

COMPANY REGISTRATION NUMBER: 05286537

Pico Technology (Holdings) Limited
Consolidated Financial Statements
For the year ended
30 June 2016



Pico Technology (Holdings) Limited

Consolidated Financial Statements

Year ended 30 June 2016

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent auditor's report to the shareholders	6
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Company statement of financial position	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the consolidated financial statements	16

Pico Technology (Holdings) Limited

Officers and Professional Advisers

The board of directors

A Tong
Mrs C Tong
G A Roderick

Company secretary

Mrs J E A Percy

Registered office

James House
Colmworth Business Park
Eaton Socon
St Neots
Cambridgeshire
PE19 8PY

Auditor

Streets Audit LLP
Chartered accountant & statutory auditor
Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedfordshire
MK44 3BZ

Pico Technology (Holdings) Limited

Strategic Report

Year ended 30 June 2016

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

The group specialises in the development and manufacture of PC oscilloscopes and data loggers.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover, net current assets and retained shareholders' funds.

Turnover & cost of sales remain comparable to 2015. Savings in administration costs and a foreign currency gain has resulted in a 14% increase in pre-tax profits. At 30 June 2016 the group had retained shareholder funds of £9.9m (2015 £8.3m).

The group is looking to achieve continued turnover growth during the forthcoming year. Employee numbers grew again, and we have a good record of staff retention, helped by a generous pay structure and wide ranging staff benefits. We foster strong relationships with customers and suppliers, and where possible, we seek to place business with local companies. The company has achieved ISO 14001 accreditation, and is continually monitoring its progress.

The risks and uncertainties facing the group at this time arise as follows:

1. The impact of "Brexit" and in particular the effect this may have on the value of the Euro.
2. The potential for a downturn in the worldwide automotive industry from which a significant proportion of the group turnover is derived.
3. The future effect of the expansion of the Chinese manufacturing industry.

The group's principal financial instruments comprise cash deposits and items such as trade debtors and creditors that arise directly from its operations. The main purpose of these instruments is to provide working capital. The existence of these financial instruments exposes the company to a number of financial risks.

1. Irrecoverable debts from customers. This may cause problems with cash-flow as well as profitability. The group manages debt collection closely to ensure that any risk in this area is mitigated.
2. Fluctuations in foreign exchange rates. The group trades in a number of currencies and so is exposed to the daily changes in the relative rates of those currencies. However, we do try to minimise exposure wherever possible. In reality in 2015/16, positive gains in exchanging to sterling were achieved.
3. Reduction in demand. The group operates through a number of distributors worldwide and record and compares the pattern of orders received. This enables us to assess, with a degree of accuracy, the short term effects of changes in demand.

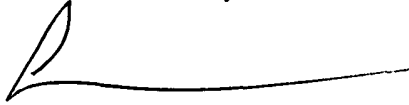
The group monitors its financial affairs with particular attention to gross margins by product. Management accounting information covering all areas of the business is reviewed on a regular basis.

Pico Technology (Holdings) Limited

Strategic Report *(continued)*

Year ended 30 June 2016

This report was approved by the board of directors on 14 December 2016 and signed on behalf of the board by:

A handwritten signature in black ink, consisting of a stylized 'J' followed by a long horizontal line.

Mrs J E A Percy
Company Secretary

Pico Technology (Holdings) Limited

Directors' Report

Year ended 30 June 2016

The directors present their report and the Consolidated Financial Statements of the group for the year ended 30 June 2016.

Directors

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

A Tong
Mrs C Tong
G A Roderick

Dividends

Particulars of recommended dividends are detailed in note 13 to the Consolidated Financial Statements.

Research and development

The group carries out research and development activities in order to enhance its product range and to establish developments in technology that will enable it to design new product and processes within its core market. Research and development expenditure by the group in the year to 30 June 2016 amounted to £227,128 (2015 £191,849).

Disclosure of information in the strategic report

The group has chosen to set out in the strategic report information about the future developments of the group and the financial instruments.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Consolidated Financial Statements for each financial year. Under that law the directors have elected to prepare the Consolidated Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the Consolidated Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these Consolidated Financial Statements, the directors are required to:

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

Pico Technology (Holdings) Limited

Directors' Report *(continued)*

Year ended 30 June 2016

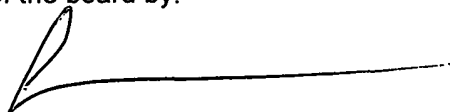
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Consolidated Financial Statements comply 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 14 December 2016 and signed on behalf of the board by:



Mrs J E A Percy
Company Secretary

Pico Technology (Holdings) Limited

Independent Auditor's Report to the Shareholders of Pico Technology (Holdings) Limited

Year ended 30 June 2016

We have audited the Consolidated Financial Statements of Pico Technology (Holdings) Limited for the year ended 30 June 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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 shareholders, 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 shareholders 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 shareholders 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, the directors are responsible for the preparation of the Consolidated 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 Consolidated 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 consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Consolidated Financial Statements sufficient to give reasonable assurance that the Consolidated Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Consolidated Financial Statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited Consolidated Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Pico Technology (Holdings) Limited

Independent Auditor's Report to the Shareholders of Pico Technology (Holdings) Limited *(continued)*

Year ended 30 June 2016

Opinion on consolidated financial statements

In our opinion the Consolidated Financial Statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2016 and of the group's 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.

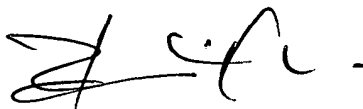
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the Consolidated Financial Statements are prepared is consistent with the Consolidated 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company Consolidated 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.



Benjamin Halstead (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountant & statutory auditor

Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedfordshire
MK44 3BZ

14 December 2016

Pico Technology (Holdings) Limited
Consolidated Statement of Comprehensive Income
Year ended 30 June 2016

	Note	2016 £	2015 £
Turnover	4	15,015,467	15,033,552
Cost of sales		<u>7,359,087</u>	<u>7,359,879</u>
Gross profit		7,656,380	7,673,673
Administrative expenses		<u>4,414,285</u>	<u>4,833,793</u>
Operating profit	5	3,242,095	2,839,880
Other interest receivable and similar income	9	11,825	7,005
Interest payable and similar charges	10	<u>6,771</u>	<u>15,140</u>
Profit on ordinary activities before taxation		3,247,149	2,831,745
Tax on profit on ordinary activities	11	<u>614,364</u>	<u>520,275</u>
Profit for the financial year		<u>2,632,785</u>	<u>2,311,470</u>
Revaluation of tangible assets		–	44,905
Foreign currency retranslation		<u>245,251</u>	<u>(6,634)</u>
Other comprehensive income for the year		245,251	38,271
Total comprehensive income for the year		<u>2,878,036</u>	<u>2,349,741</u>
Profit for the financial year attributable to:			
The owners of the parent company		<u>2,485,470</u>	<u>2,103,752</u>
Minority interests		<u>147,315</u>	<u>207,718</u>
		<u>2,632,785</u>	<u>2,311,470</u>
Total comprehensive income for the year attributable to:			
The owners of the parent company		<u>2,730,721</u>	<u>2,142,023</u>
Minority interests		<u>147,315</u>	<u>207,718</u>
		<u>2,878,036</u>	<u>2,349,741</u>

All the activities of the group are from continuing operations.

The notes on pages 16 to 30 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited
Consolidated Statement of Financial Position

30 June 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	14	57,762	70,017
Tangible assets	15	2,988,871	2,946,940
Investments	16	416	355
		<u>3,047,049</u>	<u>3,017,312</u>
Current assets			
Stocks	17	2,132,221	2,199,728
Debtors	18	1,858,757	3,942,529
Cash at bank and in hand		4,796,471	1,716,533
		<u>8,787,449</u>	<u>7,858,790</u>
Creditors: amounts falling due within one year	19	1,374,363	2,166,362
Net current assets		<u>7,413,086</u>	<u>5,692,428</u>
Total assets less current liabilities		<u>10,460,135</u>	<u>8,709,740</u>
Creditors: amounts falling due after more than one year	20	32,272	21,807
Provisions			
Taxation including deferred tax	22	2,229	34,665
Net assets		<u>10,425,634</u>	<u>8,722,598</u>
Capital and reserves			
Called up share capital	24	1,000	1,000
Share premium account	25	99,000	99,000
Revaluation reserve	25	44,905	44,905
Other reserves	25	576	576
Profit and loss account	25	9,757,235	8,201,514
Equity attributable to the owners of the parent company		<u>9,902,716</u>	<u>8,346,995</u>
Minority interests		<u>522,918</u>	<u>375,603</u>
		<u>10,425,634</u>	<u>8,722,598</u>

The consolidated statement of financial position
continues on the following page.

The notes on pages 16 to 30 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited

Consolidated Statement of Financial Position *(continued)*

30 June 2016

These Consolidated Financial Statements were approved by the board of directors and authorised for issue on 14 December 2016, and are signed on behalf of the board by:



A Tong
Director

Company registration number: 05286537

The notes on pages 16 to 30 form part of these Consolidated Financial Statements.


Pico Technology (Holdings) Limited

Company Statement of Financial Position

30 June 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	15	2,445,178	645,178
Investments	16	<u>896,061</u>	<u>896,061</u>
		3,341,239	1,541,239
Current assets			
Debtors	18	280,319	594,748
Cash at bank and in hand		<u>1,000,000</u>	<u>—</u>
		1,280,319	594,748
Creditors: amounts falling due within one year	19	<u>1,297,202</u>	<u>6,085</u>
Net current liabilities/assets		16,883	588,663
Total assets less current liabilities		<u>3,324,356</u>	<u>2,129,902</u>
Capital and reserves			
Called up share capital	24	1,000	1,000
Share premium account	25	99,000	99,000
Revaluation reserve	25	44,905	44,905
Profit and loss account	25	<u>3,179,451</u>	<u>1,984,997</u>
Shareholders funds		<u>3,324,356</u>	<u>2,129,902</u>

These Consolidated Financial Statements were approved by the board of directors and authorised for issue on 14 December 2016, and are signed on behalf of the board by:



A Tong
Director

Company registration number: 05286537

The notes on pages 16 to 30 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited
Consolidated Statement of Changes in Equity
Year ended 30 June 2016

	Note	Called up share capital £	Share premium account £	Revaluati on reserve £	Other reserves £	Profit and loss account £	Equity attributab le to the owners of the parent company £	Minority interests £	Total £
At 1 July 2014		1,000	99,000	–	576	6,404,396	6,504,972	167,885	6,672,857
Profit for the year						2,103,752	2,103,752	207,718	2,311,470
Other comprehensive income for the year:									
Revaluation of tangible assets	15	–	–	44,905	–	–	44,905	–	44,905
Foreign currency retranslation		–	–	–	–	(6,634)	(6,634)	–	(6,634)
Total comprehensive income for the year		–	–	44,905	–	2,097,118	2,142,023	207,718	2,349,741
Dividends paid and payable	13	–	–	–	–	(300,000)	(300,000)	–	(300,000)
Total investments by and distributions to owners		–	–	–	–	(300,000)	(300,000)	–	(300,000)
At 30 June 2015		1,000	99,000	44,905	576	8,201,514	8,346,995	375,603	8,722,598
Profit for the year						2,485,470	2,485,470	147,315	2,632,785
Other comprehensive income for the year:									
Foreign currency retranslation		–	–	–	–	245,251	245,251	–	245,251
Total comprehensive income for the year		–	–	–	–	2,730,721	2,730,721	147,315	2,878,036

The consolidated statement of changes in equity
continues on the following page.
The notes on pages 16 to 30 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited
Consolidated Statement of Changes in Equity *(continued)*
Year ended 30 June 2016

	Note	Called up share capital £	Share premium account £	Revaluati on reserve £	Other reserves £	Profit and loss account £	Equity attributab le to the owners of the parent company £	Minority interests £	Total £
Dividends paid and payable						(1,175,000)	(1,175,000)		(1,175,000)
	13	—	—	—	—	0)	0)	—	0)
Total investments by and distributions to owners		—	—	—	—	(1,175,000)	(1,175,000)	—	(1,175,000)
		—	—	—	—	0)	0)	—	0)
At 30 June 2016		<u>1,000</u>	<u>99,000</u>	<u>44,905</u>	<u>576</u>	<u>9,757,235</u>	<u>9,902,716</u>	<u>522,918</u>	10,425,634

The notes on pages 16 to 30 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited

Company Statement of Changes in Equity

Year ended 30 June 2016

	Note	Called up share capital £	Share premium account £	Revaluatio n reserve £	Profit and loss account £	Total £
At 1 July 2014		1,000	99,000	–	247,355	347,355
Profit for the year					2,037,642	2,037,642
Other comprehensive income for the year:						
Revaluation of tangible assets	15	–	–	44,905	–	44,905
Total comprehensive income for the year		–	–	44,905	2,037,642	2,082,547
Dividends paid and payable	13	–	–	–	(300,000)	(300,000)
Total investments by and distributions to owners		–	–	–	(300,000)	(300,000)
At 30 June 2015		1,000	99,000	44,905	1,984,997	2,129,902
Profit for the year					2,369,454	2,369,454
Total comprehensive income for the year		–	–	–	2,369,454	2,369,454
Dividends paid and payable	13	–	–	–	(1,175,000)	(1,175,000)
Total investments by and distributions to owners		–	–	–	(1,175,000)	(1,175,000)
At 30 June 2016		<u>1,000</u>	<u>99,000</u>	<u>44,905</u>	<u>3,179,451</u>	<u>3,324,356</u>

The notes on pages 16 to 30 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited

Consolidated Statement of Cash Flows

Year ended 30 June 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	2,632,785	2,311,470
<i>Adjustments for:</i>		
Depreciation of tangible assets	194,731	200,403
Amortisation of intangible assets	12,255	12,255
Other interest receivable and similar income	(11,825)	(7,005)
Interest payable and similar charges	6,771	15,140
Tax on profit on ordinary activities	614,364	520,275
Accrued (income)/expenses	(65,104)	142,145
<i>Changes in:</i>		
Stocks	67,507	(635,995)
Trade and other debtors	2,083,772	(2,428,888)
Trade and other creditors	(277,659)	399,932
Cash generated from operations	5,257,597	529,732
Interest paid	(6,771)	(15,140)
Interest received	11,825	7,005
Tax paid	(570,276)	(546,479)
Net cash from/(used in) operating activities	<u>4,692,375</u>	<u>(24,882)</u>
Cash flows from investing activities		
Purchase of tangible assets	(148,282)	(149,217)
Net cash used in investing activities	<u>(148,282)</u>	<u>(149,217)</u>
Cash flows from financing activities		
Loan repayments	(445,965)	(480,739)
Non cash adjustment for minority interests and foreign exchange on consolidation	156,810	(14,696)
Dividends paid	(1,175,000)	(300,000)
Net cash used in financing activities	<u>(1,464,155)</u>	<u>(795,435)</u>
Net increase/(decrease) in cash and cash equivalents	3,079,938	(969,534)
Cash and cash equivalents at beginning of year	1,716,533	2,686,067
Cash and cash equivalents at end of year	<u>4,796,471</u>	<u>1,716,533</u>

The notes on pages 16 to 30 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited
Notes to the Consolidated Financial Statements
Year ended 30 June 2016

1. Statement of compliance

These Consolidated Financial Statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Group and company information

Pico Technology (Holdings) Limited is a Limited company, incorporated in England and Wales. The registered office is the principal place of business for its subsidiary company Pico Technology Limited. The principal activity of the company during the year was that of a holding company and the principal activity of its subsidiary companies was that of software development and manufacture of software and electrical products.

The business activities of the group, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the group, the group objectives, policies and processes for managing its exposure to financial risks.

3. Accounting policies

Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The Consolidated Financial Statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 July 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 28.

Consolidation

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

3. Accounting policies *(continued)*

Minority interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Judgements and key sources of estimation uncertainty

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.

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 disclosed in the accounting policies.

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 within the next financial year are as disclosed in the accounting policies and below.

1 Depreciation charge

The annual depreciation charge for each class of tangible fixed asset is based on an estimate of the useful economic life of the respective assets. This is reviewed periodically by the directors to ensure that they reflect both the external and internal factors.

2 Stock provision

Stock and work in progress are stated net of a provision for slow moving and obsolete stock. The directors review this provision periodically to ensure slow moving and obsolete stock is identified and the provisions are appropriately calculated.

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

3. Accounting policies *(continued)*

Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are 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 measured 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 difference.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill on consolidation - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	Land 0%, buildings 2.5% per annum straight line
Plant and machinery	-	20% reducing balance
Fixtures and fittings	-	20% reducing balance
Motor Vehicles	-	25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

3. Accounting policies *(continued)*

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is computed on a first in first out basis.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2016	2015
	£	£
Sale of goods	<u>15,015,467</u>	<u>15,033,552</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

4. Turnover *(continued)*

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016	2015
	£	£
United Kingdom	3,941,443	3,442,356
Europe	4,197,574	3,391,457
Rest of the World	6,876,450	8,199,739
	<u>15,015,467</u>	<u>15,033,552</u>

5. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Amortisation of intangible assets	12,255	12,255
Depreciation of tangible assets	194,731	200,403
Foreign exchange differences	(513,689)	51,667
Defined contribution plans expense	<u>382,491</u>	<u>462,637</u>

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the consolidated financial statements	<u>12,700</u>	<u>12,300</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>9,700</u>	<u>9,686</u>

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Administrative staff	12	11
Directors	3	3
Sales, marketing and distribution	20	18
Production and purchasing	21	21
Développement	40	37
Technical support	10	10
	<u>106</u>	<u>100</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

7. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	3,738,139	3,367,505
Social security costs	314,730	285,011
Other pension costs	382,491	462,637
	<u>4,435,360</u>	<u>4,115,153</u>

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	145,740	127,962
Company contributions to defined contribution pension plans	150,000	259,200
	<u>295,740</u>	<u>387,162</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

G A Roderick, a director of the company, received fees from the group for consultancy services. The total chargeable for the year was £25,194 (2015 £27,127). At the year end G A Roderick was owed £nil (2015 £nil) by the group.

9. Other interest receivable and similar income

	2016	2015
	£	£
Interest on cash and cash equivalents	11,614	5,119
Interest receivable on early payment of corporation tax	211	1,886
	<u>11,825</u>	<u>7,005</u>

10. Interest payable and similar charges

	2016	2015
	£	£
Interest on banks loans and overdrafts	<u>6,771</u>	<u>15,140</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

11. Tax on profit on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	328,000	304,757
Adjustments in respect of prior periods	<u>(8,666)</u>	<u>(36,435)</u>
Total UK current tax	319,334	268,322
Foreign current tax expense	258,136	284,242
Total current tax	<u>577,470</u>	<u>552,564</u>
Deferred tax:		
Origination and reversal of timing differences	36,894	(32,289)
Tax on profit on ordinary activities	<u>614,364</u>	<u>520,275</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.75%).

	2016 £	2015 £
Profit on ordinary activities before taxation	3,247,149	2,831,745
Profit on ordinary activities by rate of tax	648,341	587,587
Effect of expenses not deductible for tax purposes	888	1,236
Effect of capital allowances and depreciation	(40,370)	8,644
Effect of different UK tax rates on some earnings	–	597
Over provision in earlier years	(8,666)	(36,307)
Enhanced research and development relief	(113,145)	(91,678)
Patent box claim	(44,841)	(50,618)
Other items including adjustments as a result of consolidation	80,429	(9,266)
Adjustments due to tax rates in other countries	91,728	110,080
Tax on profit on ordinary activities	<u>614,364</u>	<u>520,275</u>

12. Profit for the year of the parent company

The profit for the financial year of the parent company was £2,369,454 (2015: £2,037,642).

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016	2015
	£	£
Equity dividends on ordinary shares	<u>1,175,000</u>	<u>300,000</u>

14. Intangible assets

Group	Goodwill
	£
Cost	
At 1 Jul 2015 and 30 Jun 2016	<u>122,557</u>
Amortisation	
At 1 July 2015	52,540
Charge for the year	<u>12,255</u>
At 30 June 2016	<u>64,795</u>
Carrying amount	
At 30 June 2016	<u>57,762</u>
At 30 June 2015	<u>70,017</u>

The company has no intangible assets.

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

15. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Investment property £	Total £
Cost						
At 1 Jul 2015	2,288,769	276,993	520,134	167,590	645,178	3,898,664
Additions	79,167	4,999	64,116	—	—	148,282
Disposals	—	(4,444)	—	—	—	(4,444)
Transfers	—	8,870	(8,870)	—	—	—
Other movements	64,789	35,489	14,453	—	—	114,731
At 30 Jun 2016	2,432,725	321,907	589,833	167,590	645,178	4,157,233
Depreciation						
At 1 Jul 2015	338,226	107,054	396,372	110,072	—	951,724
Charge for the year	52,980	57,622	64,956	19,173	—	194,731
Disposals	—	(4,444)	—	—	—	(4,444)
Transfers	—	7,115	(7,115)	—	—	—
Other movements	5,614	14,070	6,667	—	—	26,351
At 30 Jun 2016	396,820	181,417	460,880	129,245	—	1,168,362
Carrying amount						
At 30 Jun 2016	2,035,905	140,490	128,953	38,345	645,178	2,988,871
At 30 Jun 2015	1,950,543	169,939	123,762	57,518	645,178	2,946,940
Company				Long leasehold property £	Investment property £	Total £
Cost						
At 1 July 2015				—	645,178	645,178
Additions				1,800,000	—	1,800,000
At 30 June 2016				1,800,000	645,178	2,445,178
Depreciation						
At 1 Jul 2015 and 30 Jun 2016				—	—	—
Carrying amount						
At 30 June 2016				1,800,000	645,178	2,445,178
At 30 June 2015				—	645,178	645,178

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

15. Tangible assets *(continued)*

Included in Freehold Property is Land totalling £37,718 (2015 - £37,718) which is not subject to depreciation.

The group and company hold an investment property in Southwold which has been made available to all UK group employees as holiday accommodation. The group and company also hold further investment property. The valuation has been made by the directors, on an open market value for existing use basis.

16. Investments

Group	Other investment s other than loans £
Cost	
At 1 July 2015	355
Revaluations	61
At 30 June 2016	416
Impairment	
At 1 Jul 2015 and 30 Jun 2016	—
Carrying amount	
At 30 June 2016	416
At 30 June 2015	355
 Company	 Shares in group undertakin gs £
Cost	
At 1 July 2015	896,061
At 30 June 2016	896,061
Impairment	
At 1 Jul 2015 and 30 Jun 2016	—
Carrying amount	
At 30 June 2016	896,061
At 30 June 2015	896,061

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

16. Investments *(continued)*

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Pico Technology Limited	United Kingdom	Ordinary	100
Pico North America Holdings Inc.	United States	Ordinary	100
Pico North America Inc.	United States	Ordinary	69
Eltesta	Lithuania	Ordinary	50

17. Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Raw materials and consumables	400,491	317,768	—	—
Work in progress	441,054	689,101	—	—
Finished goods and goods for resale	1,290,676	1,192,859	—	—
	<u>2,132,221</u>	<u>2,199,728</u>	<u>—</u>	<u>—</u>

18. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	1,612,436	3,690,312	—	—
Amounts owed by group undertakings	—	—	280,319	594,748
Prepayments and accrued income	107,119	90,970	—	—
Other debtors	139,202	161,247	—	—
	<u>1,858,757</u>	<u>3,942,529</u>	<u>280,319</u>	<u>594,748</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

19. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	–	444,370	–	–
Trade creditors	692,315	995,989	–	–
Amounts owed to group undertakings	–	–	1,288,232	–
Accruals and deferred income	554,175	619,279	–	–
Corporation tax	13,279	6,085	8,970	6,085
Social security and other taxes	94,288	80,871	–	–
Director loan accounts	336	1,931	–	–
Pension creditor	19,970	17,837	–	–
	<u>1,374,363</u>	<u>2,166,362</u>	<u>1,297,202</u>	<u>6,085</u>

The bank loan was secured on the property included in fixed assets, it was repaid in full during the year.

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Other creditors	<u>32,272</u>	<u>21,807</u>	<u>–</u>	<u>–</u>

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in provisions (note 22)	<u>2,229</u>	<u>(34,665)</u>	<u>–</u>	<u>–</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	74,457	71,752	–	–
Pension benefit obligations	(3,994)	(3,548)	–	–
Profit on inter-group stock	(68,234)	(102,869)	–	–
	<u>2,229</u>	<u>(34,665)</u>	<u>–</u>	<u>–</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2016

22. Provisions

Group	Deferred tax (note 21) £
At 1 July 2015	(34,665)
Charge against provision	36,894
At 30 June 2016	<u>2,229</u>

The company does not have any provisions.

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £382,491 (2015: £462,637).

24. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

25. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Directors' advances, credits and guarantees

The directors have a loan account with the subsidiary company, Pico Technology Limited. The loan account remained in credit throughout the year and the balances are as disclosed in note 19 of these financial statements.

Pico Technology (Holdings) Limited

Notes to the Consolidated Detailed Income Statement *(continued)*

Year ended 30 June 2016

2016	2015
£	£

27. Related party transactions

Company

The group was under the control of A Tong throughout the current and previous year. A Tong is the managing director and majority shareholder.

The group has taken advantage of the exemption available under Financial Reporting Standard 102 not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

The following dividends were paid to directors who served during the year:

A Tong £705,000 (2015 £180,000)

C Tong £470,000 (2015 £120,000)

The total remuneration paid to key management personnel in the year was £170,934 (2015 £155,089).

28. Transition to FRS 102

These are the first Consolidated Financial Statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 July 2014.

No transitional adjustments were required in equity or profit or loss for the year.