nortec

electronic technology development

Nortec Solutions Limited
Financial Statements
For the year ended 31 March 2017

Company no. 03659305

Company registration number	03659305
Registered Office	Unit 8 Farmbrough Close Stocklake Park Industrial Estate Aylesbury Buckinghamshire HP20 1DQ
Directors	P I Robinson MBA FCMA FRSA R R Clements D B Scott BSc ACMA
Secretary	D B Scott BSc ACMA
Bankers	HSBC Bank plc 2 Walton Road Aylesbury HP21 7SS
Solicitors	Dechert LLP 160 Queen Victoria Street London EC4V 4QQ
Auditor	Grant Thornton UK LLP Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

Index to the financial statements

Directors' report

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

Results and Dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements. The directors have not recommended a dividend.

Business review

Whilst the forward order book remains solid the results for the year showed a slow down as turnover dropped by 15% to £2.3m. There was no one specific customer to which this could be attributed and this net drop was a result of both increases and reductions in individual customer sales together with the addition of some new customer accounts. Margins were also squeezed partly due to the increased component costs as a result of the impact of Brexit on the exchange rate but also due to competitive pressures in the market. In light of the sales and margin changes cost control was critical and this is reflected in the lower operating charges which came mainly as a result of saving on employee costs with lower overtime, no use of temporary staff, and non-replacement of employees that have left. This 12% cost reduction meant that the business continued to be profitable with a profit before tax for the period of £16k.

The company continues to have a positive outlook with existing orders stretching out over 3 years and it is well placed to manage future growth with existing operating capacity available without the need for capital investment. Additional capital spend in the year has added to the services that the company is able to offer to its customers as well as reducing the cost and time of production.

Financial risk management policies and objectives

The company uses various financial instruments including cash, trade creditors and trade debtors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations The principle credit risk arises from debtors which consist of a number of diverse customers from a range of industry sectors. No single customer represents a significant proportion of the debt. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Principal risks and uncertainties

Technological change will always present the company with a challenge to ensure that they retain the ability to manufacture the customers products to the standards and within the timescales required. As a result of this and as part of the ongoing development of the business the company considers the investment in plant and equipment to be key and is committed to continued investment in this area to address the needs of its customers.

The company continues to attract new customers in a variety of different markets whilst continuing to have a good level of repeat orders from existing customers. The company has many active customers operating in a number of different markets and no single customer currently represents more than 20% of its total turnover.

Directors

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

P I Robinson MBA FCMA FRSA
R R Clements
D B Scott BSc ACMA

Directors' Responsibilities Statement

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

Directors' report (continued)

Directors' Responsibilities Statement (continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102 *"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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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.

The directors confirm that:

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

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the company.

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

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

Small Companies Provisions
This report has been prepared in accordance with the special provisions for small companies under section 415A of the Companies Act 2006. The Company has taken advantage of the exemption to not prepare a strategic report.

ON BEHALF OF THE BOARD

Philip Robinson

P I Robinson
Chairman

29 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTEC SOLUTIONS LIMITED

We have audited the financial statements of Nortec Solutions Limited for the year ended 31 March 2017 which comprise the Statement of income and retained earnings, the Balance Sheet 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3 & 4, 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' Report has been prepared in accordance with applicable legal requirements

Matter on which we are required to report under the Companies Act 2006

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 Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTEC SOLUTIONS LIMITED (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Grant Thornton UK LLP

Mitesh Tanna
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
4 October 2017

Statement of income and retained earnings

	Note	2017 £	2016 £
Turnover	5	2,276,117	2,691,063
Cost of Sales		(1,425,117)	(1,631,856)
Gross Profit		851,000	1,059,207
Other operating charges	6	(834,742)	(949,982)
Operating profit		16,258	109,225
Interest payable	9	-	(362)
Profit on ordinary activities before taxation	7	16,258	108,863
Tax charge on profit on ordinary activities	10 & 15	(30)	89
Profit for the financial year		16,228	108,952
Retained earnings at the beginning of the year		1,151,364	1,042,412
Retained earnings at the end of the year		1,167,592	1,151,364

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

All profits are attributable to the parent undertaking.

Balance sheet

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	297,605	297,043
Intangible assets	12	5,143	5,793
		302,748	302,836
Current assets			
Stocks	13	411,879	434,172
Debtors	14	716,367	685,655
Cash at bank and in hand		91,885	161,146
		1,220,131	1,280,973
Creditors: amounts falling due within one year	16	350,287	427,445
Net current assets		869,844	853,528
Net assets		1,172,592	1,156,364
Capital and reserves			
Called-up equity share capital	19	5,000	5,000
Statement of Income and Retained Earnings		1,167,592	1,151,364
Shareholder's funds		1,172,592	1,156,364

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and were approved by the Board on 29th September 2017 and are signed on their behalf by:

R Clements
Director

D B Scott
Director

Notes to the financial statements

1 Company Information

Nortec Solutions Limited a private limited company incorporated in England whose registered office is at Unit 8, Farmbrough Close, Stocklake Park Industrial Estate, Aylesbury Buckinghamshire, HP20 1DQ.

The principal activities of the company are the design and manufacture of electronic and electrical equipment.

2 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to fair value for certain financial instruments specified in the accounting policies below.

The financial statements are presented in Sterling (£).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- *the requirements of Section 7 Statement of Cash Flows;*
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Eamont Holdings Limited as at 31 March 2017 and these financial statements may be obtained from the company's registered office address.

Going concern

After reviewing the company's forecast and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The *company therefore continues to adopt the going concern basis in preparing its financial statements.*

3 Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant Judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Recognition of provisions and contingencies - Judgement is exercised by management to distinguish between provisions and contingencies.

3 Significant judgements and estimates (continued)

Key sources of estimation uncertainty
Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are as follows.

Net realisable value of stock - To determine net realisable value, management takes into account the most reliable evidence available at the dates the estimates are made.

Deferred taxation - Where a deferred tax asset has been recognised, judgement is made on the recoverability of that asset. This is based on sensitising management forecasts to estimate the future taxable profits against which the losses will be relieved. Judgements have been made in respect of profitability going forward based upon current and anticipated sales.

Where a deferred tax asset has not been recognised, judgement has been made by the directors of the company that the asset should not be recognised based on the expectation of the current market. This is then reviewed and approved by the Board of Directors of the parent company on an annual basis.

4 Principal accounting policies

4.1 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software purchased for use by the company to enable it to carry out its operations is recognised as an intangible asset. Amortisation is charged so as to allocate the cost of intangibles over their estimated useful lives, using the straight line method. The intangible assets are amortised over the following useful economic lives:

Software - 33% straight line

If there is an indication that there has been a significant change in amortisation rate of an asset, the amortisation is revised prospectively to reflect the new expectation.

4.2 Tangible assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, over their expected useful lives, useful the straight-line method. The rates applicable are:

Plant & Machinery - 10% - 33% straight line
Motor Vehicles - 25% straight line

4.3 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the statement of income and retained earnings.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of income and retained earnings.

4.4 Stock

Stocks are stated at the lower of cost, using the first in first out method, and selling price less cost to complete and sell, after making due allowance for obsolete and slow moving items. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

4.5 Debtors

Short term debtors are measured at transaction price, less any impairment.

4.6 Creditors

Short term creditors are measured at transaction price.

4.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

The payments made under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation, in which case the company recognises annual payment expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

4.8 Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 9 months. The provision is measured at the salary cost payable for the period of absence.

4.9 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculate using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing differences.

4.9 Taxation (Continued)

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and

- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the asset and settle the liabilities simultaneously.

4.10 Turnover

Turnover is the total amount receivable by the company for goods and services provided, excluding VAT and trade discounts.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods or has collected them from the company's premises.

4.11 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

4.12 Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

5 Turnover

The turnover and profit before tax are attributable to the principal activities of the company.

An analysis of turnover is given below:

	2017	2016
	£	£
United Kingdom	2,208,947	2,609,576
Rest of the World	67,170	81,487
	2,276,117	2,691,063

All turnover arose from the sale of goods.

6 Other operating charges

	2017	2016
	£	£
Distribution costs	38,711	51,428
Administrative expenses	796,031	898,554
	834,742	949,982

7 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2017	2016
	£	**£**
Depreciation	88,713	85,011
Amortisation	650	650
Auditor's remuneration:		
Audit of the financial statements	5,850	5,400
Tax compliance services	1,800	1,750
Operating lease costs		
Land and buildings	77,417	70,471
Foreign exchange loss	3,814	4,821
(Profit)/loss on disposal of fixed assets	-	(4,983)

8 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2017	2016
	No	**No**
Administration	12	12
Production	26	27
Sales and marketing	1	1
	39	40

The aggregate payroll costs of the above were.

	2017	2016
	£	**£**
Wages and salaries	604,653	699,787
Social security costs	39,077	49,805
Other pension costs	11,195	5,536
	654,925	755,128

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £11,195 (2016. £5,536)

Remuneration in respect of directors was as follows:

	2017	2016
	£	**£**
Directors remuneration	87,528	89,915
Pension contribution to money purchase schemes	3,998	3,989
	91,526	93,904

During the year 1 director (2016:1) participated in money purchase pension schemes.

9 Interest payable

	2017	2016
	£	£
Interest other	-	27
Interest to group undertaking	-	335
	-	362

10 Tax charge on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

(a) Taxation	**2017**	2016
	£	£
Current tax:		
Prior year over provision	(1,009)	-
Corporation tax	-	3,627
Total current tax	(1,009)	3,627
Deferred tax:		
Change in deferred tax (note 15)	1,039	(3,716)
Profit and loss account movement arising during the year	30	(89)

(b) Factors affecting current tax charge

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

	2017	2016
	£	£
Profit on ordinary activities before tax	16,258	108,863
Profit on ordinary activities multiplied by rate of tax	3,252	21,773
Adjustment to tax charge in respect of previous periods	(1,009)	-
Expenses not deductible for tax purposes	393	1,650
Impact of rate change on deferred tax	(1,506)	(4,831)
Group relief claimed	(1,100)	(18,681)
Total current tax (note 10(a))	30	(89)

11 Tangible fixed assets

	Plant & Machinery £	Motor Vehicles £	Total £
Cost			
At 31 March 2016	558,705	37,064	595,769
Additions	89,275	-	89,275
At 31 March 2017	647,980	37,064	685,044
Depreciation			
At 31 March 2016	291,004	7,722	298,726
Charge for the year	79,447	9,266	88,713
At 31 March 2017	370,451	16,988	387,439
Net book value			
At 31 March 2017	**277,529**	**20,076**	**297,605**
At 31 March 2016	267,701	29,342	297,043

12 Intangible fixed assets

	Software £
Cost	
At 31 March 2016	9,137
Additions	-
At 31 March 2017	9,137
Amortisation	
At 31 March 2016	3,344
Charge for the year	650
At 31 March 2017	3,994
Net book value	
At 31 March 2017	**5,143**
At 31 March 2016	5,793

Amortisation of intangible fixed assets is included in administrative expenses.

13 Stocks

	2017 £	2016 £
Raw Materials	46,298	57,674
Work in progress	365,581	376,498
	411,879	434,172

Stock recognised in cost of sales during the year as an expense was £1,169k (2016: £1,343k). No impairment loss was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

14 Debtors

	2017	2016
	£	£
Trade debtors	466,505	480,508
Amounts owed by group undertakings	201,511	188,859
Prepayments and accrued income	48,351	16,288
	716,367	685,655

15 Deferred taxation liability

	2017	2016
	£	£
The movement in the deferred taxation account during the year was .		
Balance brought forward	(37,290)	(41,006)
Profit and loss account movement arising during the year	(1,039)	3,716
Balance carried forward	(38,329)	(37,290)

The balance of the deferred taxation account calculated using a rate of 17% (2016. 18%) consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	(38,329)	(37,346)
Other timing differences	-	56
Deferred tax due within one year (note 16)	(38,329)	(37,290)

The amount of the net reversal of deferred tax expected to occur next year is £9,000 (2016: £1,000), relating to the reversal of existing timing differences on tangible fixed assets

16 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	180,271	272,822
Amounts owed to group undertakings	12,690	-
Social security and other taxes	67,368	74,309
Deferred taxation (note 15)	38,329	37,290
Accruals and deferred income	51,629	43,024
	350,287	427,445

17 Leasing commitments

The Company's future minimum

	Land & Buildings	
	2017	2016
	£	£
Within 1 year	75,298	75,298
Between 1 & 2 years	75,298	75,298
Between 2 & 5 years	96,886	172,182
	247,482	322,778

18 Related party transactions

The company has taken advantage of the exemption not to disclose transactions with related parties with other wholly owned members of the group under FRS102 section 33 Related Party Disclosures as the company is a wholly owned subsidiary of Eamont Holdings Limited which prepares consolidated accounts.

19 Share capital

Allotted, called up and fully paid:

	2017	2016
	£	£
Ordinary share capital	5,000	5,000

20 Reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Statement of Income and Retained Earnings - includes all current and prior period retained profits and losses.

21 Ultimate parent undertaking/controlling related party

The directors consider that the ultimate parent undertaking of this company is Eamont Holdings Limited, a company registered in England & Wales.

P I Robinson is the company's controlling related party by virtue of his majority shareholding in Eamont Holdings Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Eamont Holdings Limited. These are available from the Registered office.