
TEXCEL TECHNOLOGY PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2017



TEXCEL TECHNOLOGY PLC

COMPANY INFORMATION

Directors	W H Bryce A N McLeod P J Shawyer S A Suckling (resigned 29 April 2016) L J Vincett (appointed 15 September 2016)
Company secretary	L J Vincett
Registered number	02607732
Registered office	Thames Road Crayford Kent DA1 4SB
Independent auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditor Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA2 6QA
Bankers	HSBC Bank plc 9 The Boulevard Crawley West Sussex RH10 1UT
Solicitors	James & Charles Dodd 18 Tranquil Vale Blackheath London SE3 0AZ

TEXCEL TECHNOLOGY PLC

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TEXCEL TECHNOLOGY PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2017

Introduction

The directors present their strategic report accompanying the financial statements for the year ended 31 January 2017.

Business review

Another excellent year, given the uncertainty of reactions to "Brexit", with both continued growth from existing customers and a number of new customers coming on-board.

The company has continued its investment strategy in people and process improvements, adding a number of staff across all areas of the business and investing heavily in Lean and CIPS training programmes. Processes have been improved by a focus on conventional assembly automation.

The company has budgeted to invest in increasing shop floor capacity, with further investment in SMD equipment and selective soldering solutions. This will enable us to continue to meet the needs of our customers, improve efficiencies and reduce costs.

The results to the year ended 31 January 2017 reflect a 2.8% growth in turnover to £10.7m. With the forecasted growth of our long term customers coupled with organic growth of recently acquired new customers, the company is predicting 20% growth for the coming year. Pre-tax profit dropped as a result of currency losses post Brexit and reflects a change in product mix and inefficiencies associated with increased NPI's.

The future looks extremely positive as we continue to attract and secure new business.

Principal risks and uncertainties

The directors consider the main risk and uncertainties facing the company to be the availability of skilled staff, and the uncertainty over the world economy. However, the directors are confident that the company will continue to grow both in terms of turnover and profitability for the foreseeable future.

Financial key performance indicators

The board monitors progress of the company's performance on an ongoing basis with quarterly board, and monthly management and continuous improvement meetings. The most important KPI's are constantly monitored, namely turnover, cashflow, overheads, the sales order book, open quotes and on-time delivery.

Other key performance indicators

Given the straight forward nature of the business, the directors are of the opinion that analysis using other KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on 15th June 2017 and signed on its behalf.


L J Vincett
Secretary

TEXCEL TECHNOLOGY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2017

The directors present their report and the financial statements for the year ended 31 January 2017.

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 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 for the company's financial statements 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.

Principal activity

The principal activity of the company throughout the year was that of the design and manufacture of electronic instruments and equipment, including the design and manufacture of remote monitoring systems.

Results and dividends

The profit for the year, after taxation, amounted to £225,175 (2016 - £363,885).

Dividends were voted of £55,000 (2016: £142,250).

Directors

The directors who served during the year were:

W H Bryce
A N McLeod
P J Shawyer
S A Suckling (resigned 29 April 2016)
L J Vincett (appointed 15 September 2016)

Future developments

The company is expected to continue to trade profitably with continued investment in its infrastructure and an increase in sales forecasted.

TEXCEL TECHNOLOGY PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017**

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the 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 auditors are aware of that information.

Post balance sheet events

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

Auditors

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **15th June 2017** and signed on its behalf.


L J Vincett
Secretary

TEXCEL TECHNOLOGY PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TEXCEL TECHNOLOGY PLC

We have audited the financial statements of Texcel Technology Plc for the year ended 31 January 2017, set out on pages 6 to 24. The relevant 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 Financial Reporting Standard 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 auditors' 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 Auditors

As explained more fully in the directors' responsibilities statement on page 2, 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 Financial Reporting Council'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 January 2017 and of its profit or loss 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, based on the work undertaken in the course of the audit, the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

TEXCEL TECHNOLOGY PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TEXCEL TECHNOLOGY PLC
(CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mario Ciantanni (senior statutory auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Statutory Auditor

Charles Lake House

Claire Causeway

Crossways Business Park

Dartford

Kent

DA2 6QA

Date: 19th June 2017

TEXCEL TECHNOLOGY PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2017

	Note	2017 £	2016 £
Turnover	4	10,704,033	10,450,260
Cost of sales		(8,278,606)	(7,820,051)
Gross profit		2,425,427	2,630,209
Administrative expenses		(2,183,332)	(2,201,682)
Operating profit	5	242,095	428,527
Interest receivable and similar income	9	102	-
Interest payable and expenses	10	(22,135)	(14,031)
Profit before tax		220,062	414,496
Tax on profit	11	5,113	(50,611)
Profit for the financial year		225,175	363,885

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

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

TEXCEL TECHNOLOGY PLC
REGISTERED NUMBER: 02607732

BALANCE SHEET
AS AT 31 JANUARY 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	907,774	932,461
Investments	14	25,006	6
		<u>932,780</u>	<u>932,467</u>
Current assets			
Stocks	15	2,680,147	2,485,928
Debtors: amounts falling due within one year	16	1,659,119	1,371,838
Cash at bank and in hand	17	6,483	224,695
		<u>4,345,749</u>	<u>4,082,461</u>
Creditors: amounts falling due within one year	18	(2,326,225)	(2,228,680)
Net current assets		<u>2,019,524</u>	<u>1,853,781</u>
Total assets less current liabilities		<u>2,952,304</u>	<u>2,786,248</u>
Creditors: amounts falling due after more than one year	19	(222,608)	(221,614)
Provisions for liabilities			
Deferred tax	21	(148,760)	(153,873)
Net assets		<u><u>2,580,936</u></u>	<u><u>2,410,761</u></u>
Capital and reserves			
Called up share capital	22	95,000	95,000
Share premium account		1,000	1,000
Capital redemption reserve		5,000	5,000
Profit and loss account		2,479,936	2,309,761
		<u><u>2,580,936</u></u>	<u><u>2,410,761</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15th June 2017.

A N McLeod
Director



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

TEXCEL TECHNOLOGY PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2017

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2016	95,000	1,000	5,000	2,309,761	2,410,761
Profit for the year	-	-	-	225,175	225,175
Dividends: Equity capital	-	-	-	(55,000)	(55,000)
At 31 January 2017	95,000	1,000	5,000	2,479,936	2,580,936

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2016

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2015	95,000	1,000	5,000	2,088,126	2,189,126
Profit for the year	-	-	-	363,885	363,885
Dividends: Equity capital	-	-	-	(142,250)	(142,250)
At 31 January 2016	95,000	1,000	5,000	2,309,761	2,410,761

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

TEXCEL TECHNOLOGY PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	225,175	363,885
Adjustments for:		
Depreciation of tangible assets	139,515	100,741
Loss on disposal of tangible assets	-	6,262
Interest paid	22,135	14,031
Interest received	(102)	-
Taxation charge	(5,113)	50,611
(Increase)/decrease in stocks	(194,219)	50,522
(Increase) in debtors	(304,468)	(231,903)
(Decrease)/increase in creditors	(69,151)	256,020
Increase in amounts owed to groups	-	20,150
Corporation tax received/(paid)	17,187	(17,187)
Net cash generated from operating activities	(169,041)	613,132
Cash flows from investing activities		
Purchase of tangible fixed assets	(114,828)	(471,920)
Sale of tangible fixed assets	-	1
Purchase of unlisted and other investments	(25,000)	-
Interest received	102	-
HP interest paid	(10,639)	(3,639)
Net cash from investing activities	(150,365)	(475,558)

TEXCEL TECHNOLOGY PLC

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017

	2017 £	2016 £
Cash flows from financing activities		
Repayment of loans	(62,566)	(128,046)
Repayment of/new finance leases	26,253	183,150
Dividends paid	(55,000)	(142,250)
Interest paid	(11,496)	(10,392)
Net cash used in financing activities	(102,809)	(97,538)
Net (decrease)/increase in cash and cash equivalents	(422,215)	40,036
Cash and cash equivalents at beginning of year	(198,034)	(238,070)
Cash and cash equivalents at the end of year	(620,249)	(198,034)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,483	224,695
Bank overdrafts	(626,732)	(422,729)
	(620,249)	(198,034)

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2017

1. General information

Texcel Technology plc is a public limited company limited by shares incorporated in England and Wales. The address of the registered office is given in the company information page of these financial statements. The principal activity of the company is that of the design and manufacture of electronic instruments and equipment, including the design and manufacture of remote monitoring systems.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 3).

The following principal accounting policies have been applied:

2.2 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Property	-	10% straight line
Plant & equipment	-	10% straight line
Motor vehicles	-	20% straight line
Computer & Office equipment	-	20% straight line

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 in the profit and loss account.

2.4 Valuation of investments

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

2.5 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of labour

2.6 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.

2.7 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.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.8 Creditors

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

2. Accounting policies (continued)

2.9 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

2. Accounting policies (continued)

2.14 Interest income

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

2.15 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.16 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.

2.17 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 charge 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 tax 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

No significant judgments were made by management in the preparation of the financial statements.

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	10,188,116	9,914,616
EU	150,391	361,208
Rest of the world	365,526	174,436
	<u>10,704,033</u>	<u>10,450,260</u>

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	139,515	100,740
Exchange differences	16,183	31,950
Other operating lease rentals	78,000	78,000
Defined contribution pension cost	<u>77,543</u>	<u>105,399</u>

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	8,750	8,350
All other services	<u>6,916</u>	<u>7,611</u>

TEXCEL TECHNOLOGY PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

7. Employees

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

	2017 £	2016 £
Wages and salaries	2,707,315	2,531,906
Social security costs	241,334	243,793
Cost of defined contribution scheme	77,543	105,399
	<u>3,026,192</u>	<u>2,881,098</u>

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

	2017 No.	2016 No.
Production	79	75
Sales	4	4
Administration	29	29
	<u>112</u>	<u>108</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	208,638	221,482
Company contributions to defined contribution pension schemes	18,311	50,977
	<u>226,949</u>	<u>272,459</u>

During the year retirement benefits were accruing to 4 directors (2016 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £73,767 (2016 - £83,218).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,796 (2016 - £7,796).

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

9. Interest receivable

	2017	2016
	£	£
Other interest receivable	102	-

10. Interest payable and similar charges

	2017	2016
	£	£
Bank interest payable	11,496	10,392
Finance leases and hire purchase contracts	10,639	3,639
	22,135	14,031

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

11. Taxation

	2017 £	2016 £
Corporation tax		
Adjustments in respect of previous periods	-	(14,681)
Total current tax	-	(14,681)
Deferred tax		
Origination and reversal of timing differences	(5,113)	65,292
Total deferred tax	(5,113)	65,292
Taxation on (loss)/profit on ordinary activities	(5,113)	50,611

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	220,062	414,496
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	44,012	82,899
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,431	(1,139)
Depreciation for year in excess of capital allowances	6,459	(67,378)
Utilisation of tax losses	(19,731)	-
Adjustments to tax charge in respect of prior periods	-	2,950
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(37,171)	(55,128)
Unrelieved tax losses carried forward	-	23,062
Surplus charitable donations	-	53
Deferred tax charge	(5,113)	65,292
Total tax charge for the year	(5,113)	50,611

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

11. Taxation (continued)

Factors that may affect future tax charges

The company has carried forward trading losses of £143,446 (2016: £218,914) to offset against future taxable profits.

12. Dividends

	2017 £	2016 £
Dividends	55,000	142,250

13. Tangible fixed assets

	Leasehold Property £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 February 2016	103,339	1,277,659	12,500	1,393,498
Additions	25,687	89,141	-	114,828
At 31 January 2017	129,026	1,366,800	12,500	1,508,326
Depreciation				
At 1 February 2016	9,753	441,106	10,178	461,037
Charge for the period on owned assets	12,296	70,265	1,072	83,633
Charge for the period on financed assets	-	55,882	-	55,882
At 31 January 2017	22,049	567,253	11,250	600,552
Net book value				
At 31 January 2017	106,977	799,547	1,250	907,774
At 31 January 2016	93,586	836,553	2,322	932,461

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

13. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows:

	2017 £	2016 £
Plant and machinery	456,450	459,716
	<u>456,450</u>	<u>459,716</u>

14. Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 February 2016	6
Additions	25,000
At 31 January 2017	<u>25,006</u>
Net book value	
At 31 January 2017	<u>25,006</u>
At 31 January 2016	<u>6</u>

TEXCEL TECHNOLOGY PLC

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15. Stocks

	2017 £	2016 £
Raw materials and consumables	1,704,973	1,533,424
Work in progress	975,174	952,504
	<u>2,680,147</u>	<u>2,485,928</u>

16. Debtors

	2017 £	2016 £
Trade debtors	1,530,327	1,293,621
Other debtors	24,067	17,437
Prepayments and accrued income	104,725	60,780
	<u>1,659,119</u>	<u>1,371,838</u>

17. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	6,483	224,695
Less: bank overdrafts	(626,732)	(422,729)
	<u>(620,249)</u>	<u>(198,034)</u>

TEXCEL TECHNOLOGY PLC

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18. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	626,732	422,729
Bank loans	-	62,566
Trade creditors	1,122,192	1,199,204
Amounts owed to group undertakings	60,450	60,450
Taxation and social security	190,673	179,456
Obligations under finance lease and hire purchase contracts	97,371	72,112
Other creditors	181,279	140,108
Accruals and deferred income	47,528	92,055
	<u>2,326,225</u>	<u>2,228,680</u>

Bank overdrafts are secured by way of a fixed and floating charge over the assets of the company.

19. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	<u>222,608</u>	<u>221,614</u>

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

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	97,371	72,112
Between 1-2 years	84,617	75,415
Between 2-5 years	137,991	146,199
	<u>319,979</u>	<u>293,726</u>

TEXCEL TECHNOLOGY PLC

**NOTES TO THE FINANCIAL STATEMENTS
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21. Deferred taxation

	2017 £	2016 £
At beginning of year	153,873	88,581
Charged to the profit or loss	(5,113)	65,292
At end of year	148,760	153,873

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	148,760	153,873

22. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
950,000 Ordinary shares of £0.10 each	95,000	95,000

23. Contingent liabilities

An intercompany guarantee dated 14 June 2011 in favour of HSBC Bank plc is secured over the assets of Texcel Technology Plc, Texcel (2011) Limited and Parkside Works Limited. The directors consider the possibility of the company having to make payments under the terms of this guarantee to be remote and no provision is required.

24. Pension commitments

The company operates a defined contribution 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 £77,543 (2016: £109,061). At the year end the company owed the scheme £23,453 (2016: £12,364).

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS
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25. Commitments under operating leases

At 31 January 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	78,000	32,500
Later than 1 year and not later than 5 years	110,500	-
Land and buildings	188,500	32,500

26. Related party transactions

During the year the company made purchases with a value of £4,958 (2016: £4,408) from Texcel Developments Limited, a company in which W H Bryce and P Shawyer are also directors. Expenses of £360 (2016: £Nil) were recharged to Texcel Developments Limited. At the balance sheet date, an amount was due to Texcel Developments Limited of £Nil (2016: £1,290).

During the year the company paid rent of £78,000 (2016: £78,000) to Parkside Works Limited, a company under common control. At the balance sheet date the amount owed to Parkside Works Limited was £157,825 (2016: £127,384).

27. Controlling party

The ultimate parent undertaking is Texcel (2011) Limited.

There is no single controlling party.