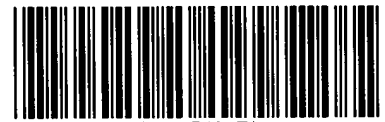


COMPANY REGISTRATION NUMBER 05286537

PICO TECHNOLOGY (HOLDINGS) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2015

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PICO TECHNOLOGY (HOLDINGS) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

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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 Accountants
& Statutory Auditor
Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedfordshire
MK44 3BZ

PICO TECHNOLOGY (HOLDINGS) LIMITED

STRATEGIC REPORT

YEAR ENDED 30 JUNE 2015

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 our business and is written in the context of the risks and uncertainties we face.

The group specialises in the development and manufacture of software and electronic products.

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.

We are pleased to report a 21% increase in turnover, up from £12.5m in 2014 to £15m this year. At 30 June 2015 the group had retained shareholders funds of £8.3m (2014 £6.5m) and the group balance sheet showed net current assets of £7.9m (2014 £4.4m).

The group is looking to consolidate its activities in the UK during the forthcoming year and develop its trading in the US market alongside its associated US entities. There are further large international automotive projects in the pipeline and these are being developed between the UK and US locations.

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

1. The impact of changes to the economic outlook of the European Union 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 groups' principal financial instruments comprise cash, bank borrowings and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial 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 cashflow as well as profitability. The group manage 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. The group does not carry out its own financial hedging to mitigate these risks but it does try to minimise exposure wherever possible.
3. Reduction in demand. The group operate through a number of distributors worldwide and record and compare the pattern of orders received. This enables them to assess, with a reasonable degree of accuracy the short term effects of changes in demand.

PICO TECHNOLOGY (HOLDINGS) LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 30 JUNE 2015

The group monitor their financial affairs with particular attention to gross margins by product. Management accounting information covering all areas of the accounts is reviewed against budgets on a regular basis.

Signed by order of the directors



Mrs J E A Percy
Company Secretary

Approved by the directors on 10 December 2015

PICO TECHNOLOGY (HOLDINGS) LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2015

The directors present their report and the financial statements of the group for the year ended 30 June 2015.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,103,752. Particulars of dividends paid are detailed in note 9 to the 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 2015 amounted to £191,849 (2014 £232,904).

DIRECTORS

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

A Tong
Mrs C Tong
G A Roderick

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PICO TECHNOLOGY (HOLDINGS) LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2015

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

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has 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 company's auditor is aware of that information.

Signed by order of the directors



Mrs J E A Percy
Company Secretary

Approved by the directors on 10 December 2015

PICO TECHNOLOGY (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PICO TECHNOLOGY (HOLDINGS) LIMITED

YEAR ENDED 30 JUNE 2015

We have audited the group and parent company financial statements of Pico Technology (Holdings) Limited for the year ended 30 June 2015 which comprise the Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Cash Flow Statement 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).

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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the 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 financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2015 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.

PICO TECHNOLOGY (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PICO TECHNOLOGY (HOLDINGS) LIMITED *(continued)*

YEAR ENDED 30 JUNE 2015

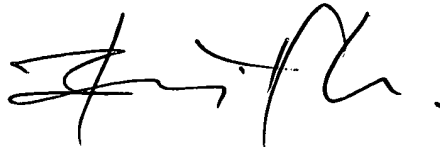
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



BENJAMIN HALSTEAD (Senior
Statutory Auditor)
For and on behalf of
STREETS AUDIT LLP
Chartered Accountants
& Statutory Auditor

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

10 December 2015

PICO TECHNOLOGY (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2015

	Note	2015 £	2014 £
GROUP TURNOVER	2	15,033,552	12,468,981
Cost of sales		7,359,879	6,237,367
GROSS PROFIT		7,673,673	6,231,614
Administrative expenses		4,833,793	4,074,716
OPERATING PROFIT	3	2,839,880	2,156,898
Interest receivable		7,005	4,393
Interest payable and similar charges	6	(15,140)	(30,546)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,831,745	2,130,745
Tax on profit on ordinary activities	7	520,275	424,217
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,311,470	1,706,528
Minority interests		207,718	60,037
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	8	2,103,752	1,646,491
PROFIT FOR THE FINANCIAL YEAR		2,103,752	1,646,491

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

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account.

The notes on pages 13 to 28 form part of these financial statements.

PICO TECHNOLOGY (HOLDINGS) LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 JUNE 2015

	2015 £	2014 £
Profit for the financial year attributable to the shareholders of the parent company	2,103,752	1,646,491
Unrealised profit on revaluation of tangible fixed assets:		
Investment property	44,905	—
	<u>2,148,657</u>	<u>1,646,491</u>
Exchange differences on retranslation of net assets of subsidiary undertakings	(6,634)	(25,554)
Total gains and losses recognised since the last annual report	<u><u>2,142,023</u></u>	<u><u>1,620,937</u></u>

The notes on pages 13 to 28 form part of these financial statements.

PICO TECHNOLOGY (HOLDINGS) LIMITED

GROUP BALANCE SHEET

30 JUNE 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Intangible assets	10	70,017	82,272
Tangible assets	11	2,946,940	2,945,079
Investments	12	355	435
		<u>3,017,312</u>	<u>3,027,786</u>
CURRENT ASSETS			
Stocks	13	2,199,728	1,563,733
Debtors	14	3,977,194	1,516,017
Cash at bank		1,716,533	2,686,067
		<u>7,893,455</u>	<u>5,765,817</u>
CREDITORS: Amounts falling due within one year	16	<u>2,166,362</u>	<u>1,402,023</u>
NET CURRENT ASSETS		<u>5,727,093</u>	<u>4,363,794</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,744,405</u>	<u>7,391,580</u>
CREDITORS: Amounts falling due after more than one year	17	<u>21,807</u>	<u>718,723</u>
		<u>8,722,598</u>	<u>6,672,857</u>
MINORITY INTERESTS		<u>375,603</u>	<u>167,885</u>
		<u>8,346,995</u>	<u>6,504,972</u>
CAPITAL AND RESERVES			
Called up equity share capital	19	1,000	1,000
Share premium account	20	99,000	99,000
Revaluation reserve	20	44,905	—
Other reserves	20	576	576
Profit and loss account	20	8,201,514	6,404,396
SHAREHOLDERS' FUNDS	21	<u>8,346,995</u>	<u>6,504,972</u>

These accounts were approved by the directors and authorised for issue on 10 December 2015 and are signed on their behalf by:



A TONG
Director

The notes on pages 13 to 28 form part of these financial statements.

PICO TECHNOLOGY (HOLDINGS) LIMITED

BALANCE SHEET

30 JUNE 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets	11	645,178	600,273
Investments	12	896,061	601,920
		<u>1,541,239</u>	<u>1,202,193</u>
CURRENT ASSETS			
Debtors	14	594,748	629,708
CREDITORS: Amounts falling due within one year	16	<u>6,085</u>	<u>1,484,546</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>588,663</u>	<u>(854,838)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,129,902</u>	<u>347,355</u>
CAPITAL AND RESERVES			
Called up equity share capital	19	1,000	1,000
Share premium account	20	99,000	99,000
Revaluation reserve	20	44,905	—
Profit and loss account	20	1,984,997	247,355
SHAREHOLDERS' FUNDS		<u>2,129,902</u>	<u>347,355</u>

These accounts were approved by the directors and authorised for issue on 10 December 2015 and are signed on their behalf by:



A TONG
Director

Company Registration Number: 05286537

The notes on pages 13 to 28 form part of these financial statements.

PICO TECHNOLOGY (HOLDINGS) LIMITED

GROUP CASH FLOW CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2015

		2015	2014
	Note	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	506,195	2,435,204
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	(8,135)	(26,153)
TAXATION	22	(557,514)	(716,683)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22	(149,217)	(408,879)
EQUITY DIVIDENDS PAID		(300,000)	(337,400)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(508,671)	946,089
FINANCING	22	(460,863)	(388,182)
(DECREASE)/INCREASE IN CASH	22	(969,534)	557,907

The notes on pages 13 to 28 form part of these financial statements.

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover represents the value of goods and services provided, excluding value added tax. Turnover is recognised when the risks and rewards of ownership transfer.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Goodwill

Positive purchased goodwill arising on acquisition is capitalised, classified as an asset on the Balance Sheet and amortised over its useful economic life. Where a reliable estimate of the useful economic life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years. Useful economic lives are reviewed at the end of each reporting period and revised if necessary, subject to the constraint that the revised life shall not exceed 20 years from the date of acquisition. The carrying amount at the date of revision is depreciated over the revised estimate of remaining useful economic life.

Amortisation

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

Goodwill - 10% per annum straight line

Fixed assets

All fixed assets are initially recorded at cost.

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

1. ACCOUNTING POLICIES *(continued)*

Depreciation

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

Freehold Property	-	land 0%, buildings 2.5% per annum straight line
Long leasehold Property	-	2% per annum straight line
Plant & Machinery	-	20% per annum reducing balance
Fixtures & Fittings	-	20% per annum reducing balance
Motor Vehicles	-	25% per annum straight line
Computers	-	33% per annum straight line

Investment properties

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve unless a deficit, or its reversal is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 (Accounting for Investment Properties) which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure of the provisions of the Act is required in order to give a true and fair view.

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.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress due to the fact that work in progress represents a stage in the process between raw materials and finished goods held as retail stock as opposed to goods manufactured for a specific contract.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- 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.

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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

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

Investments

Investments are initially recorded at cost and subsequently included in the accounts at the lower of cost and recoverable amount. Income from investments is included in the profit and loss account in the accounting period to which it relates.

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.
An analysis of turnover is given below:

	2015	2014
	£	£
United Kingdom	3,442,356	3,606,572
Europe	3,391,457	3,704,927
Rest of the World	8,199,739	5,157,482
	<u>15,033,552</u>	<u>12,468,981</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2015	2014
	£	£
Amortisation of intangible assets	12,255	12,255
Depreciation of owned fixed assets	200,403	98,678
Loss on disposal of fixed assets	—	609
Auditor's remuneration		
- as auditor	12,300	12,000
- for other services	9,686	7,104
Net loss on foreign currency translation	51,667	10,638
Research and development costs	<u>156,682</u>	<u>234,687</u>

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

4. PARTICULARS OF EMPLOYEES

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

	2015	2014
	No	No
Directors	3	3
Sales, marketing and distribution	18	18
Production and purchasing	21	20
Development	37	32
Technical support	10	9
Administration	11	11
	<u>100</u>	<u>93</u>

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	3,367,505	2,911,781
Social security costs	285,011	257,482
Other pension costs	462,637	342,911
	<u>4,115,153</u>	<u>3,512,174</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Remuneration receivable	127,962	123,697
Value of company pension contributions to money purchase schemes	259,200	200,800
	<u>387,162</u>	<u>324,497</u>

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

	2015	2014
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

G A Roderick, a director of the company, received fees from the group for consultancy services. In the year to 30 June 2015 the total chargeable to the company was £27,127 (2014 £26,303). At the balance sheet date G S Roderick was owed £nil (2014 - £462) by the company.

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Interest payable on bank borrowing	<u>15,140</u>	<u>30,546</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015	2014
	£	£
Current tax:		
UK Taxation		
In respect of the year:		
UK Corporation tax based on the results for the year	304,757	338,893
Over/under provision in prior year	<u>(36,435)</u>	<u>-</u>
	268,322	338,893
Foreign tax		
Current tax on income for the year	<u>284,242</u>	<u>147,210</u>
Total current tax	552,564	486,103
Deferred tax:		
Origination and reversal of timing differences	<u>(32,289)</u>	<u>(61,886)</u>
Tax on profit on ordinary activities	<u>520,275</u>	<u>424,217</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20.75% (2014 - 22.50%).

	2015	2014
	£	£
Profit on ordinary activities before taxation	<u>2,831,745</u>	<u>2,130,745</u>
Profit on ordinary activities by rate of tax	587,587	479,418
Expenses not deductible for tax purposes	1,236	6,590
Accelerated capital allowances	8,644	(10,945)
Enhanced R & D relief	(91,678)	(63,273)
Adjustments as a result of consolidation	23,620	33,494
Adjustments due to tax rates in other countries	110,080	40,819
Patent box claim	(50,618)	-
Over provision in earlier years	<u>(36,307)</u>	<u>-</u>
Total current tax (note 7(a))	<u>552,564</u>	<u>486,103</u>

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £2,037,642 (2014 - £355,297).

9. DIVIDENDS

Equity dividends

	2015 £	2014 £
Paid		
Equity dividends on ordinary shares	<u>300,000</u>	<u>337,400</u>

10. INTANGIBLE ASSETS

Group	Goodwill £
COST	
At 1 July 2014 and 30 June 2015	<u>122,557</u>
AMORTISATION	
At 1 July 2014	40,285
Charge for the year	<u>12,255</u>
At 30 June 2015	<u>52,540</u>
NET BOOK VALUE	
At 30 June 2015	<u>70,017</u>
At 30 June 2014	<u>82,272</u>

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

11. TANGIBLE ASSETS

Group	Freehold Property £	Long Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Other Assets £	Total £
COST OR VALUATION						
At 1 Jul 2014	360,713	1,910,475	176,192	339,965	910,675	3,698,020
Additions	—	—	115,040	25,327	8,850	149,217
Disposals	—	—	(2,355)	—	—	(2,355)
Revaluation	—	—	—	—	44,905	44,905
Exchange rate movements	17,581	—	(11,884)	2,527	653	8,877
At 30 Jun 2015	378,294	1,910,475	276,993	367,819	965,083	3,898,664
DEPRECIATION						
At 1 Jul 2014	19,874	267,467	63,324	189,988	212,288	752,941
Charge for the year	12,190	38,206	46,007	71,955	32,045	200,403
On disposals	—	—	(2,355)	—	—	(2,355)
Exchange rate movements	489	—	78	168	—	735
At 30 Jun 2015	32,553	305,673	107,054	262,111	244,333	951,724
NET BOOK VALUE						
At 30 Jun 2015	345,741	1,604,802	169,939	105,708	720,750	2,946,940
At 30 Jun 2014	340,839	1,643,008	112,868	149,977	698,387	2,945,079

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

11. TANGIBLE ASSETS *(continued)*

Company	Investment property £
COST OR VALUATION	
At 1 July 2014	600,273
Revaluation	44,905
At 30 June 2015	645,178
DEPRECIATION	
At 1 July 2014 and 30 June 2015	—
NET BOOK VALUE	
At 30 June 2015	645,178
At 30 June 2014	600,273

Included in Freehold Property is Land totalling £37,718 (2014 - £37,718) which is not subject to depreciation.

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

12. INVESTMENTS

Group	£
COST	
At 1 July 2014 and 30 June 2015	355
NET BOOK VALUE	
At 30 June 2015 and 30 June 2014	355

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

Company	Group companies
	£
COST	
At 1 July 2014	601,920
Additions	294,141
At 30 June 2015	<u>896,061</u>
NET BOOK VALUE	
At 30 June 2015	<u>896,061</u>
At 30 June 2014	<u>601,920</u>

Company investments

The parent company has investments in the following companies which are unlisted:

100% of the ordinary shares in Pico Technology Limited, a company incorporated in England and Wales. The principal activity of the company is the manufacture and resale of software and electronic products.

100% of the ordinary shares in Pico North America Holdings Inc, a company incorporated in America. The principal activity of the company is property investment.

71% of the ordinary shares in Pico North America Inc, a company incorporated in America. The principal activity of the company is the manufacture and resale of software and electronic products.

Pico North America Inc trades through two Limited Liability Corporations (LLC's), Pico Sales and Distributions LLC and Pico Manufacturing LLC.

50% of the ordinary shares in UAB Eltesta, a company incorporated in Lithuania. The principal activity of the company is the manufacture and resale of software and electronic products.

13. STOCKS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Raw materials	317,768	272,867	—	—
Work in progress	689,101	308,010	—	—
Finished goods	1,192,859	982,856	—	—
	<u>2,199,728</u>	<u>1,563,733</u>	<u>—</u>	<u>—</u>

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

14. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	3,690,312	1,337,678	-	-
Amounts owed by group undertakings	-	-	594,748	629,708
Other debtors	161,247	61,220	-	-
Deferred taxation (Note 15)	34,665	2,376	-	-
Prepayments and accrued income	90,970	114,743	-	-
	<u>3,977,194</u>	<u>1,516,017</u>	<u>594,748</u>	<u>629,708</u>

15. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Asset/Provision brought forward	2,376	(59,510)	-	-
Increase in asset	32,289	61,886	-	-
Asset carried forward	<u>34,665</u>	<u>2,376</u>	<u>-</u>	<u>-</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2015		2014	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	(71,752)	-	(65,015)	-
Unrealised profit in group stock	102,869	-	70,374	-
Other timing differences	3,548	-	(2,983)	-
	<u>34,665</u>	<u>-</u>	<u>2,376</u>	<u>-</u>

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

16. CREDITORS: Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	444,370	208,317	–	–
Trade creditors	989,156	464,229	–	–
Amounts owed to group undertakings	–	–	–	1,484,118
Directors' loan accounts	1,931	141,048	–	–
Other creditors including taxation and social security:				
Corporation tax	7,893	12,843	6,085	428
Other taxation and social security	79,063	78,402	–	–
Other creditors	24,670	20,050	–	–
Accruals and deferred income	619,279	477,134	–	–
	<u>2,166,362</u>	<u>1,402,023</u>	<u>6,085</u>	<u>1,484,546</u>

Since the year end the bank loan has been repaid in full.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	<u>444,370</u>	<u>208,317</u>	<u>–</u>	<u>–</u>

17. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	–	699,174	–	–
Other creditors	<u>21,807</u>	<u>19,549</u>	<u>–</u>	<u>–</u>
	<u>21,807</u>	<u>718,723</u>	<u>–</u>	<u>–</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	<u>–</u>	<u>699,174</u>	<u>–</u>	<u>–</u>

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

17. CREDITORS: Amounts falling due after more than one year *(continued)*

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	—	459,174	—	—
	<u>—</u>	<u>459,174</u>	<u>—</u>	<u>—</u>

18. RELATED PARTY TRANSACTIONS

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 8 Related Party Disclosures 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 £180,000 (2014 £202,440)

C Tong £120,000 (2014 £134,960)

19. SHARE CAPITAL

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
	1,000	1,000	1,000	1,000
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

20. RESERVES

Group	Share premium account	Revaluation reserve	Other reserves	Profit and loss account
	£	£	£	£
Balance brought forward	99,000	—	576	6,404,396
Profit for the year	—	—	—	2,103,752
Equity dividends	—	—	—	(300,000)
Foreign exchange (losses) / gains on consolidation	—	—	—	(6,634)
Other gains and losses				
- Revaluation of fixed assets	—	44,905	—	—
Balance carried forward	<u>99,000</u>	<u>44,905</u>	<u>576</u>	<u>8,201,514</u>

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

20. RESERVES *(continued)*

Company	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance brought forward	99,000	—	247,355
Profit for the year	—	—	2,037,642
Equity dividends	—	—	(300,000)
Other gains and losses			
- Revaluation of fixed assets	—	44,905	—
Balance carried forward	<u>99,000</u>	<u>44,905</u>	<u>1,984,997</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Profit for the financial year	2,103,752	1,646,491
Other net recognised gains and losses	44,905	—
Equity dividends	(300,000)	(337,400)
Foreign exchange (losses) / gains on consolidation	(6,634)	(25,463)
Net addition to shareholders' funds	<u>1,842,023</u>	<u>1,283,628</u>
Opening shareholders' funds	<u>6,504,972</u>	<u>5,221,344</u>
Closing shareholders' funds	<u>8,346,995</u>	<u>6,504,972</u>

22. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Operating profit	2,839,880	2,156,898
Amortisation	12,255	12,255
Depreciation	200,403	98,678
Loss on disposal of fixed assets	—	609
(Increase)/decrease in stocks	(635,995)	584,307
Increase in debtors	(2,428,888)	(183,654)
Increase/(decrease) in creditors	533,236	(201,123)
Non cash adjustment for minority interests	(14,696)	(32,766)
Net cash inflow from operating activities	<u>506,195</u>	<u>2,435,204</u>

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

22. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015	2014
	£	£
Interest received	7,005	4,393
Interest paid	<u>(15,140)</u>	<u>(30,546)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(8,135)</u>	<u>(26,153)</u>

TAXATION

	2015	2014
	£	£
Taxation	<u>(557,514)</u>	<u>(716,683)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015	2014
	£	£
Payments to acquire tangible fixed assets	(149,217)	(409,533)
Receipts from sale of fixed assets	<u>–</u>	<u>654</u>
Net cash outflow for capital expenditure and financial investment	<u>(149,217)</u>	<u>(408,879)</u>

FINANCING

	2015	2014
	£	£
Repayment of bank loans	(463,121)	(393,359)
Net inflow from other long-term creditors	<u>2,258</u>	<u>5,177</u>
Net cash outflow from financing	<u>(460,863)</u>	<u>(388,182)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2015	2014
	£	£
(Decrease)/increase in cash in the period	(969,534)	557,907
Net cash outflow from bank loans	463,121	393,359
Net cash (inflow) from other long-term creditors	<u>(2,258)</u>	<u>(5,177)</u>
	(508,671)	946,089
Change in net funds	(508,671)	946,089
Net funds at 1 July 2014	1,759,027	812,938
Net funds at 30 June 2015	<u>1,250,356</u>	<u>1,759,027</u>

PICO TECHNOLOGY (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

22. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jul 2014 £	Cash flows £	At 30 Jun 2015 £
Net cash:			
Cash in hand and at bank	<u>2,686,067</u>	<u>(969,534)</u>	<u>1,716,533</u>
Debt:			
Debt due within 1 year	(208,317)	(236,053)	(444,370)
Debt due after 1 year	<u>(718,723)</u>	<u>696,916</u>	<u>(21,807)</u>
	<u>(927,040)</u>	<u>460,863</u>	<u>(466,177)</u>
Net funds	<u>1,759,027</u>	<u>(508,671)</u>	<u>1,250,356</u>