtors: amounts falling due within one year	12	998,301	947,278
Cash at bank and in hand		1,958,636	1,553,325
		<u>4,924,262</u>	<u>4,664,989</u>
Creditors: amounts falling due within one year	13	(1,625,678)	(1,692,509)
<b>Net current assets</b>		<u>3,298,584</u>	<u>2,972,480</u>
<b>Total assets less current liabilities</b>		<u>3,433,557</u>	<u>3,143,936</u>
<b>Provisions for liabilities</b>			
Deferred tax		(12,025)	(18,483)
		<u>(12,025)</u>	<u>(18,483)</u>
<b>Net assets</b>		<u><u>3,421,532</u></u>	<u><u>3,125,453</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	25	25
Share premium account	16	10,640	10,640
Capital redemption reserve	16	75	75
Profit and loss account	16	3,410,792	3,114,713
		<u><u>3,421,532</u></u>	<u><u>3,125,453</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

22ND APRIL 2016



D J Cullum  
Director

The notes on pages 11 to 24 form part of these financial statements.

## Statement of Changes in Equity

As at 31 December 2015

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2015	25	10,640	75	3,114,713	3,125,453
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	296,079	296,079
<b>Total comprehensive income for the year</b>	-	-	-	296,079	296,079
<b>At 31 December 2015</b>	<b>25</b>	<b>10,640</b>	<b>75</b>	<b>3,410,792</b>	<b>3,421,532</b>

## Statement of Changes in Equity

As at 31 December 2014

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2014	25	10,640	75	2,857,365	2,868,105
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	257,348	257,348
<b>Total comprehensive income for the year</b>	-	-	-	257,348	257,348
<b>At 31 December 2014</b>	<b>25</b>	<b>10,640</b>	<b>75</b>	<b>3,114,713</b>	<b>3,125,453</b>

The notes on pages 11 to 24 form part of these financial statements.

## Statement of Cash Flows

For the Year Ended 31 December 2015

	2015 £	2014 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	296,079	257,348
<b>Adjustments for:</b>		
Depreciation of tangible assets	62,105	52,217
Increase in stocks	197,061	(270,145)
Interest received	(218)	(218)
Taxation	(5,045)	(565)
Increase in debtors	(96,885)	225,858
Decrease in amounts owed by groups	39,457	(121,016)
Increase in creditors	(86,581)	(395,478)
Increase in amounts owed to groups	4,454	(183,420)
Net fair value losses/(gains) recognised in P&L	20,288	(3,417)
Corporation tax	-	(4,005)
<b>Net cash generated from operating activities</b>	<b>430,715</b>	<b>(442,841)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(25,622)	(80,909)
Interest received	218	218
<b>Net cash from investing activities</b>	<b>(25,404)</b>	<b>(80,691)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>405,311</b>	<b>(523,532)</b>
Cash and cash equivalents at beginning of year	1,553,325	2,076,857
<b>Cash and cash equivalents at the end of year</b>	<b>1,958,636</b>	<b>1,553,325</b>
Cash at bank and in hand	1,958,636	1,553,325
	<b>1,958,636</b>	<b>1,553,325</b>

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

Agmet Limited is a limited liability company incorporated in the United Kingdom. Its registered office is 8 Commercial Road, Reading, Berkshire, RG2 0QZ.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 24.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

### 1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 1.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## **1. Accounting policies (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold Improvements - Period of the lease

Plant & equipment - 20% straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

### **1.4 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### **1.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### **1.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 1. Accounting policies (continued)

### 1.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



# Notes to the Financial Statements

For the Year Ended 31 December 2015

## **1. Accounting policies (continued)**

### **1.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### **1.9 Foreign currency translation**

#### **Functional and presentation currency**

The company's functional and presentational currency is GBP.

#### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

### **1.10 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

### **1.11 Provisions for Liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 1. Accounting policies (continued)

### 1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## **2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in the profit or loss, if and when better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management have made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

### **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain IT equipment.

### **Stock and work in progress**

Management estimates the net realisable values of stock and work in progress, taking into account the more reliable evidence at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future value.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 3. Analysis of turnover

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	648,653	473,776
Rest of the world	8,798,947	9,623,837
	<u>9,447,600</u>	<u>10,097,613</u>

## 4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	62,105	52,217
Operating lease rentals	118,730	118,865
Exchange differences	73,603	60,620
Changes in fair value of derivatives	20,288	(3,417)
Defined contribution pension cost	11,323	4,800
	<u>11,323</u>	<u>4,800</u>

## 5. Auditor's remuneration

	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	12,400	10,900
Non-audit services provided	3,150	4,400
	<u>15,550</u>	<u>15,300</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 6. Employees

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

	2015 £	2014 £
Wages and salaries	1,673,437	1,934,580
Social security costs	187,321	198,444
Cost of defined contribution scheme	11,323	4,800
	<u>1,872,081</u>	<u>2,137,824</u>

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

	2015 No.	2014 No.
Administration Staff	6	6
Operations Staff	24	22
	<u>30</u>	<u>28</u>

## 7. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	639,147	921,574
	<u>639,147</u>	<u>921,574</u>

The highest paid director received remuneration of £297,109 (2014 -£572,675).

## 8. Interest receivable

	2015 £	2014 £
Other interest receivable	218	218
	<u>218</u>	<u>218</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 9. Taxation

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,413	(565)
<b>Total current tax</b>	<u>1,413</u>	<u>(565)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(6,458)	-
<b>Total deferred tax</b>	<u>(6,458)</u>	<u>-</u>
<b>Taxation on loss on ordinary activities</b>	<u>(5,045)</u>	<u>(565)</u>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 -lower than) the standard rate of corporation tax in the UK of 20% (2014 -21.49). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>291,034</u>	<u>256,783</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 -21.49%)	58,207	55,191
<b>Effects of:</b>		
Expenses non deductible for tax purposes	675	1,130
Adjustments to tax charge in respect of prior periods	-	2
Changes to tax rate	(1,337)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(62,590)	(56,888)
<b>Total tax charge for the year</b>	<u>(5,045)</u>	<u>(565)</u>

### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 10. Tangible fixed assets

	Leasehold Impr'ments £	Plant & equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2015	251,371	791,125	1,042,496
Additions	7,762	17,860	25,622
<b>At 31 December 2015</b>	<b>259,133</b>	<b>808,985</b>	<b>1,068,118</b>
<b>Depreciation</b>			
At 1 January 2015	214,929	656,111	871,040
Charge owned for the period	15,614	46,491	62,105
<b>At 31 December 2015</b>	<b>230,543</b>	<b>702,602</b>	<b>933,145</b>
<b>At 31 December 2015</b>	<b>28,590</b>	<b>106,383</b>	<b>134,973</b>
At 31 December 2014	36,442	135,014	171,456

## 11. Stocks

	2015 £	2014 £
Raw materials and consumables	644,326	679,854
Work in progress (goods to be sold)	164,412	126,671
Finished goods and goods for resale	1,158,587	1,357,861
	<b>1,967,325</b>	<b>2,164,386</b>

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 12. Debtors

	2015 £	2014 £
Trade debtors	647,059	604,635
Amounts owed by group undertakings	181,189	220,646
Other debtors	32,620	41,471
Prepayments and accrued income	137,433	74,118
Financial instruments	-	6,408
	<u>998,301</u>	<u>947,278</u>

## 13. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	42,261	51,232
Amounts owed to group undertakings	351,390	346,936
Corporation tax	1,413	-
Taxation and social security	64,268	46,976
Accruals and deferred income	1,152,463	1,247,365
Financial instruments	13,883	-
	<u>1,625,678</u>	<u>1,692,509</u>

## 14. Financial instruments

	2015 £	2014 £
<b>Financial assets</b>		
Derivative financial instruments measured at fair value through profit or loss	-	6,408
Financial assets that are debt instruments measured at amortised cost	860,865	866,751
	<u>860,865</u>	<u>873,159</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(1,546,114)	(1,645,533)
Derivative financial instruments measured at fair value through profit or loss	(13,883)	-
	<u>(1,559,997)</u>	<u>(1,645,533)</u>
Derivative financial instruments measured at fair value through profit or loss comprise foreign currency forward contracts.		



# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 15. Deferred taxation

	Deferred tax £
At 1 January 2015	(18,483)
Charged to the profit or loss	6,458
<b>At 31 December 2015</b>	<b>(12,025)</b>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Fixed asset timing differences	(12,025)	(18,483)
	<u>(12,025)</u>	<u>(18,483)</u>

## 16. Reserves

### Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

### Capital redemption reserve

Represents amounts transferred from share capital on redemption of issued shares.

### Profit & loss account

Includes all current and prior period retained profits and losses.

## 17. Share capital

	2015 £	2014 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
25 Ordinary shares of £1 each	<u>25</u>	<u>25</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 18. Contingent liabilities

The directors have confirmed that there were no contingent liabilities at 31 December 2015 or 31 December 2014.

## 19. Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2015 or 31 December 2014.

## 20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £11,323 (2014 - £4,800). There were no contributions payable to the fund at the balance sheet date.

## 21. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	149,242	162,843
Later than 1 year and not later than 5 years	94,960	244,203
<b>Total</b>	<b>244,202</b>	<b>407,046</b>

## 22. Related party transactions

During the year transactions were undertaken with Electro-Science Laboratories Inc, which the directors consider to be a related party due to the common influence of Mr M A Stein over their affairs.

Detailed below is a summary of the transactions during the year and the balances outstanding at 31 December 2015 with this company.

	2015 £	2014 £
Sales	1,918,691	1,965,777
Purchases	2,802,161	3,179,692
Royalties payable	785,965	849,699
Amounts due at 31 December in respect of sales	181,189	220,646
Amounts owed at 31 December in respect of purchases	351,390	346,936

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## **22. Related party transactions (continued)**

In addition, the company made a donation totalling £10,000 (2014 - £50,000) to the Max Borkenstein Foundation, which the directors consider to be a related party due to the common influence of Mr M A Stein and Mr D J Cullum over their affairs.

## **23. Controlling party**

The ultimate controlling party is M A Stein, by virtue of owning all the ordinary share capital of the entity.

## **24. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.