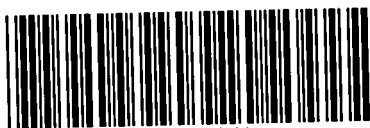


TT Electronics Technology Limited
Annual report and financial statements
Registered number 4179489
For the year ended 31 December 2016

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Directors' report

The directors present the Directors' report and financial statements for TT Electronics Technology Limited (the "Company" for the year ended 31 December 2016).

Principal activities

The principal activities of the Company are three fold, that of contract research & development (with a focus on new technologies) and business operations support, mainly for automotive manufacturing companies. Secondly the delivery of high specification process equipment from in house manufacture and the project management of third party suppliers. Lastly the manufacture of HALOSENSOR™ technology for sale to aircraft manufacturers directly and through local distributors across Europe, the United States and Asia.

Business review

During the year turnover has increased by 7% to £1,796,599 (2015: £1,676,896). HALOSENSOR™ turnover accounted for £679,210 (2015: £505,910) an increase of 34% year on year. Invoiced contract research and development accounted for £907,936 (2015: £928,769) a decrease of 2% year on year. Other Income has decreased by 7% with Patent Royalty income down 2% year on year to £152,901 (2015: £156,204) and Process Equipment down by 66% to £31,696 (2015: £131,589) with the support and equipment deliverable in 2017 being the result. An operating profit of £311,455 was generated (2015: profit £40,607), with the increase on the prior year resulting from increased external sales and additional Group recharging during the period following restructuring of IS&C (a division of TT Electronics Plc). The net profit for the year amounted to £261,959 (2015: net loss (£26,095)). The directors do not recommend the payment of a dividend (2015: £nil).

Principal risks and uncertainties

The principal risk to turnover in 2017 will be from competitors seeking to gain market share from our key HALOSENSOR™ customers. This will be mitigated by the defence of our patent position and growth with other customers.

Research and development

The Company will continue to support research, development and new product innovation activities for the Transportation and Industrial Divisions of TT Electronics plc and other external businesses.

Directors

The directors who held office during the year were as follows:

PL Joyce
AJ Corney
L Warnecke

Disclosure of information to auditor

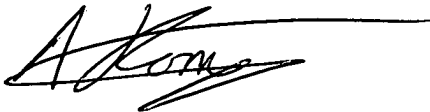
The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



A J Corney
Director
26 June 2017

Registered office:
Fourth Floor
St Andrews House
West Street
Woking
GU21 6EB

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 *Reduced Disclosure Framework*.

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 and then apply them consistently;
- make judgements and 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Independent Auditor's report to the members of TT Electronics Technology Limited

We have audited the financial statements of TT Electronics Technology Limited for the year ended 31 December 2016 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London

E14 5GL

26 June 2017

Profit and Loss Account and Other Comprehensive Income for the year ended 31 December 2016

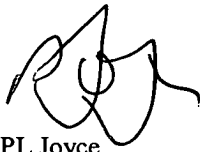
	Note	2016 £000	2015 £000
Turnover	2	1,797	1,677
Cost of sales		(1,249)	(1,323)
Gross profit		548	354
Distribution costs		(4)	(5)
Administrative expenses		(470)	(555)
Other operating income	3	464	500
Other operating expense	4	(227)	(253)
Operating profit	5	311	41
Interest payable and similar charges	8	(49)	(67)
Profit/(loss) on ordinary activities before taxation		262	(26)
Tax on profit/(loss) on ordinary activities	9	-	-
Profit/(loss) for the financial year		262	(26)


Prior year represented to separate distribution cost and administrative expenses from cost of sales.

Balance Sheet
at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	10	93	115
Tangible assets	11	27	22
		<u>120</u>	<u>137</u>
Current assets			
Stocks	12	128	112
Debtors	13	393	577
		<u>521</u>	<u>689</u>
Creditors: amounts falling due within one year	14	<u>(1,651)</u>	<u>(2,098)</u>
Net current (liabilities)		<u>(1,130)</u>	<u>(1,409)</u>
Total assets less current liabilities		<u>(1,010)</u>	<u>(1,272)</u>
Net (liabilities)		<u>(1,010)</u>	<u>(1,272)</u>
Capital and reserves			
Called up share capital	15	3	3
Share premium account	16	1,846	1,846
Profit and loss account	16	(2,859)	(3,121)
Shareholders' (deficit)	17	<u>(1,010)</u>	<u>(1,272)</u>

These financial statements were approved by the board of directors on 26 June 2017 and were signed on its behalf by:


PL Joyce
Director


AJ Corney
Director

Company registered number: 4179489

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	3	1,846	(3,095)	(1,246)
Total comprehensive loss for the year				
Loss	-	-	(26)	(26)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year	-	-	(26)	(26)
Balance at 31 December 2015	3	1,846	(3,121)	(1,272)

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	3	1,846	(3,121)	(1,272)
Total comprehensive income for the year				
Profit	-	-	262	262
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	262	262
Balance at 31 December 2016	3	1,846	(2,859)	(1,010)

Notes

(forming part of the financial statements)

1 Accounting policies

TT Electronics Technology Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, TT Electronics Plc includes the Company in its consolidated financial statements. The consolidated financial statements of TT Electronics Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Fourth Floor, St Andrews House, West Street, Woking, Surrey, GU21 6EB

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of TT Electronics Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes (continued)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

The Company has net current liabilities and net liabilities. The ultimate parent company, TT Electronics Plc, has confirmed to the directors that it will continue to provide financial and other support to the Company at least for the next twelve months to enable the Company to continue to meet its liabilities as they fall due.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- plant and equipment 3 - 5 years
- computer equipment 3 - 5 years
- fixture & fittings 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Intangible assets

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

1.7 Intangible assets

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- computer software 3 - 5 years
- patents and trademarks 4.5 - 10 years

Notes (continued)

1 Accounting policies (continued)

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.9 Impairment excluding stocks

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.11 Turnover

Turnover is the invoiced value of goods and services supplied excluding VAT. Transactions are recorded as sales when the delivery of products or performance of services takes place in accordance with the contract terms of sale.

Notes (continued)

1 Accounting policies (continued)

1.12 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. .

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Turnover

	2016	2015
	£000	£000
Sale of goods	814	650
Rendering of services	983	1,027
Total turnover	<u>1,797</u>	<u>1,677</u>

	2016	2015
	£000	£000
By geographical market		
United Kingdom	496	238
Rest of Europe	1,070	1,072
North America	86	223
Asia - China	122	144
Rest of the World	23	-
	<u>1,797</u>	<u>1,677</u>

3 Other operating income

	2016	2015
	£000	£000
Patent royalties	153	156
Intercompany Recharge - Income	264	189
R&D Tax credit	15	23
Group Work - Income	32	132
	<u>464</u>	<u>500</u>

4 Other operating expense

	2016	2015
	£000	£000
Administrative Expenses – Group Recharge	11	3
Intercompany Recharge - Expense	215	180
Group Work - Expense	1	70
	<u>227</u>	<u>253</u>

Notes (continued)

5 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016	2015
	£000	£000
Amortisation of intangible assets	29	28
Depreciation of owned fixed assets	16	23
Auditor's remuneration:		
Audit fees	11	12
Operating lease cost:		
Land and Buildings	164	164
Motor vehicle & Fixtures	10	11
Research and development expensed as incurred	<u>512</u>	<u>495</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent TT Electronics Plc.

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Production staff	11	11
Administrative staff	3	3
Sales and distribution staff	7	7
	<u>21</u>	<u>21</u>

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	1,009	1,064
Social security costs	94	96
Contributions to defined contribution plans	58	63
	<u>1,161</u>	<u>1,223</u>

Notes (continued)

7 Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	134	158
Company contributions to money purchase pension plans	8	18

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2

8 Interest payable and similar charges

	2016 £000	2015 £000
To group undertakings	49	67

9 Taxation

a) Analysis of the tax charge for the Period

	2016 £000	2015 £000
<i>Current tax expense</i>		
Current tax on profit for the period	-	-
Adjustments in respect of prior periods	-	-
Total current tax on ordinary activities	-	-

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit/(loss) for the year	262	(26)
Profit/(loss) excluding taxation	262	(26)
Tax using the UK corporation tax rate of 20% (2015: 20.20%)	(52)	(5)
Effects of:		
Unrecognised deferred tax arising in the period	-	-
Utilisation of prior year unrecognised tax losses	52	-
Group relief for which no payment was made / (received)	-	5
Total tax expense	-	-

The applicable tax rate for the period is based on the UK standard rate of corporation tax of 20% (2015: 20.25%). The enacted UK tax rate applicable from 1 April 2017 is 19% and from 1 April 2020 is 17%. At 31 December 2016, the Company had recognised no deferred tax assets on gross tax losses of £756k (2015: £994k). The recoverability of this loss is dependent upon the future profitability of the business and is therefore considered to be too uncertain to recognise.

Notes (continued)

10 Intangible assets

	Computer Software £000	Patents and trade-marks £000	Total £000
Cost			
Balance at 1 January 2016	15	270	285
Additions	7	-	7
	<u>22</u>	<u>270</u>	<u>292</u>
Balance at 31 December 2016	<u>22</u>	<u>270</u>	<u>292</u>
Amortisation			
Balance at 1 January 2016	15	155	170
Amortisation for the year	2	27	29
	<u>17</u>	<u>182</u>	<u>199</u>
Balance at 31 December 2016	<u>17</u>	<u>182</u>	<u>199</u>
Net book value			
At 1 January 2016	-	115	115
	<u>5</u>	<u>88</u>	<u>93</u>
At 31 December 2016	<u>5</u>	<u>88</u>	<u>93</u>

11 Tangible fixed assets

	Plant and equipment £000
Cost	
Balance at 1 January 2016	656
Additions	20
Disposals	(159)
	<u>517</u>
Balance at 31 December 2016	<u>517</u>
Depreciation and impairment	
Balance at 1 January 2016	634
Depreciation charge for the year	16
Disposals	(160)
	<u>490</u>
Balance at 31 December 2016	<u>490</u>
Net book value	
At 1 January 2016	22
	<u>27</u>
At 31 December 2016	<u>27</u>

12 Stocks

	2016 £000	2015 £000
Raw materials and consumables	85	105
Work in Progress	43	-
Finished goods	-	7
	<u>128</u>	<u>112</u>

Notes (continued)

13 Debtors

	2016 £000	2015 £000
Trade debtors	68	122
Amounts owed by group undertakings	308	424
Prepayments and accrued income	17	31
	<u>393</u>	<u>577</u>

14 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	69	40
Amounts owed to group undertakings	14	17
Accruals and deferred income	99	102
Vat payable	4	20
Other taxation and social security	27	28
Bank Overdraft	1,438	1,891
	<u>1,651</u>	<u>2,098</u>

Prior year represented to separate other taxation and social security.

15 Share capital

	Ordinary shares	
In thousands of shares	2016	2015
On issue at 1 January 2016	257	257
On issue at 31 December 2016	<u>257</u>	<u>257</u>
	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
Ordinary shares at £0.01 each	<u>3</u>	<u>3</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

16 Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2016	1,846	(3,121)
Profit for the year	-	262
	<hr/>	<hr/>
At 31 December 2016	1,846	(2,859)
	<hr/>	<hr/>

17 Reconciliation of movements in shareholders' surplus

	2016 £000	2015 £000
Profit/(Loss) for the financial year	262	(26)
Opening shareholders' deficit	(1,272)	(1,246)
	<hr/>	<hr/>
Closing shareholders' surplus	(1,010)	(1,272)
	<hr/>	<hr/>

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Land & Buildings	2016 £000	2015 £000
Less than one year	164	164
Between one and five years	0	164
	<hr/>	<hr/>
	164	328
	<hr/>	<hr/>

The Company leases office/workshop facilities under operating leases.

Motor vehicles & Fixtures	2016 £000	2015 £000
Less than one year	12	11
Between one and five years	20	23
	<hr/>	<hr/>
	32	34
	<hr/>	<hr/>

During the year £177,511 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £174,569).

Notes *(continued)*

19 Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2016 or 31 December 2015.

20 Contingencies

There was a cross guarantee between certain companies in the group on all bank overdrafts with National Westminster Bank plc. At 31 December 2016 the total borrowings which the Company is a cross-guarantor to amounted to £NIL (2015: £NIL).

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of the other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

21 Ultimate parent company and parent company of larger group

AB Electronic Products Group Limited is the controlling related party by virtue of its 100 per cent interest in the Company. The Company's ultimate controlling party and ultimate parent undertaking is TT Electronics Plc which is registered in England and Wales.

The consolidated financial statements of TT Electronics Plc are available to the public and may be obtained from the registered office at Fourth Floor, St Andrews House, West Street, Woking, Surrey, GU21 6EB.