

Kromek (Germany) Limited
Annual report and financial statements
for the year ended 30 April 2015

Registered number: 08617204

WEDNESDAY



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Kromek (Germany) Limited
Annual report and financial statements
for the year ended 30 April 2015
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Kromek (Germany) Limited

Officers and professional advisors

DIRECTORS

Dr A Basu

Mr D Bulmer

COMPANY SECRETARY

Professor M Robinson

REGISTERED OFFICE

Netpark

Thomas Wright Way

Sedgefield

County Durham

TS21 3FD

BANKERS

HSBC Bank Plc

1 Saddler Street

Durham

County Durham

DH1 3NR

AUDITOR

Deloitte LLP

Chartered Accountants and Statutory Auditor

Newcastle upon Tyne

United Kingdom

NE1 2HF

LEGAL ADVISORS

Eversheds LLP

Bridgewater Place

Water Lane

Leeds

LS11 5DR

Kromek (Germany) Limited

Directors' report

DIRECTORS' REPORT

The Directors are pleased to present the annual report on the affairs of the Company, together with the audited financial statements and auditor's report for the year ended 30 April 2015.

Kromek (Germany) Limited is a company limited by shares and is domiciled in the United Kingdom.

This Directors' report has been prepared in accordance with the special provisions relating to small companies under the Companies Act 2006.

PRINCIPAL ACTIVITIES

The Company carries out the sale and distribution of radiation detectors in the medical, nuclear and security markets.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

During the year ended 30 April 2015, the Company made losses of £90,883 (2013-14: £95,255) on revenues of £nil (2013-14: £188,745) in line with the Directors' expectations, due to the fact that sales of goods are processed within another Group entity.

The Directors believe that the Company is now well positioned to undertake further development to expand its opportunities in its chosen market of nuclear radiation detection devices.

PRINCIPAL RISKS AND UNCERTAINTIES

- The Company's performance can be affected by competition from alternative technology and changes in the regulatory environment. The Company manages these risks through patent protection of the products it sells, and having a number of products in different sectors.
- Liquidity risk is managed through detailed cash flow forecasting; this risk being reduced following support by a Group company as detailed below.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

GOING CONCERN

When considering continuing to adopt the going concern basis in preparing the annual report and financial statements, the Directors have taken account of the fact that the Company has access to short-term borrowing facilities made available by other companies in the Kromek Group. A letter of support has been received from Kromek Group plc confirming its commitment to provide necessary financial support to the Company as may be required. The Directors are not aware of any circumstances that would impact the ability of Kromek Group plc to provide the funds required to remain in operation for the foreseeable future taking into account reasonable possible changes in trading performance.

Consequently, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS

The Directors who served during the period were as follows:

Dr A Basu

Mr D Bulmer (Appointed 11 March 2015)

Mr P Henke (Resigned 6 June 2014)

Kromek (Germany) Limited Directors' report (continued)

AUDITOR

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

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

This information is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Directors' responsibilities statements

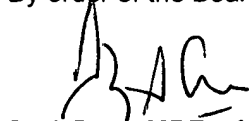
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are prudent and reasonable;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

By order of the Board



Dr A Basu MBE

Director

25 January 2016

Kromek (Germany) Limited

Independent auditor's report to the members of Kromek (Germany) Limited

We have audited the financial statements of Kromek (Germany) Limited for the year ended 30 April 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 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 Company's affairs as at 30 April 2015 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Company financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

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

Kromek (Germany) Limited

Independent auditor's report to the members of Kromek (Germany) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Newcastle upon Tyne, United Kingdom

26 January 2016

Kromek (Germany) Limited
Statement of comprehensive income
For the year ended 30 April 2015

		Year ended 30 April 2015 £	Period commencing 19 July 2013 to 30 April 2014 £
	Note		
Continuing operations			
Revenue	4	-	188,745
Cost of sales		-	(117,156)
		<hr/>	<hr/>
Gross result/profit		-	71,589
Administrative expenses		(90,883)	(166,844)
		<hr/>	<hr/>
Loss before tax		(90,883)	(95,255)
Tax	6	-	-
		<hr/>	<hr/>
Total comprehensive losses for the year/period from continuing operations		<hr/> (90,883) <hr/>	<hr/> (95,255) <hr/>

All activities are derived from continuing operations.

Kromek (Germany) Limited

Statement of financial position

As at 30 April 2015

	Note	2015 £	2014 £
Current assets			
Trade and other receivables	7	280	2,915
Total assets		<u>280</u>	<u>2,915</u>
Current liabilities			
Trade and other payables	8	(186,318)	(98,070)
Net liabilities		<u>(186,038)</u>	<u>(95,155)</u>
Equity			
Share capital	9	100	100
Accumulated losses	10	(186,138)	(95,255)
Total deficit		<u>(186,038)</u>	<u>(95,155)</u>

The financial statements of Kromek (Germany) Limited (registered number 08617204) were approved by the Directors and authorised for issue on 25 January 2016. They were signed on its behalf by:



Director
Dr A Basu MBE

Kromek (Germany) Limited

Statement of changes in equity

For the year ended 30 April 2015

Equity attributable to equity holders of the Company

	Share Capital £	Accumulated losses £	Total Equity £
Balance as at 19 July 2013	-	-	-
Comprehensive expense for the period	-	(95,255)	(95,255)
Issue of share capital	100	-	100
Balance as at 30 April 2014	100	(95,255)	(95,155)
Comprehensive expense for the year	-	(90,883)	(90,883)
Balance as at 30 April 2015	100	(186,138)	(186,038)

Kromek (Germany) Limited
Statement of cash flows
For the year ended 30 April 2015

		Year ended 30 April 2015 £	Period commencing 19 July 2013 to 30 April 2014 £
	Note		
Net cash from operating activities	12	-	(100)
Financing activities			
Issue of shares		-	100
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year/period		-	-
Cash and cash equivalents at end of year/period		-	-

Kromek (Germany) Limited

Notes to the financial statements

For the year ended 30 April 2015

1. General information

Kromek (Germany) Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 3 and 4.

2. Adoption of new and revised Standards

During the current reporting period there were no new standards or amendments which had a material impact on the net liabilities of the Company. In addition, standards or amendments issued but not yet effective are not expected to have a material impact on the net assets of the Company.

3. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and IFRIC interpretations. Therefore the Company financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. A letter of support has been received from Kromek Group plc confirming its commitment to provide necessary financial support to the Company as may be required. The Directors are not aware of any circumstances that would impact the ability of Kromek Group plc to provide the funds required to remain in operation for the foreseeable future taking into account reasonable possible changes in trading performance.

Consequently, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes and comprises:

i) Sale of goods

The Company's income derives from the sale of goods and from the research and development contracts which are typically with government agencies. Revenue on product sales is recognised when the risk and reward of ownership pass to the customer. The general terms of sale to customers are generally when the risk passes to the customer on delivery although there may be different terms on the invoice to specific customers such that risk passes on despatch (i.e. 'ex works' delivery).

3. Significant accounting policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Operating result

Operating loss is stated as loss before tax, finance income and costs and other gains and losses.

Taxation

The tax expense represents the sum of the tax currently payable. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The tax currently payable or recoverable is based on taxable profit or loss for the period. Taxable profit or loss differs from net profit or net losses reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

i) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified category: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company held no fair value through profit and loss ("FVTPL"), available for sale ("AFS") or held-to-maturity ("HTM") financial assets during the year.

ii) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. Significant accounting policies (continued)

iii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

iv) Financial liabilities

Financial liabilities are classified as 'other financial liabilities'. The Company held no financial liabilities that would be classified as FVTPL.

4. Revenue

The Company's revenues from its major products and services were as follows:

	Year ended 2015 £	Period commencing 19 July 2013 to 30 April 2014 £
Continuing operations		
Sales of goods and other services	-	188,745
Total income	-	188,745

5. Staff costs

The average monthly number of employees was:

	Year ended 2015 Number	Period commencing 19 July 2013 to 30 April 2014 Number
Sales and distribution	<u>1</u>	<u>2</u>
	<u>1</u>	<u>2</u>

Their aggregate remuneration comprised:

	Year ended 2015 £	Period commencing 19 July 2013 to 30 April 2014 £
Wages and salaries	62,201	101,518
Social security costs	11,373	12,305
	<u>73,574</u>	<u>113,823</u>

Remuneration relating to Directors is paid by another company in the group.

Fees payable to the company's auditor for the audit of the company's annual financial statements have been borne by its immediate parent undertaking.

6. Tax

Recognised in the income statement

	Year ended 2015 £	Period commencing 19 July 2013 to 30 April 2014 £
Current tax credit:		
UK corporation tax on losses in the period	-	-
Total current tax	-	-

Corporation tax is calculated at 20.92% (2013-14: 22.83%) of estimated taxable loss for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation of tax credit

The credit/(charge) for the year can be reconciled to the profit in the income statement as follows:

	Year ended 2015 £	Period commencing 19 July 2013 to 30 April 2014 £
Loss before tax	90,883	95,255
Tax at the UK corporation tax rate of 20.92% (2013-14: 22.83%)	19,013	21,747
Unrecognised movement on deferred tax	(19,013)	(21,747)
Total tax for the period	-	-

The Finance Act 2013 enacted a rate reduction in the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The Government has subsequently announced in the Summer Budget, on 8 June 2015, that the rates of corporation tax will be further reduced to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As the enabling legislation has not been substantively enacted these rates do not apply to the deferred tax position at 30 April 2015. As there is no UK deferred tax recognised there is no impact of the above on the tax provisions reported in these financial statements.

At the statement of financial position date, the Company has unused tax losses of £186,138 (2013-14: £95,255) available for offset against future profits. No deferred tax asset has been recognised in respect of these unused tax losses because there is not sufficient certainty over the company will generate future profits to offset such losses.

7. Trade and other receivables

	At 30 April 2015 £	At 30 April 2014 £
Other receivables	280	2,915

Other receivables

Other receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

8. Trade and other payables

	At 30 April 2015 £	At 30 April 2014 £
Trade payables and accruals	5,464	4,004
Amounts owed to group companies	180,854	94,066
	186,318	98,070

The Directors consider that the carrying amount of payables approximates to their fair value.

9. Share capital

	At 30 April 2015 £	At 30 April 2014 £
Authorised, called-up and fully paid:		
100 Ordinary shares of £1 each	100	100
	100	100

10. Accumulated losses

	£
Balance at 1 May 2014	(95,255)
Loss for the year	(90,883)
Balance at 30 April 2015	(186,138)

11. Operating lease arrangements

The Company as lessee

	At 30 April 2015 £	At 30 April 2014 £
Lease payments under operating leases recognised as an expense in the year/period	4,658	3,787

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Year ended 2015 £	Period commencing 19 July 2013 to 30 April 2014 £
Within one period	1,165	1,262
	1,165	1,262

Operating lease payments represent rentals payable by the Company for its office property. The lease is a continuous lease with a notice period of 3 months from both the lessee and lessor.

At 30 April 2015 and 2014 the Company had no capital commitments or contingencies.

12. Notes to the cash flow statement

	Year ended 2015 £	Period commencing 19 July 2013 to 30 April 2014 £
Loss for the year/period	(90,883)	(95,255)
Operating cash flows before movements in working capital	(90,883)	(95,255)
Decrease/(Increase) in receivables	2,635	(2,915)
Increase in payables	88,248	98,070
Net cash from operating activities	-	(100)

13. Related party transactions

During the year, the company had liabilities paid on its behalf by Kromek Limited, its immediate parent company, totalling £87k (2014: £94k). At the year ended 30 April 2015, the company owed Kromek Limited £181k (2014: £94k).

14. Ultimate controlling party

The immediate parent undertaking of Kromek (Germany) Limited is Kromek Limited. The ultimate controlling party and ultimate parent undertaking of Kromek Limited is Kromek Group plc.

Copies of the Group financial statements of Kromek Group Plc, the smallest and largest group of which it is a member for which group accounts are drawn up, can be obtained from the Company Secretary, Kromek Group Plc, Netpark, Thomas Wright Way, Sedgefield, County Durham, TS21 3FD.