Electrox Laser Limited

Annual Report and Accounts

Registered number 9344517

Period ended 2 April 2016

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Company Information
for the period ended 2 April 2016

Directors:	N R Carrick (appointed 8 December 2014) P M Mincher (appointed 18 May 2016) R J Taylor (appointed 8 December 2016)
Company Secretary:	600 UK Limited
Registered Office:	1 Union Works Union Street Heckmondwike West Yorkshire WF16 0HL
Company Registration Number:	9344517
Auditor:	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA
Bankers:	HSBC Bank PLC

Strategic report

Our business

Electrox Laser Limited is part of The 600 Group PLC which is a leading engineering group with a world class reputation in the design, manufacture and distribution of precision engineered components, industrial laser systems and machine tools. Electrox Laser Limited operates from its base in Letchworth Garden City and is part of the wider TYKMA Electrox division which is based in Ohio, USA.

Macroeconomic and industry trends

Industry use of industrial lasers for material processing has continued to expand worldwide. Laser systems have now become a mainstream manufacturing process covering the areas of laser machining including cutting and drilling, marking, ablation and a host of other niche applications.

Industry spending for the entire global industrial laser market is reported to be $3.3bn and growing between 4% and 6% each year. The laser marking and micro-materials subset of the overall laser industry continues to grow due to enhanced techniques in the speed, cost and quality of the systems being implemented and legislative changes driving a requirement for greater traceability.

The hivedown of the Electrox laser-marking division from 600 UK Limited into Electrox Laser Limited occurred in February 2015, following the acquisition of TYKMA Inc. by The 600 Group Plc.

Our aims and objectives

Our business has excellent products, and unrivalled brand heritage. We aim to report consistent year on year growth in annual revenues and profitability by increasing our market share, regardless of cyclical factors affecting our industry as a whole.

We will achieve this by:

- consistently delivering against lead times and quality standards that meet or exceed the requirements of our end-user customers,
- winning and retaining the right to be the producer of choice for our distributors by being easy to deal with,
- undertaking design-led cost reduction activity to maintain or improve our competitiveness,
- pursuing a dynamic approach to new product development,
- recruiting, retaining and developing a talented and committed workforce, and,
- fostering lasting relationships with our chosen supply chain partners.

Strategic report (continued)

By geographical territory of destination

Revenues are generated across many diverse geographical territories, with the principal markets in:

Percentage of worldwide revenues (by destination)	**2016** **%**
United Kingdom	20
Europe (excluding UK)	41
North America	35
Rest of the World	4
Total	100

Key performance indicators (KPI's)

The company monitors performance against key financial objectives that the directors judge to be effective in measuring the delivery of strategic aims, and managing and controlling the business. These focus on profit, forward order book and cash generation. Additional KPI's also include working capital control, and customer related performance measures such as on-time delivery, minimisation of warranty concerns, and measured levels of overall customer satisfaction.

These key performance indicators are measured and reviewed on a regular basis and enable the business to set and communicate its performance targets and monitor its performance against these targets.

The company's recent performance against financial KPI's is set out as follows:

KPI	**2016**
Book-to-bill ratio	98.5%
Gross margin (% of revenue)	27.0%
EBIT margin (% of revenue)	6.6%
Working capital (% of revenue)	10.1%
Inventory turns	5.7x
Receivables (days)	65

Strategic report (continued)

Key business risks

The board of directors has identified the main categories of business risk in relation to the implementation of the company's strategic aims and objectives, and has considered reasonable steps to prevent, mitigate or manage these risks.

The principal areas noted during this review are summarised as follows:

Macro-economic – the company is active in markets which can be cyclical in nature as the overall level of market demand is dependent upon capital investment intentions. Economic or financial market conditions determine global demand and could adversely affect our customers, distributors, operations, suppliers, and other parties with whom we transact. The directors seek to ensure that our overall risk is mitigated by avoiding excessive concentration of exposure to any given geographical or industry segment, or to any individual customer. Market conditions, lead indicators and industry forecasts are monitored for any early warning signs of changes in overall market demand, and measures to exploit opportunities or manage elevated risks are taken as appropriate.

Production and supply chain – the continuity of the company's business activities is dependent upon the cost effective supply of products for sale from our own facilities, and those of our key vendors. Supply can be disrupted by a variety of factors including raw material shortages, labour disputes and unplanned machine down time.

The business mitigates against such risk by carefully selecting high quality vendors, and maintaining long term constructive and open relationships. The effectiveness of such mitigation would be limited, however, in certain catastrophic circumstances (for example, extreme weather or seismic activity in the vicinity), against which the company carries appropriate insurance.

Laws and regulations – the company may unknowingly fail to comply with all relevant laws and regulations in the countries in which it operates and contracts business. There is a risk of breach of legal, safety, environmental or ethical standards which can be more difficult to identify, comprehend, or monitor in certain territories than others. The directors have taken all reasonable steps to ensure that operations are conducted to high ethical, environmental and health and safety standards. Controls are in place to keep regulatory and other requirements under careful review, and scrutinise any identified instances of elevated risk.

Information Technology ("IT") – The company's IT systems and the information they contain are subject to security risks including the unexpected loss of continuity from virus or other issues, and the deliberate breach of security controls for commercial gain or mischief. Any such occurrences could have a significant detrimental effect on the company's business activities. These risks are mitigated by the utilisation of physical and embedded security systems, regular back-ups and comprehensive disaster recovery plans.

Strategic report (continued)

Results

Revenue and order intake
Revenue from continuing operations was £6.5m for the 16 month period to 2 April 2016. Order intake during the period amounted to £6.6m at a book-to-bill ratio of 98.5% and the year-end order backlog stood at £0.3m.

Gross profit
The gross profit was £1.76m (27%).

Development expenditure
During the financial period the company incurred expenditure on the development of new software of £0.30m, which was capitalised .

Profit before taxation
Operating loss before special items amounted to £0.11m. £0.25m related to net Group charges. The loss before taxation was £3.50m.

Special items
During the financial year the Company incurred expenditure which was, in the reasonable opinion of the directors, non-recurring in nature. This amounted to £3.39m and related to restructuring and tangible & intangible asset write-offs.

Taxation
The period has a £805,000 credit for taxation related to deferred taxation which amounts to 22.9% of the loss before taxation.

Strategic report (continued)

Going concern

In accordance with FRC guidelines, the Board has assessed the company's funding and liquidity position and further details can be found in the basis of preparation accounting policy note. The Directors confirm that, after having made appropriate enquiries, they have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparation of the financial statements.

Treasury and risk management

Financial risks

The main financial risks faced by the company are credit risk, foreign currency risk, interest rate risk and liquidity risk. The directors regularly review and agree policies for managing these risks.

Credit risk is managed by monitoring limits and payment performance of counterparties. The directors consider the level of general credit risk in current market conditions to be higher than normal. Where a customer is deemed to represent an unacceptable level of credit risk, terms of trade are modified to limit the company's exposure.

Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure. Foreign currency is bought to match liabilities as they fall due where currency receipts are insufficient to match the liability.

Liquidity risk is managed overall by the Group maintaining undrawn revolving credit and overdraft facilities in order to provide short term flexibility.

Interest rate risk is managed by the Group as a whole holding a mixture of cash and borrowings in Sterling, US dollars and Australian dollars at floating rates of interest.

Market risks

The company's main exposure to market risk arises from increases in input costs in so far as it is unable to pass them on to customers through price increases. The company does not undertake any hedging activity in this area and all materials and utilities are purchased in spot markets. The company seeks to mitigate increases in input costs through a combination of continuous improvement activities to minimise increases in input costs and passing cost increases on to customers, where this is commercially viable.

The company is also aware of market risk in relation to the dependence upon a relatively small number of key vendors in its supply chain. This risk could be manifest in the event of a commercial or natural event leading to reduced or curtailed supply. The company seeks to mitigate these risks by maintaining transparent and constructive relationships with key vendors, sharing long term plans and forecasts, and encouraging effective disaster recovery planning.

The company is also exposed to the risk of a downturn in its customers' end markets leading to reduced levels of activity for the company. The directors seek to ensure that the company's activities are not significantly concentrated in sales to either one individual customer or into a single market sector in order to mitigate the exposure to a downturn in activity levels.

Strategic report (continued)

Other principal risks and uncertainties

The remaining main risk faced by the company is the risk to its reputation of a significant failure to comply with accepted standards of ethical and environmental behaviour.

The directors have taken steps to ensure that all of the company's global operations are conducted to the highest ethical and environmental standards. Regulatory requirements are kept under review, and key suppliers are vetted in order to minimise the risk of the company being associated with another company that commits a significant breach of applicable regulations.

By order of the board

N R Carrick
Director
22 November 2016

1 Union
Works
Union Street
Heckmondwike
West Yorkshire
WF16 0HL

Directors' report

The directors present their annual report and the audited financial statements for the period ended 2 April 2016.

Date of incorporation

Electrox Laser Limited was incorporated on 8 December 2014. On 8 July 2015 the company changed its accounting reference date from 31 December 2015 to 31 March 2016.

Dividend

No dividend was paid during the period.

Directors

The directors who held office during and subsequent to the period were as follows:

N R Carrick (appointed 8 December 2014)
P M Mincher (appointed 18 May 2016)
R J Taylor (appointed 8 December 2014)

On 8 December 2014 600 UK Limited was appointed as Corporate Company Secretary.

Employees

It is the company's policy to employ and train disabled persons wherever their aptitudes and abilities allow and suitable vacancies are available. All employees are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

The company is committed to keeping employees as fully informed as possible with regard to the company's performance and prospects, and seeking their views, whenever practicable, on matters which particularly affect them as employees.

Acquisition

In February 2015 100% of the share capital of Electrox Laser Limited was acquired by 600 UK Limited. The hivedown of the Electrox division business and assets into Electrox Laser Limited also occurred at this time as a part of this same transaction.

Political contributions

The company made no political donations or incurred any political expenditure during the year.

Research and development

The company policy is to design and develop products which will enable it to retain and improve its market position.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will, therefore, continue in office.

By order of the board

N R Carrick
Director
22 November 2016

1 Union
Works
Union Street
Heckmondwike
West Yorkshire
WF16 0HL

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTROX LASER LIMITED

We have audited the financial statements of Electrox Laser Limited for the period ended 2 April 2016 set out on pages 13 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

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 set out on page 10, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2 April 2016 and of the company's loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the 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 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.

Nick Plumb **(Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
22 November 2016

Profit and loss account

for the period ended 2 April 2016

	Note	**Period ended 2 April 2016 £'000**
Turnover	*2*	**6,506**
Cost of sales		**(4,751)**
Gross profit		**1,755**
Net operating expenses	*3*	**(5,255)**
Operating loss		**(3,500)**
Income tax credit	*8*	**805**
Total loss for the financial period		**(2,695)**

The notes on pages 17 to 29 form part of these accounts.

There is no material difference between loss on ordinary activities before taxation and historical cost loss on ordinary activities before taxation.

Statement of other comprehensive income
for the period ended 2 April 2016

	Notes	Period ended 2 April 2016 £'000
Loss for the period		**(2,695)**
Other comprehensive income/(expense)		**-**
Items that will not be reclassified to the Income Statement:		
Total items that will not be reclassified to the Income Statement		**-**
Items that are or may in the future be reclassified to the Income Statement:		**-**
Total items that are or may in the future be reclassified to the Income Statement		**-**
Other comprehensive income for the period, net of income tax		**-**
Total comprehensive income for the period		**(2,695)**
Attributable to:		
Equity holders of the Company		**(2,695)**
Total recognised income		**(2,695)**

Balance sheet
at 2 April 2016

Company number: 9344517

	Note	At 2 April 2016 £'000	£'000
Non-current assets			
Intangible assets	9		-
Property, plant and equipment	10		-
			-
Current assets			
Inventories	11	**569**	
Trade and other receivables	12	**1,857**	
Cash and cash equivalents		**21**	
		2,447	
Current liabilities: Trade and other payables	13	**(2,830)**	
Net current liabilities			**(383)**
Net liabilities			**(383)**
Capital and reserves			
Called up share capital	15		**2,312**
Profit and loss account			**(2,695)**
			(383)

These financial statements were approved by the board of directors on 22 November 2016 and were signed on its behalf by:

NR Carrick

N R Carrick, ***Director***

22 November 2016

The notes on pages 17 to 29 form part of these accounts.

Statement of changes in equity
at 2 April 2016

	Ordinary share capital £000	Retained earnings £000	Total equity £000
On incorporation	-	-	-
Profit for the period	-	(2,695)	(2,695)
Other comprehensive income	-	-	-
Total comprehensive income	-	(2,695)	(2,695)
Transactions with owners:			
Share capital subscribed for	2,312	-	2,312
Total transactions with owners	2,312	-	2,312
At 2 April 2016	**2,312**	**(2,695)**	**(383)**

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

Electrox Laser Limited is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").* The results for 2016 are for the period ended 2 April 2016.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of 600 Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 Financial Instrument Disclosures

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company's ultimate parent undertaking, The 600 Group Plc, includes the company in its consolidated financial statements. The consolidated financial statements of The 600 Group Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The 600 Group Plc, 1 Union Works, Union Street, Heckmondwike, West Yorkshire WF16 0HL.

In the opinion of the directors it is appropriate to draw up the financial statements on the going concern basis as the parent company has given an undertaking to provide continued financial support to the company for a period of at least 12 months from the date on which the financial statements were signed.

Notes (continued)

The Company meets its day to day working capital requirements through a group facility with HSBC Bank PLC, which was agreed in the UK in August 2016 with HSBC Bank PLC.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. This includes consideration of working capital requirements and the impact of funding any further reorganisation costs. Further cost saving and result enhancing actions continue to be reviewed by the Board on a regular basis.

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 Accounts.

Turnover

Turnover represents the total of the amounts invoiced to customers outside the company for goods supplied and services rendered, excluding VAT, and after deducting discounts allowed and credit notes issued. Turnover is recognised at the point at which goods are supplied to customers.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. The cost of manufactured products consists of direct materials and direct labour with the addition of an appropriate proportion of production overheads.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

Depreciation

Depreciation is calculated to write off the cost (or amount of the valuation) of fixed assets less the residual value on a straight line basis over the expected useful economic life of the assets concerned. The annual rates used are generally:

Plant and machinery	-	10 to 20%
Fixtures, fittings, tools and equipment	-	10 to 33%

Notes (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the contract or at contract rates. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or at the contract rate where covered by foreign exchange contracts and the gains or losses on translation are included in the profit and loss account.

Leases

Assets financed by leasing arrangements, which give rights approximating to ownership, are treated as if they had been purchased outright and are capitalised and depreciated over the shorter of the estimated useful life of the assets and the period of the leases. The capital element of future rentals is treated as a liability and the interest element is charged against profits in proportion to the balances outstanding. The rental costs of all other leased assets are charged against profits on a straight-line basis.

Research and development

Research expenditure undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources to complete development. The expenditure capitalised includes direct labour and an appropriate proportion of overheads. Amortisation is charged to the income statement on a straight-line basis over the useful economic life of the activity. Currently the annual rates used are between 2 and 5 years.

Taxation

The credit for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by IAS 12.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes (continued)

2 Segment Information

Geographical segmental analysis of revenue is shown by destination in the following table:

Segmental analysis by destination:	2016	
	£000	**%**
Gross sales revenue:		
UK	**1,310**	**20.1**
Other European	**2,669**	**41.0**
North America	**2,258**	**34.7**
Far East	**50**	**0.8**
Middle East	**136**	**2.1**
Africa	**29**	**0.5**
Central and South America	**26**	**0.4**
Australasia	**28**	**0.4**
Revenue	**6,506**	**100.0**

There are no customers that represent 15% or more of the company's revenues. All turnover and results are generated from the one principal activity.

3 Net operating expenses

	Period ended 2 April 2016 £'000
Net operating expenses:	
Administration expenses	**1,676**
Distribution costs	**193**
Special items (see note 5)	**3,386**
	5,255

Notes (continued)

4 Operating loss

	Period ended 2 April 2016 £'000
Operating profit is stated after charging/(crediting)	
Auditors' remuneration:	
Audit fees	5
Depreciation of owned fixed assets	103
Amortisation of development expenditure	117
Hire of plant and machinery – rentals payable under operating leases	6
Hire of other assets – operating leases	5

5 Special items

	Period ended 2 April 2016 £'000
Fixed assets written off	2,356
Redundancy and reorganisation	1,030
	3,386

Redundancy and reorganisation costs are items of expenditure that, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to an understanding of the financial performance and significantly distort the comparability of financial performance between accounting periods. Items of expense that are considered by management for designation as restructuring costs include such items as redundancy costs, plant, property and equipment impairments and stock impairments.

6 Remuneration of directors

No director received any emoluments in the current period in respect of their services to the company.

Notes (continued)

7 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Period ended 2 April 2016
Management and administration	**6**
Production	**15**
Selling and distribution	**9**
	30

The aggregate payroll costs of these persons were as follows:

	Period ended 2 April 2016 £'000
Wages and salaries	**1,171**
Social security costs	**131**
Net pension scheme charge	**49**
Redundancy costs	**430**
	1,781

Redundancy costs of £430k are included in special items (note 5) during the period ended 2 April 2016.

Notes (continued)

8 Taxation

	Period ended 2 April 2016 £'000
Current tax:	
Corporation tax at 21%:	-
Total current tax charge	-
Deferred taxation	
- Current period	805
Total deferred taxation (note 14)	805
Taxation credit to the profit and loss account	805

Tax reconciliation

The tax credit for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	Period ended 2 April 2016 £'000
Loss on ordinary activities before tax	3,500
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	700
Effects of:	
Permanent differences	(39)
Impact of deferred tax rate change	(27)
Losses not recognised	119
Asset disposals	52
Tax credit for the period	805

Notes (continued)

9 Intangible Assets

	Development Expenditure £'000
Cost	
On incorporation	-
Hivedown	2,168
Additions	299
Amounts written off	(2,467)
At 3 April 2016	-
Amortisation	
On incorporation	-
Hivedown	262
Charge for financial period	117
Amounts written off	(379)
At 2 April 2016	-
Net Book value	
At 2 April 2016	-

The development expenditure capitalised in the period relates to next generation software being developed by the company.

Following the restructure of Electrox Laser Limited, the Development software was written off as a special item at period end.

Notes*(continued)*

10 Property, plant and equipment

	Plant and Machinery	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost or valuation			
On incorporation	-	-	-
Hivedown	769	14	783
Additions	191	3	194
Amounts written off	(960)	(17)	(977)
At 2 April 2016	-	-	-
Depreciation			
On incorporation	-	-	-
Hivedown	601	5	606
Charge for financial period	102	1	103
Amounts written off	(703)	(6)	(709)
At 2 April 2016	-	-	-
Net book value			
At 2 April 2016	-	-	-

11 Inventories

	2016
	£'000
Raw materials and consumables	**409**
Work in progress	**141**
Finished goods and goods for resale	**19**
	569

Notes (continued)

12 Trade and other receivables

	2016 £'000
Trade debtors	520
Amounts owed by parent and fellow subsidiary undertakings	348
Other debtors	68
Prepayments and accrued income	116
Deferred tax asset (note 14)	805
	1,857

Notes (continued)

13 Current liabilities : Trade and other payables

	2016 £'000
Payments received on account	17
Trade creditors	520
Other creditors	169
Amounts due to other group companies	1,748
Accruals and deferred income	376
	2,830

14 Provisions

Deferred Taxation

The period end deferred taxation balance comprises:	2016 Provided £'000
Assets:	
Accelerated capital allowances and other revenue items	-
Tax losses	(805)
Other short term timing differences	-
Included in trade and other receivables (note 12)	(805)
Liabilities:	
Research and development	-
Net deferred tax asset	(805)

	2016 £'000
Tax value of loss carry forwards utilised	(805)
	(805)

Notes *(continued)*

15 Called up share capital

Allotted, called up and fully paid	
2,312,000 Ordinary shares of £1 each	**2,312**

16 Contingent liabilities

Under a group registration the company is jointly and severally liable for value added tax due by other group companies. At 2 April 2016 this contingent liability amounted to £nil.

17 Commitments

(i) Capital commitments at the end of the financial year for which no provision has been made.

	2016 £'000
Contracted	**-**

(ii) Annual commitments under non cancellable operating leases are as follows:

	2016 Other £'000
Operating leases which expire	
Within one year	**8**
In the second to fifth years inclusive	**24**
Over five years	**-**
	32

The annual commitments under non-cancellable operating leases are related to photocopiers on a 5 year operating lease with Siemens Financial Services Ltd.

Notes*(continued)*

18 Related parties

The company is controlled by The 600 Group PLC, the immediate and ultimate parent company.

During the respective periods, the company transacted with its parent undertaking and fellow group undertakings as follows:

	Sales to	Administrative expenses incurred from
	2016	2016
	£000	£000
Parent undertaking	-	254
Fellow group undertakings	2,315	-
	1,402	220

19 Ultimate holding company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of The 600 Group PLC which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of the group are available to the public and may be obtained by writing to the registered office of the ultimate holding company at 1 Union Works, Union Street, Heckmondwike, West Yorkshire, WF16 0HL.