REGISTERED NUMBER: 04489239 (England and Wales)

REPORT OF THE DIRECTOR AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

FOR

ORBIT COMMUNICATION SYSTEMS EUROPE LTD

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTOR:	I Gat
SECRETARY:	Redfern Legal LLP
REGISTERED OFFICE:	c/o Redfern Legal LLP 7 Henrietta Street London WC2E 8PS
REGISTERED NUMBER:	04489239 (England and Wales)
AUDITORS:	Haines Watts Chartered Accountants and Statutory Auditors Advantage 87 Castle Street Reading Berkshire RG1 7SN

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the sale, installation and maintenance of marine stabilised satellite T.V. and communication systems.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2018.

DIRECTORS
E Livneh - resigned 5 September 2018
B Z Weinberger - appointed 27 September 2018

I Gat was appointed as a director after 31 December 2018 but prior to the date of this report.

B Z Weinberger ceased to be a director after 31 December 2018 but prior to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

I Gat - Director

26 September 2019

Opinion
We have audited the financial statements of Orbit Communication Systems Europe Ltd (the 'company') for the year ended 31 December 2018 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 UK, including the FRC'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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information in the Report of the Director, but does not include the financial statements and our Report of the Auditors 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.

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.

Opinions 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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Director has 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 Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director
As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 a Report of the Auditors 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. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Mr Benjamin Loveday FCCA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditors
Advantage
87 Castle Street
Reading
Berkshire
RG1 7SN

26 September 2019

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
CONTINUING OPERATIONS			
Revenue	4	**251,080**	145,707
Cost of sales		**(200,038)**	(198,389)
GROSS PROFIT/(LOSS)		**51,042**	(52,682)
Administrative expenses		**(48,636)**	54,577
OPERATING PROFIT		**2,406**	1,895
Finance costs	6	**(110)**	-
PROFIT BEFORE INCOME TAX	7	**2,296**	1,895
Income tax	8	**(710)**	(4,685)
PROFIT/(LOSS) FOR THE YEAR		**1,586**	(2,790)

The notes form part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£	£
PROFIT/(LOSS) FOR THE YEAR	1,586	(2,790)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,586	(2,790)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	2018 £	2017 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**22,511**	27,822
CURRENT ASSETS			
Trade and other receivables	10	**601,223**	531,403
Cash and cash equivalents	11	**151,030**	291,895
		752,253	823,298
TOTAL ASSETS		**774,764**	851,120
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	**1**	1
Retained earnings	13	**748,624**	747,038
TOTAL EQUITY		**748,625**	747,039
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax	16	**3,872**	4,540
CURRENT LIABILITIES			
Trade and other payables	14	**20,838**	98,187
Tax payable		**1,429**	1,354
		22,267	99,541
TOTAL LIABILITIES		**26,139**	104,081
TOTAL EQUITY AND LIABILITIES		**774,764**	851,120

The financial statements were approved by the director on 26 September 2019 and were signed by:

I Gat - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	1	749,828	749,829
Changes in equity			
Total comprehensive income	-	(2,790)	(2,790)
Balance at 31 December 2017	1	747,038	747,039
Changes in equity			
Total comprehensive income	-	1,586	1,586
Balance at 31 December 2018	1	748,624	748,625

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	**(139,452)**	282,823
Interest paid		**(110)**	-
Tax paid		**(1,303)**	(1,402)
Net cash from operating activities		**(140,865)**	281,421
(Decrease)/increase in cash and cash equivalents		**(140,865)**	281,421
Cash and cash equivalents at beginning of year	2	**291,895**	10,474
Cash and cash equivalents at end of year	2	**151,030**	291,895

The notes form part of these financial statements

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before income tax	**2,296**	1,895
Depreciation charges	**5,311**	5,311
Increase in group receivables	**(57,359)**	-
Finance costs	**110**	-
	(49,642)	7,206
(Increase)/decrease in trade and other receivables	**(12,461)**	212,521
(Decrease)/increase in trade and other payables	**(77,349)**	63,096
Cash generated from operations	**(139,452)**	282,823

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	**151,030**	**291,895**

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	291,895	10,474

1. GENERAL

a. The principal activity of Orbit Communication Systems Europe ("the Company") is that of the sale, installation and maintenance of marine stabilised satellite T.V and communication systems.

b. Definitions in these financial statements:

The Company - Orbit Communication Systems Europe Limited.

The parent company - Orbit Communications Systems Ltd.

Related parties - As defined in IAS 24.

2. STATUTORY INFORMATION

Orbit Communication Systems Europe Ltd is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. ACCOUNTING POLICIES

Basis of presentation of the financial statements
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. These standards comprise:

1. International FInancial Reporting Standards (IFRS)
2. International Accounting Standards (IAS)
3. Interpretations to IFRS issued by the IFRS Interpretations Committee and by the Standing Interpretations Committee.

The statements of income are presented using the function of expense method.

Basis of preparation of the financial statements:

The financial statements of the Company have been prepared on a cost basis, except for deferred tax assets and liabilities, employee benefit assets and liabilities, and are presented in GBP.

Consistent accounting policy:

The accounting policies adopted in these financial statements are consistent for all periods presented. Neither changes nor adoption of new accounting policies have been made in these financial statements as a result of initial application of a new Standard or Amendment.

Related parties

The Company is a wholly owned subsidiary and is exempt under the terms of IAS 24 from, disclosing related party transactions with entities that are part of the Orbit Technologies Limited group.

3. ACCOUNTING POLICIES - continued

Significant accounting judgements, estimates and assumptions
The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Actual results could be different from these estimates.

- Deferred tax assets:

Deferred tax assets are recognised for unused carry forward tax losses and temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimates are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Revenue recognition
Revenues are recognised in profit or loss when the amounts of revenues can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. When the Company acts as a principal and is exposed to the risks associated with the transaction, revenues are presented on a gross basis. Revenues are measured at the fair value of the consideration less any trade discounts, volume rebates and returns.

Customer discounts given at the end of the year and in respect of which the customer is not obligated to comply with certain targets, are recognised in profit or loss proportionately as the sales entitling the customer to said discounts are made, and they are deducted from sales revenues.

Customer discounts for which the customer is required to meet certain targets, such as a minimum amount of annual purchases (either quantitative or monetary), and increase in purchases compare to previous period, etc. are recognised in the financial statements in proportion to the purchases made by the customer during the year that qualify for the target, provided that it is expected that the targets will be achieved and the amount of the discount can be reasonably estimated.

Property, plant and equipment
Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses (if any) and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that can be used only in connection with the machinery and equipment.

A part of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately using the component method.

The cost of an item or property, plant and equipment comprises the instal estimate of the costs of dismantling and removing the item and restoring the site on which the item is located.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	Years
Plant and machinery etc.	3
Testing and manufacturing equipment	10

3. ACCOUNTING POLICIES - continued

Taxes on income
Taxes on income in profit or loss comprise current and deferred taxes. The tax results in respect of current or deferred taxes are carried to profit or loss except to the extent that the tax arises from items which are recognised in other comprehensive income (loss) or directly in equity. In such cases, the tax effect is also recognised in correlation to the underlying transaction either in other comprehensive income (loss) or directly in equity.

Current taxes
The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

Deferred taxes
Deferred taxes are computed in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed for tax purposes (tax base). Deferred taxes are recognised in other comprehensive income or directly in equity if the tax relates to those items.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the taxes are reversed in profit or loss or equity, based on tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes in profit or loss represent the changes in the carrying amount of deferred tax balances during the reporting period, excluding changes attributable to items recognised outside of profit or loss, if any.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilised. Also, temporary differences (such as carry-forward losses) for which deferred tax assets have not been recognised are reassessed and deferred tax assets are recognised to the extent that their recoverability has become probable. Any resulting reduction or reversal is recognised in the line item, "taxes on income".

All deferred tax assets and deferred tax liabilities are classified in the balance sheet as non-current assets and non-current liabilities, respectively and are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

Foreign currencies
1. Functional and presentation currency:

The presentation currency of the financial statements is GBP.

The functional currency, which is the currency that best reflects the economic environment in which the company operates and conducts its transactions, is separately determined for each Company entity within the group and is used to measure its financial position and operating results. The functional currency of the Company is GBP.

2. 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 transaction. Exchange differences are taken into account in arriving at the operating result.

3. ACCOUNTING POLICIES - continued

Cash equivalents
Cash equivalents are highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Company's cash management.

Provision for doubtful accounts
The provision for doubtful accounts is determined in respect of specific debts whose collection, in the opinion of the Company's management, is doubtful. The Company also recognises a provision for groups of customers that are collectively assessed for impairment based on their credit risk characteristics. Impaired debts are derecognised when they are assessed as uncollectable.

Provisions
A provision in accordance with IAS 37 is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense is recognised in the statement of profit or loss net of any reimbursement.

The following type of provision is included in the financial statements:

Warranty:
The Group policy is to recognise a provision for warranty when the product is old or service provided to the customer.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

3. ACCOUNTING POLICIES - continued

New/ revised ifrss affecting amounts reported/disclosed in the statements
A. IFRS 15 - "Revenue from Contracts with Customers": (April 2016)

The IFRS 15 introduces a five-step model that will apply to revenue earned from contracts with customers;

Step 1: Identify the contract with a customer, including reference to contract combination and accounting for contract modifications.

Step 2: Identify the separate performance obligations of the contract.

Step 3: Determine the transaction price, including reference to variable consideration, financing components that are significant to the contract, non-cash consideration and any consideration payable to the customer.

Step 4: Allocate the transaction price to the separate performance obligations on a relative stand-alone selling price basis using observable information, if it is available, or using estimates and assessments.

Step 5: Recognise revenue when the entity satisfies a performance obligation, by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount recognised is the amount allocated to that performance obligation. Some performance obligations are satisfied at a point in time (typically for goods transferred to a customer). Others are satisfied over time and so revenue is also recognised over a period of time, by the entity selecting an appropriate method for measuring progress towards completion of the performance obligation.

IFRS 15 is to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted. IFRS 15 allows an entity to choose to apply a modified retrospective approach, according to which IFRS 15 will only be applied in the current period presented to existing contracts at the date of initial application.

There have been no material changes to the financial statements on adopting IFRS 15.

B. IFRS 9 - Financial Instruments:

In July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments", ("IFRS 9"), which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 focuses mainly on the classification and measurement of financial assets and it applies to all financial assets within the scope of IAS 39.

According to IFRS 9, all the financial assets are measured at fair value upon initial recognition. In subsequent periods, debt instruments are measured at amortised cost only if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows.

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of all other debt instruments and financial assets should be at fair value. IFRS 9 establishes a distinction between debt instruments to be measured at fair value through profit or loss and debt instruments to be measured at fair value through other comprehensive income.

3. **ACCOUNTING POLICIES - continued**

Financial assets that are equity instruments should be measured in subsequent periods at fair value and the changes will be recognised in profit or loss or in other comprehensive income (loss), in accordance with the election of the Company on an instrument-by-instrument basis. If the equity instruments are held for trading, they should be measured at fair value through profit or loss.

According to IFRS 9, the provisions of IAS 39 will continue to apply to derecognition and to financial liabilities for which the fair value option has not been elected.

According to IFRS 9, changes in fair values of financial liabilities which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in the profit or loss.

IFRS 9 also prescribes new hedge accounting requirements.

IFRS 9 has been adopted from 01 January 2018, there has been no material effect on the financial statements on adoption of IFRS 9.

C. Amendments to IFRS 10 and IAS 28 regarding sale or transfer of assets between an investor and its associate or joint venture;

In September 2014, the IASB issued amendments to IFRS 10 and IAS 28 ("the amendments") regarding th accounting treatment of the sale or transfer of an asset (an asset, a group of assets or a subsidiary) between an investor and its associate or joint venture.

According to the amendment, when the investor loses control of a subsidiary or a group of assets that are not a business in a transaction with its associate or joint venture, the gain will be partially eliminated so that the gain ti be recognised is the gain from the sale to the other investors in the associate or joint venture. According to the amendments, if the remaining rights held by the investor represent a financial asset as defined in IFRS 9, the gain will be recognised in full.

D. New and revised IFRSs in issue but not yet effective

The company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16 Leases will apply for periods beginning on or after 1 January 2019. For most entities, it will result in the recognition of more leases on the balance sheet, since leases are only kept off balance sheet when they are very short term or low value items. The company is completing its assessment of the effect of applying the standard next year. The company does not have any operating leases and therefore anticipates that there will be no effect on the financial statements in adopting IFRS 16.

4. REVENUE

Segmental reporting
Turnover and profit before tax are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	Year ended December 31	
	2018	2017
United Kingdom	75.67%	0.00%
Rest of the World	24.33%	100.00%
	100.00%	100.00%

Revenue from contracts with customers

Continuing operations	2018 £	2017 £
Revenue from sales of goods and services	251,080	145,707

Contract balances

	2018 £	2017 £
Receivables included in "Trade and other receivables"	61,136	3,112

5. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2018 nor for the year ended 31 December 2017.

	2018 £	2017 £
Directors' remuneration	-	-

6. NET FINANCE COSTS

	2018 £	2017 £
Finance costs:		
Bank interest	110	-

7. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	2018	2017
	£	£
Cost of inventories recognised as expense	**200,038**	198,389
Depreciation - owned assets	**5,311**	5,310
Auditors' remuneration	**11,884**	12,128
Foreign exchange differences	**35,021**	(67,418)

8. INCOME TAX

Analysis of tax expense

	2018	2017
	£	£
Current tax:		
Tax	**1,378**	1,354
Deferred tax	**(668)**	3,331
Total tax expense in statement of profit or loss	**710**	4,685

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit before income tax	**2,296**	1,895
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	**436**	379
Effects of:		
Deferred tax movement	**(668)**	3,331
Depreciation in excess of capital allowances	**942**	434
Adjustment in relation to prior years	**-**	541
Tax expense	**710**	4,685

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £
COST	
At 1 January 2018 and 31 December 2018	**97,506**
DEPRECIATION	
At 1 January 2018	**69,684**
Charge for year	**5,311**
At 31 December 2018	**74,995**
NET BOOK VALUE	
At 31 December 2018	**22,511**
At 31 December 2017	27,822

10. TRADE AND OTHER RECEIVABLES

	2018 £	2017 £
Current:		
Trade debtors	**61,136**	3,112
Amounts owed by group undertakings	**529,599**	472,239
Other debtors	**-**	146
VAT	**10,488**	-
Prepayments	**-**	55,906
	601,223	531,403

10. TRADE AND OTHER RECEIVABLES - continued

Trade receivables are non-interest bearing and are generally on 30-120 days' terms.

Impaired debts are accounted for through recording an allowance for doubtful accounts.

The movement in the allowance for doubtful accounts is as follows:

	£
Balance at January 1, 2018	7,918
Charge for the year	(1,106)
Balance at December 31, 2018	6,812

An analysis of past due but not impaired net trade receivables, with reference to the reporting date:

	Past due trade receivables with ageing of					
	Current	< 30 days	30 - 60 days	60 - 90 days	> 90 days	Total
	£					
December 31, 2018	-	52,690	-	-	8,446	61,136
December 31, 2017	583	-	-	-	447	1,030

11. CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Bank accounts	**151,030**	291,895

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
1	Ordinary	£1	**1**	1

13. RESERVES

	Retained earnings £
At 1 January 2018	**747,038**
Profit for the year	**1,586**
At 31 December 2018	**748,624**

14. TRADE AND OTHER PAYABLES

	2018 £	2017 £
Current:		
Trade creditors	**-**	2,580
Social security and other taxes	**15,356**	15,356
Accruals and deferred income	**5,482**	69,716
VAT	**-**	10,535
	20,838	98,187

15. FINANCIAL INSTRUMENTS

a. Financial risks factors:

The Company's activities expose it to market risk. The Company's comprehensive risk management plan focuses on activities that reduce to a minimum any possible adverse effects on the Company's financial performance.

The risk management is under the responsibility of the Company's HQ Chief Financial Officer (followed by consultations with the Company's Chief Executive Officer) and in accordance with the policies approved by the parent company. The risk management process identifies measures and manages financial risks in collaboration with the Company's operating units.

b. Fair value:

The carrying amounts of all the Company's financial instruments: cash and cash equivalents, trade receivables, other accounts receivable, trade payables and other accounts payable, represent, or approximate, their fair values.

16. DEFERRED TAX

	2018 £	2017 £
Balance at 1 January	**4,540**	1,209
Decrease in provision	**(668)**	3,331
Balance at 31 December	**3,872**	4,540

17. ULTIMATE PARENT COMPANY

The immediate parent Company is Orbit Communication Systems Limited a Company registered in Israel.

The ultimate parent Company is Orbit Technologies Limited a Company registered in Israel.

18. RELATED PARTY DISCLOSURES

The company is wholly owned subsidiary and is exempt under the terms of IAS 24 from disclosing related party transactions with entities that are part of the Orbit Technologies Limited group.