E T Enterprises Limited

Registered number: 06081468

Directors' report and financial statements

For the year ended 31 December 2017

COMPANY INFORMATION

Directors	L Ludlum S Ludlum (resigned 22 February 2018) A Cormack
Company secretary	G Chambers
Registered number	06081468
Registered office	45 Riverside Way Cowley Uxbridge Middlesex UB8 2YF
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor 45 Church Street Birmingham B3 2RT

E T ENTERPRISES LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The principal activities of ET Enterprises Limited (ETEL) are the design, development, manufacture, sales and marketing of photomultipliers and related electronics, housings, and sockets.

ETEL markets under the 'Electron Tubes' trade name and provides quality products designed to meet customers' unique specifications. ETEL also markets photomultipliers outside the USA manufactured by it's parent company under the 'ADIT' trade name. ETEL's sales in the USA are made to the parent company trading as ADIT/Electron Tubes, they market the Electron Tubes products in the USA.

ETEL also manufactures, markets and sells glass and crystal tableware under the trading names Plowden and Thompson and Tudor Crystal respectively. Plowden and Thompson melts a range of clear and coloured glasses and sells bespoke pressed and blown glassware and tubing. The Plowden and Thompson low background glasses are used in the manufacture of ETEL's photomultipliers.

ETEL's Sales in 2017 were £6.78m, up by 7% on 2016. Europe remains the major market for ETEL's sales.

The operating profit before interest and tax was £332k in 2017.

Business risks and uncertainties have been reviewed. With the majority of sales in euros the exchange rates with respect to Sterling provides a degree of uncertainty each financial year. In 2017 the Sterling has remained weak against the Euro through the early stages of negotiations to leave the European Union. The Euro to Sterling exchange rate is likely to remain uncertain at least through the period while the terms of exit are agreed. The ability to mirror production of the Electron tubes product range at the parent company's site in the USA offers continuity of supply in the event of unplanned disruption in the UK. Manufacturing both in the USA and the UK is seen to give added strength to the combined activities of ETEL and its parent company. In 2018 the parent company will continue sales of Electron Tubes photomultipliers manufactured and tested in the USA.

This report was approved by the board on 18 April 2018 and signed on its behalf.

Andrew J Cormack

A Cormack
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £258,901 *(2016 - £187,942)*.

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

L Ludlum
S Ludlum (resigned 22 February 2018)
A Cormack

Future developments

ET Enterprises Limited increased its profit in 2017 and similar performance is forecast in 2018. Our development expenditure in 2017 remains appropriate to our business at 5% of sales. Major developments are focussed on targeted opportunities in the marketplace along with increased automation in production.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no events since the balance sheet date that materially affects the position of the company.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 April 2018 and signed on its behalf.

A Cormack
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF E T ENTERPRISES LIMITED

Opinion

We have audited the financial statements of E T Enterprises Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

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 Auditor's 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.

Use of the audit 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF E T ENTERPRISES LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information the Strategic Report and the Directors' Report, other than the financial statements and our auditor's report 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF E T ENTERPRISES LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are 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 directors determine is 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 directors are 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 directors intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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 auditor's report.

Ian Holder (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

45 Church Street

Birmingham
B3 2RT

Date: 25 April 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	*2016* *£*
Turnover	3	**6,783,440**	*6,325,247*
Cost of sales		**(4,905,135)**	*(4,360,834)*
Gross profit		**1,878,305**	*1,964,413*
Distribution costs		**(424,697)**	*(399,670)*
Administrative expenses		**(1,121,627)**	*(1,196,866)*
Operating profit	4	**331,981**	*367,877*
Interest receivable and similar income	8	**348**	*189*
Interest payable and expenses	9	**(114,439)**	*(119,213)*
Profit before tax		**217,890**	*248,853*
Tax on profit	10	**41,011**	*(60,911)*
Profit for the financial year		**258,901**	*187,942*
Other comprehensive income for the year			
Other comprehensive income		-	-
Total comprehensive income for the year		**258,901**	*187,942*

E T ENTERPRISES LIMITED
REGISTERED NUMBER: 06081468

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	11		-		10,035
Tangible assets	12		3,006,044		3,086,584
			3,006,044		3,096,619
Current assets					
Stocks	13	2,291,051		2,519,410	
Debtors: amounts falling due within one year		708,445		630,344	
Cash at bank and in hand	15	981,625		492,502	
		3,981,121		3,642,256	
Creditors: amounts falling due within one year	16	(784,517)		(778,221)	
Net current assets			3,196,604		2,864,035
Total assets less current liabilities			6,202,648		5,960,654
Creditors: amounts falling due after more than one year	17		(2,528,933)		(2,565,741)
Provisions for liabilities					
Deferred tax		(33,364)		(13,463)	
			(33,364)		(13,463)
Net assets			3,640,351		3,381,450
Capital and reserves					
Called up share capital	21		10,000		10,000
Profit and loss account			3,630,351		3,371,450
			3,640,351		3,381,450

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

18 April 2018

Andrew J Cormack

A Cormack
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	10,000	3,371,450	3,381,450
Comprehensive income for the year			
Profit for the year	-	258,901	258,901
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	258,901	258,901
Total transactions with owners	-	-	-
At 31 December 2017	10,000	3,630,351	3,640,351

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	10,000	3,183,508	3,193,508
Comprehensive income for the year			
Profit for the year	-	187,942	187,942
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	187,942	187,942
Total transactions with owners	-	-	-
At 31 December 2016	10,000	3,371,450	3,381,450

The notes on pages 11 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	**258,901**	*187,942*
Adjustments for:		
Amortisation of intangible assets	**10,035**	*40,201*
Depreciation of tangible assets	**120,835**	*132,044*
Interest paid	**56,647**	*63,517*
Interest received	**(348)**	*(189)*
Taxation charge	**(41,011)**	*60,911*
Decrease in stocks	**228,359**	*244,214*
(Increase) in debtors	**(78,100)**	*(133,201)*
Decrease in amounts owed by groups	**-**	*17,965*
Increase/(decrease) in creditors	**24,958**	*(65,781)*
Increase in amounts owed to groups	**107,268**	*63,919*
Net cash generated from operating activities	**687,544**	*611,542*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(40,295)**	*(56,187)*
Interest received	**348**	*189*
Net cash from investing activities	**(39,947)**	*(55,998)*
Cash flows from financing activities		
Repayment of loans	**(90,678)**	*(86,925)*
Repayment of finance leases	**(11,149)**	*(9,270)*
Interest paid	**(56,647)**	*(63,517)*
Net cash used in financing activities	**(158,474)**	*(159,712)*
Net increase in cash and cash equivalents	**489,123**	*395,832*
Cash and cash equivalents at beginning of year	**492,502**	*96,670*
Cash and cash equivalents at the end of year	**981,625**	*492,502*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**981,625**	*492,502*
	981,625	*492,502*

1. Accounting policies

1.1 Basis of preparation of financial statements

ET Enterprises Limited (the Company) is a company limited by shares, incoroporated and domiciled in the United kingdom. The address of its registered office and principal place of business are as disclosed on the company information page of these financial statements.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1. Accounting policies (continued)

1.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2.5% on cost
Plant & machinery	- 10-20% on cost
Motor vehicles	- 33.33% on cost
Fixtures & fittings	- 10-20% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1. Accounting policies (continued)

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an

1. Accounting policies (continued)

1.8 Financial instruments (continued)

impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1. Accounting policies (continued)

1.13 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

1.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

Depreciation and residual values
The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

Stock provisioning
The Company measures inventories at the lower of cost and estimated selling price. Management is aware of the requirement to provide for obsolete and slow moving stock and utilise aged stock reports and budgeted future sales to identify any obsolete and slow moving stock that should be provided against.

Impairment of trade debtors
An estimate of the collectible amount of trade debtors is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

3. Turnover

Analysis of turnover by country of destination:

	2017 £	*2016 £*
United Kingdom	**1,580,553**	*1,955,817*
Rest of Europe	**3,989,669**	*3,345,808*
Rest of the world	**1,213,218**	*1,023,622*
	6,783,440	*6,325,247*

4. Operating profit

The operating profit is stated after charging / (crediting):

	2017 £	2016 £
Research & development	315,695	256,042
Operating lease rentals	8,856	10,846
Depreciation of tangible fixed assets	110,248	132,045
Amortisation of intangible assets, including goodwill	10,035	40,200
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14,350	14,000
Fees payable to the company's auditors for other assurance services	5,330	5,200
Fees payable to the company's auditors for other services	4,500	4,500
Exchange differences	(215,535)	(303,229)
Defined contribution pension cost	148,115	153,888

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	2,618,481	2,569,637
Social security costs	230,773	216,196
Cost of defined contribution scheme	148,115	153,888
	2,997,369	2,939,721

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Administration	8	10
Production	72	70
Marketing and Selling	9	10
	89	90

6. Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	104,367	117,079
Directors pension costs	19,719	21,545
	124,086	138,624

During the year retirement benefits were accruing to 1 directors *(2016 - 1)* in respect of defined contribution pension schemes.

7. Key management personnel

	2017	2016
	£	£
Wages & Salaries	246,683	286,112
Social security costs	30,665	34,726
Cost of defined contribution scheme	30,445	32,874
	307,793	353,712

The persons included are in administration and sales.

8. Interest receivable

	2017	2016
	£	£
Other interest receivable	348	189
	348	189

9. Interest payable and similar charges

	2017	2016
	£	£
Bank interest payable	56,647	63,517
Loans from group undertakings	57,792	55,696
	114,439	119,213

10. Taxation

	2017 £	*2016 £*
Current tax on profits for the year	-	*60,911*
Adjustments in respect of previous periods	(60,911)	-
Total current tax	**(60,911)**	*60,911*
Deferred tax		
Origination and reversal of timing differences	14,305	-
Adjustments in respect of prior periods	5,595	-
Total deferred tax	**19,900**	-
Taxation on (loss)/profit on ordinary activities	**(41,011)**	*60,911*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - higher than)* the standard rate of corporation tax in the UK of 19.25% *(2016 - 20%)*. The differences are explained below:

	2017 £	*2016 £*
Profit on ordinary activities before tax	217,890	*248,853*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	41,936	*49,771*
Effects of:		
Expenses not deductible for tax purposes	11,428	*11,326*
Fixed asset differences	2,003	*8,358*
Other permanent differences	48	-
Adjustments to tax charge in respect of prior periods	(55,316)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	*(75,400)*
Adjustment due to rate change	(7,633)	*1,772*
Unrelieved tax losses carried forward	-	*60,911*
Deferred tax not recognised	(33,477)	*4,173*
Total tax charge for the year	**(41,011)**	*60,911*

10. Taxation (continued)

Factors that may affect future tax charges

There are trading losses carried forward of £139,389 subject to agreement with HM Revenue & Customs. No deferred tax asset in respect of those losses has been recognised as there is insufficient evidence that the asset will be recoverable, as the company anticipates making taxable profits in future years.

11. Intangible assets

	Goodwill £
Cost	
At 1 January 2017	**401,963**
At 31 December 2017	**401,963**
Amortisation	
At 1 January 2017	**391,928**
Charge for the year	**10,035**
At 31 December 2017	**401,963**
Net book value	
At 31 December 2017	-
At 31 December 2016	*10,035*

12. Tangible fixed assets

	Freehold Land and buildings £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 January 2017	3,074,512	1,604,224	20,150	658,194	5,357,080
Additions	21,849	18,446	-	-	40,295
At 31 December 2017	3,096,361	1,622,670	20,150	658,194	5,397,375
Depreciation					
At 1 January 2017	296,464	1,358,976	20,150	594,906	2,270,496
Charge for the year on owned assets	62,276	45,251	-	13,308	120,835
At 31 December 2017	358,740	1,404,227	20,150	608,214	2,391,331
Net book value					
At 31 December 2017	2,737,621	218,443	-	49,980	3,006,044
At 31 December 2016	*2,778,048*	*245,248*	-	*63,288*	*3,086,584*

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	*2016 £*
Plant and machinery	34,667	*23,091*
	34,667	*23,091*

13. Stocks

	2017	2016
	£	£
Raw materials and consumables	579,138	660,847
Work in progress (goods to be sold)	873,083	888,407
Finished goods and goods for resale	838,830	970,156
	2,291,051	2,519,410

14. Debtors

	2017	2016
	£	£
Trade debtors	530,531	532,605
Other debtors	87,148	5,571
Prepayments and accrued income	90,766	92,168
	708,445	630,344

15. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	981,625	492,502
	981,625	492,502

16. Creditors: Amounts falling due within one year

	2017 £	*2016 £*
Bank loans	**94,594**	*90,679*
Trade creditors	**313,089**	*304,762*
Amounts owed to group undertakings	**57,706**	*8,223*
Corporation tax	**-**	*60,911*
Other taxation and social security	**70,030**	*54,339*
Obligations under finance lease and hire purchase contracts	**7,707**	*18,856*
Accruals and deferred income	**241,391**	*240,451*
	784,517	*778,221*

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

	2017 £	*2016 £*
Bank loans	**919,626**	*1,014,219*
Amounts owed to group undertakings	**1,609,307**	*1,551,522*
	2,528,933	*2,565,741*

Secured loans

The Natwest bank loan is secured against the freehold property. The loan bears interest of 3.25% over LIBOR plus mandatory cost.

18. Loans

Analysis of the maturity of loans is given below:

	2017 £	*2016 £*
Amounts falling due within one year		
Bank loans	**94,594**	*90,679*
	94,594	*90,679*
Amounts falling due 1-2 years		
Bank loans	**98,679**	*94,594*
	98,679	*94,594*
Amounts falling due 2-5 years		
Bank loans	**820,947**	*919,625*
	820,947	*919,625*
	1,014,220	*1,104,898*

19. Financial instruments

	2017 £	*2016* *£*
Financial assets		
Financial assets measured at fair value through profit or loss	**617,679**	*538,176*
	617,679	*538,176*

Financial liabilities		
Financial liabilities measured at undiscounted amount payable	**(1,405,046)**	*(1,543,766)*
Financial liabilities measured at amortised cost	**(1,667,013)**	*(1,559,745)*
	(3,072,059)	*(3,103,511)*

Financial assets measured at undiscounted amount receivable comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings.

Financial liabilities measured at undiscounted amount payable cost comprise bank loans, trade creditors, corporation tax, taxation and social security and obligations under finance lease.

20. Deferred taxation

	2017 £
At beginning of year	**(13,463)**
Charged to the profit or loss	**(19,900)**
At end of year	**(33,363)**

The provision for deferred taxation is made up as follows:

	2017 £	*2016* *£*
Accelerated capital allowances	**(58,665)**	*(61,899)*
Tax losses carried forward	**23,696**	*46,543*
Short term timing differences	**1,606**	*1,893*
	(33,363)	*(13,463)*

21. Share capital

	2017 £	*2016 £*
Allotted, called up and fully paid		
10,000 Ordinary shares shares of £1 each	**10,000**	*10,000*

22. Pension commitments

The company operates a defined contribution pension scheme for all employees within the Company.

The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions payable by the Company during the year amounted to £148,115 (2016: £153,888) and have been recognised in the profit and loss account. As at the balance sheet date, contributions amounting to £14,777 (2016: £14,903) had not been paid over to the fund and are included within creditors.

23. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	*2016 £*
Within 1 year	**4,704**	*7,840*
2 - 5 years	**8,624**	-
	13,328	*7,840*

24. Related party transactions

Advantage has been taken of the exemption contained in Financial Reporting Standard 102 (section 33.1A) from the requirement to disclose transactions with with the parent company on the grounds that ET Enterprises is a wholy owned subsidiary.

25. Controlling party

At 31 December 2017 the company's ultimate and immediate parent company was Ludlum Measurements Inc a company incorporated in the United States of America.