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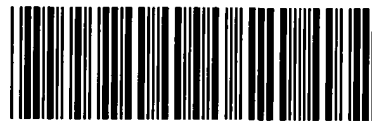
**TEXCEL TECHNOLOGY PLC**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2018**

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## TEXCEL TECHNOLOGY PLC

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### COMPANY INFORMATION

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

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## TEXCEL TECHNOLOGY PLC

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## TEXCEL TECHNOLOGY PLC

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2018

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#### Introduction

The directors present their strategic report accompanying the financial statements for the year ended 31 January 2018.

#### Business review

A fabulous year, 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, processes and its facilities; adding, a number of staff across all areas of the business and investing heavily in further automation and shop floor capacity expansion.

The company has focussed on continuous improvement and efficiencies. This will enable us to continue to meet the needs of our customers, improve quality and reduce costs.

The company has continued its investment in R&D of new products both for the subsea market and in supporting young entrepreneurs and start-ups.

The company has also continued its support of apprentices by taking on 3 new apprentices this year.

The results to the year end 31st January 2018 reflect an 18.7% growth in turnover to £12.7m. 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 profits are increasing as the company starts to benefit from its heavy investment.

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 are 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.

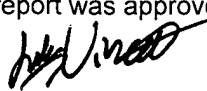
#### Financial key performance indicators

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 KPIs 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 May 2018 and signed on its behalf.

  
L J Vincett  
Secretary

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## TEXCEL TECHNOLOGY PLC

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2018

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The directors present their report and the financial statements for the year ended 31 January 2018.

#### **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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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 £583,536 (2017 - £225,175).

Dividends were voted of £18,200 (2017: £55,000).

#### **Directors**

The directors who served during the year were:

W H Bryce  
A N McLeod  
P J Shawyer  
L J Vincett

#### **Future developments**

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

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TEXCEL TECHNOLOGY PLC

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2018**

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**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 May 2018* and signed on its behalf.



**L J Vincett**  
Secretary

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## TEXCEL TECHNOLOGY PLC

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TEXCEL TECHNOLOGY PLC

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#### Opinion

We have audited the financial statements of Texcel Technology Plc (the 'company') for the year ended 31 January 2018, which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2018 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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## TEXCEL TECHNOLOGY PLC

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

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters in relation to which 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.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



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## TEXCEL TECHNOLOGY PLC

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

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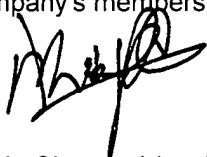
#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



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: 16 May 2018.

TEXCEL TECHNOLOGY PLC

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2018

	Note	2018 £	2017 £
Turnover	4	12,694,483	10,704,033
Cost of sales		(9,825,090)	(8,278,606)
<b>Gross profit</b>		<b>2,869,393</b>	<b>2,425,427</b>
Administrative expenses		(2,234,110)	(2,183,332)
<b>Operating profit</b>	5	<b>635,283</b>	<b>242,095</b>
Interest receivable and similar income	9	-	102
Interest payable and expenses	10	(19,970)	(22,135)
<b>Profit before tax</b>		<b>615,313</b>	<b>220,062</b>
Tax on profit	11	(31,777)	5,113
<b>Profit for the financial year</b>		<b>583,536</b>	<b>225,175</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 12 to 25 form part of these financial statements.

**TEXCEL TECHNOLOGY PLC**  
**REGISTERED NUMBER: 02607732**

**BALANCE SHEET**  
**AS AT 31 JANUARY 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	1,024,556	907,774
Investments	14	25,006	25,006
		<u>1,049,562</u>	<u>932,780</u>
<b>Current assets</b>			
Stocks	15	3,143,241	2,680,147
Debtors: amounts falling due within one year	16	1,925,704	1,659,119
Cash at bank and in hand	17	29,529	6,483
		<u>5,098,474</u>	<u>4,345,749</u>
Creditors: amounts falling due within one year	18	<u>(2,457,308)</u>	<u>(2,326,225)</u>
<b>Net current assets</b>		<u>2,641,166</u>	<u>2,019,524</u>
<b>Total assets less current liabilities</b>		<u>3,690,728</u>	<u>2,952,304</u>
Creditors: amounts falling due after more than one year	19	(387,859)	(222,608)
<b>Provisions for liabilities</b>			
Deferred tax	22	(156,597)	(148,760)
<b>Net assets</b>		<u><u>3,146,272</u></u>	<u><u>2,580,936</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	95,000	95,000
Share premium account		1,000	1,000
Capital redemption reserve		5,000	5,000
Profit and loss account		3,045,272	2,479,936
		<u><u>3,146,272</u></u>	<u><u>2,580,936</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15th May 2018

  
**A N McLeod**  
 Director

The notes on pages 12 to 25 form part of these financial statements.

**TEXCEL TECHNOLOGY PLC**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2018**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£
At 1 February 2017	95,000	1,000	5,000	2,479,936	2,580,936
Profit for the year	-	-	-	583,536	583,536
Dividends: Equity capital	-	-	-	(18,200)	(18,200)
<b>At 31 January 2018</b>	<b>95,000</b>	<b>1,000</b>	<b>5,000</b>	<b>3,045,272</b>	<b>3,146,272</b>

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

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£
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)
<b>At 31 January 2017</b>	<b>95,000</b>	<b>1,000</b>	<b>5,000</b>	<b>2,479,936</b>	<b>2,580,936</b>

The notes on pages 12 to 25 form part of these financial statements.

TEXCEL TECHNOLOGY PLC

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JANUARY 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	583,536	225,175
<b>Adjustments for:</b>		
Depreciation of tangible assets	147,496	139,515
Profit on disposal of tangible assets	(2,200)	-
Interest paid	19,970	22,135
Interest received	-	(102)
Taxation charge	31,777	(5,113)
(Increase) in stocks	(463,094)	(194,219)
(Increase) in debtors	(266,585)	(304,468)
Increase/(decrease) in creditors	438,182	(69,151)
Increase in amounts owed to groups	18,200	-
Corporation tax received	-	17,187
<b>Net cash generated from operating activities</b>	<b>507,282</b>	<b>(169,041)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(264,278)	(114,828)
Profit on disposal of tangible fixed assets	2,200	-
Purchase of unlisted and other investments	-	(25,000)
Interest received	-	102
HP interest paid	(12,872)	(10,639)
<b>Net cash from investing activities</b>	<b>(274,950)</b>	<b>(150,365)</b>

TEXCEL TECHNOLOGY PLC

STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2018

	2018 £	2017 £
<b>Cash flows from financing activities</b>		
New secured loans	300,000	-
Repayment of loans	(50,000)	(62,566)
Repayment of/new finance leases	27,465	26,253
Dividends paid	(18,200)	(55,000)
Interest paid	(7,098)	(11,496)
<b>Net cash used in financing activities</b>	<b>252,167</b>	<b>(102,809)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>484,499</b>	<b>(422,215)</b>
Cash and cash equivalents at beginning of year	(620,249)	(198,034)
<b>Cash and cash equivalents at the end of year</b>	<b>(135,750)</b>	<b>(620,249)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	29,529	6,483
Bank overdrafts	(165,279)	(626,732)
	<b>(135,750)</b>	<b>(620,249)</b>

The notes on pages 12 to 25 form part of these financial statements.

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## TEXCEL TECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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#### 1. General information

Texcel Technology plc is a public company limited by shares and incorporated in England and Wales. The address of the registered office is Thames Road, Crayford, Kent, DA1 4SB. The principal activity of the company during the year has been 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.

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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## TEXCEL TECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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#### 2. Accounting policies (continued)

##### 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.

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

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**2. Accounting policies (continued)**

**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.

**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.

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## TEXCEL TECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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#### 2. Accounting policies (continued)

##### 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.

##### 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.

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## TEXCEL TECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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#### 2. Accounting policies (continued)

##### 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.

#### 4. Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	12,303,045	10,188,116
EU	27,663	150,391
Rest of the world	363,775	365,526
	<u>12,694,483</u>	<u>10,704,033</u>

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**TEXCEL TECHNOLOGY PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

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**5. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	147,496	139,515
Exchange differences	21,971	16,183
Other operating lease rentals	78,000	78,000
Defined contribution pension cost	90,303	77,543
	<u>237,770</u>	<u>291,241</u>

**6. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	8,750	8,750
All other services	4,741	6,916
	<u>13,491</u>	<u>15,666</u>

**7. Employees**

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

	2018 £	2017 £
Wages and salaries	2,878,352	2,707,315
Social security costs	274,515	241,334
Cost of defined contribution scheme	90,303	77,543
	<u>3,243,170</u>	<u>3,026,192</u>

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

	2018 No.	2017 No.
Production	84	79
Sales	5	4
Administration	25	29
	<u>114</u>	<u>112</u>

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8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	181,745	208,638
Company contributions to defined contribution pension schemes	18,783	18,311
	<u>200,528</u>	<u>226,949</u>

During the year retirement benefits were accruing to 3 directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £60,357 (2017 - £73,767).

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 (2017 - £7,796).

9. Interest receivable

	2018 £	2017 £
Other interest receivable	-	102
	<u>-</u>	<u>102</u>

10. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	7,098	11,496
Finance leases and hire purchase contracts	12,872	10,639
	<u>19,970</u>	<u>22,135</u>

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS  
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11. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	23,940	-
<b>Total current tax</b>	<u>23,940</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,837	(5,113)
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>31,777</u>	<u>(5,113)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>615,313</u>	<u>220,062</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	116,909	44,012
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	678	6,431
Capital allowances for year in excess of depreciation	(17,466)	6,459
Utilisation of tax losses	(27,255)	(19,731)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(49,175)	(37,171)
Change in tax rates	249	-
Deferred tax charge/(credit)	7,837	(5,113)
<b>Total tax charge for the year</b>	<u>31,777</u>	<u>(5,113)</u>

**Factors that may affect future tax charges**

The company has carried forward trading losses of £Nil (2017: £143,446) to offset against future taxable profits.

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018

12. Dividends

	2018 £	2017 £
Dividends	18,200	55,000

13. Tangible fixed assets

	Leasehold Property £	Plant & machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 February 2017	129,026	1,366,800	12,500	1,508,326
Additions	74,556	189,722	-	264,278
Disposals	-	(31,703)	-	(31,703)
At 31 January 2018	203,582	1,524,819	12,500	1,740,901
<b>Depreciation</b>				
At 1 February 2017	22,049	567,253	11,250	600,552
Charge for the year on owned assets	16,376	62,917	1,250	80,543
Charge for the year on financed assets	-	66,953	-	66,953
Disposals	-	(31,703)	-	(31,703)
At 31 January 2018	38,425	665,420	12,500	716,345
<b>Net book value</b>				
At 31 January 2018	165,157	859,399	-	1,024,556
At 31 January 2017	106,977	799,547	1,250	907,774

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

	2018 £	2017 £
Plant and machinery	537,479	456,450

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

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**14. Fixed asset investments**

	<b>Unlisted investments £</b>
<b>Cost or valuation</b>	
At 1 February 2017	25,006
At 31 January 2018	<u>25,006</u>
 <b>Net book value</b>	
At 31 January 2018	<u>25,006</u>
At 31 January 2017	<u>25,006</u>

**15. Stocks**

	<b>2018 £</b>	<b>2017 £</b>
Raw materials and consumables	2,253,096	1,704,973
Work in progress	890,145	975,174
	<u>3,143,241</u>	<u>2,680,147</u>

**16. Debtors**

	<b>2018 £</b>	<b>2017 £</b>
Trade debtors	1,848,970	1,530,327
Other debtors	251	24,067
Prepayments and accrued income	76,483	104,725
	<u>1,925,704</u>	<u>1,659,119</u>



**TEXCEL TECHNOLOGY PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	29,529	6,483
Less: bank overdrafts	(165,279)	(626,732)
	<u>(135,750)</u>	<u>(620,249)</u>

**18. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Bank overdrafts	165,279	626,732
Bank loans	100,000	-
Trade creditors	1,435,234	1,122,192
Amounts owed to group undertakings	78,650	60,450
Corporation tax	23,940	-
Taxation and social security	299,094	190,673
Obligations under finance lease and hire purchase contracts	109,585	97,371
Other creditors	174,374	181,279
Accruals and deferred income	71,152	47,528
	<u>2,457,308</u>	<u>2,326,225</u>

Bank loans and 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**

	2018 £	2017 £
Bank loans	150,000	-
Net obligations under finance leases and hire purchase contracts	237,859	222,608
	<u>387,859</u>	<u>222,608</u>

**Secured loans**

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

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NOTES TO THE FINANCIAL STATEMENTS  
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**20. Loans**

Analysis of the maturity of loans is given below:

	2018 £	2017 £
<b>Amounts falling due within one year</b>		
Bank loans	100,000	-
<b>Amounts falling due 1-2 years</b>		
Bank loans	100,000	-
<b>Amounts falling due 2-5 years</b>		
Bank loans	50,000	-
	<u>250,000</u>	<u>-</u>

**21. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	109,585	97,371
Between 1-2 years	96,793	84,617
Between 2-5 years	141,066	137,991
	<u>347,444</u>	<u>319,979</u>

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FOR THE YEAR ENDED 31 JANUARY 2018**

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**22. Deferred taxation**

	2018 £	2017 £
At beginning of year	148,760	153,873
Charged to the profit or loss	7,837	(5,113)
<b>At end of year</b>	<b>156,597</b>	<b>148,760</b>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	156,597	148,760

**23. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
950,000 Ordinary shares of £0.10 each	95,000	95,000

**24. 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.

**25. 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 £90,303 (2017: £77,543). At the year end the company owed the scheme £18,955 (2017: £23,453).

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## TEXCEL TECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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#### 26. Commitments under operating leases

At 31 January 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	78,000	78,000
Later than 1 year and not later than 5 years	32,500	110,500
	<u>110,500</u>	<u>188,500</u>

#### 27. Other financial commitments

At 31 January 2018 the company had entered into contracts to purchase foreign currency. The maximum commitment under these contracts as at the balance sheet date was £140,000 (2017: £Nil).

#### 28. Related party transactions

During the year the company made purchases with a value of £Nil (2017: £4,958) from Texcel Developments Limited, a company in which W H Bryce and P J Shawyer are also directors. Expenses of £Nil (2017: £360) were recharged to Texcel Developments Limited.

During the year the company paid rent of £78,000 (2017: £78,000) to Parkside Works Limited, a company under common control. At the balance sheet date the amount owed to Parkside Works Limited was £155,419 (2017: £157,825).

#### 29. Controlling party

The ultimate parent undertaking is Texcel (2011) Limited.

There is no single controlling party.