"Registrar"

BELL & COMPANY
CHARTERED ACCOUNTANTS

HUTCHISON TECHNOLOGIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

WEDNESDAY
S68L2NW3
SCT 14/06/2017 #175
COMPANIES HOUSE

Company Registration No. SC176095 (Scotland)

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Partners N W FRASER BA CA C CARNEGIE FCCA K R ALEXANDER BA CA

HUTCHISON TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors	B Hutchison M Hutchison
Secretary	B Hutchison
Company number	SC176095
Registered office	Innovation Centre 1 Harrison Road Dundee Angus DD2 3SN
Auditor	Bell & Company Moray House 39 St John Street Perth PH1 5HQ
Business address	Innovation Centre 1 Harrison Road Dundee Angus DD2 3SN
Bankers	The Royal Bank of Scotland Kingsway Circus Branch 277 Strathmartine Road Dundee DD3 8NS
Solicitors	Thorntons WS 33 Yeaman Shore Dundee DD1 4BJ

HUTCHISON TECHNOLOGIES LIMITED

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HUTCHISON TECHNOLOGIES LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report for the year ended 30 June 2016.

Fair review of the business
Hutchison Technologies Ltd has a diverse portfolio of products and services.
A number of areas of business operations are complimentary, some are disparate.
The directors are satisfied performance was in line with expectations and projections.

Results and performance
Sales revenues of £8.8m meant that the business increased its turnover by £1.1m (14.7%).

The business has continued to develop as a niche multi-skilled one stop specialist capable of delivering complete multi system, multi service solutions.

The business has continued to invest in infrastructure, plant, machinery and growing the directly employed workforce to ensure customer expectations continue to be met.
Year on year, the number of employees has increased by 24% which has been necessary to meet the current and future growth plans.

We know our clients have a choice, long standing client relationships are cherished and the business remains completely focused on delivery of exceptional service to customers old and new.
Despite increasing overheads, the business works hard to ensure it remains competitive, perhaps not always the least expensive, but always delivering best value for money, all things considered.

During this financial year, the business has continued to invest in several Research and Development programmes and Manufacturing Production Lines located at our OEM manufacturing partners in China and the Philippines, this will create substantial additional revenue streams in subsequent years.
The company has already agreed contracts to supply large blue chip clients with the products developed over the past four years.

There has been investment in some key initiatives which will improve global brand awareness going forward.

The business is implementing a new business wide ERP system which will provide end to end business process and workflow management, thereby providing the tools to better manage and grow the business. As at year end, the business had invested £130,000.00 in the ERP system.

These investments have had an expected impact on the business operating profits for this financial year.

Operating Profit of £0.50m (2015: £1.02m) a fall of 48.8% over 2015.

As at 30th June 2016, the business had net assets of £2.413m, an increase of £496k.

Principal risks and uncertainties
The largest risk and uncertainty to all UK businesses is Brexit, we have many customers in mainland Europe, therefore we will need to adapt our business to overcome these issues as we know more.

Brexit could cause difficulties in trading with EU suppliers and Customers leading to increased costs.

Brexit could cause difficulties in the UK if Britain were to go into a recession as a result of Brexit.

Brexit is already causing difficulty in our business attracting good software developers to develop our new products, this could cause delays to product release dates.

Due to the growth of the business over the last 2 years, the business has now outgrown our existing office/ storage facility which could hamper the future growth projections of the business.

In order to mitigate this risk, the business must find a new office/storage facility. As noted in the "Future Developments" section, within the Directors' Report, the business does intend to move into much larger premises during the 2017, albeit this is likely to be the 2nd half of the year.

Key performance indicators
The company formally reviews its mid-term strategy annually, and thereafter formulates and regularly measures performance against business plan. Major KPIs measured against business plan include:

- Return on Capital
- Gross Margin Percentage
- Sales per Employee
- Reportable Accidents

The directors are satisfied that in 2015/16 the company performed well against these and other KPIs.

On behalf of the board

B. Hutchison
....
B Hutchison
Director
12.6.17

The directors present their annual report and financial statements for the year ended 30 June 2016.

Principal activities

The principal activity of the business continues to be that of the design, supply, installation and ongoing maintenance of:

- Public Address Systems,
- Background Music Systems,
- Television, Visual and Video Systems,
- CCTV Systems,
- Access Control Systems,
- Telecommunication and Data-communication Systems and Networks,
- Product Development and Manufacturing.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B Hutchison
M Hutchison

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Treasury operations and financial instruments

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of managing financial risk management to a sub-committee. The policies set by the directors are implemented by the company's finance department.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company has interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at fixed rate. Interest bearing liabilities included bank overdraft balances. The company has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Foreign currency risk

The company is exposed to commodity foreign currency risk as a result of its operations. However, given the size of the company's operations, the cost of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no list or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the director's and is in most cases credit insured.

Future developments

As noted above, over and above the core activities, the business is also involved in the manufacture and sale of some diverse Research & Development activities. Currently, this is focussed around two main areas, Medical Products and Smart Energy meters. Whilst both of these activities have some impact on the financial statement for year end 30th June 2016, the likelihood is this will impact year end 2017 and 2018 to a much greater degree.

Auditor

Bell & Company were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Other matters

Items required under Section 7 of Schedule 7 of the Large and Medium-sized Companies and Group (Accounts and Reporting Regulations) 2008 are disclosed in the Strategic Report in accordance with Section 414C(11) of the Companies Act 2006.

On behalf of the board

B. Hutchison
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B Hutchison
Director
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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HUTCHISON TECHNOLOGIES LIMITED

We have audited the financial statements of Hutchison Technologies Limited for the year ended 30 June 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's 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.

Basis of qualified opinion on the financial statements
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

However, the evidence available to us was limited because we were not appointed auditors until 27 January 2017 and did not report on the unaudited financial statements for the year ended 30 June 2015. In consequence, we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the opening balances. Any adjustment to these figures would have a consequential effect on the profit for the year ended 30 June 2016.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF HUTCHISON TECHNOLOGIES LIMITED

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

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

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

In respect solely of the limitation on our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

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, 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.

Neil Fraser BA CA (Senior Statutory Auditor)
for and on behalf of Bell & Company

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Chartered Accountants
Statutory Auditor

Moray House
39 St John Street
Perth
PH1 5HQ

HUTCHISON TECHNOLOGIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	2015 £
Turnover	3	8,824,883	7,689,388
Cost of sales		(7,304,569)	(5,988,209)
Gross profit		1,520,314	1,701,179
Administrative expenses		(1,023,672)	(685,879)
Other operating income		2,333	6,811
Operating profit	4	498,975	1,022,111
Interest receivable and similar income	7	-	4,663
Interest payable and similar charges	8	(23,193)	(11,463)
Profit before taxation		475,782	1,015,311
Taxation	9	19,778	(21,133)
Profit for the financial year	25	495,560	994,178

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HUTCHISON TECHNOLOGIES LIMITED

BALANCE SHEET
AS AT 30 JUNE 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	10		1,051,998		934,315
Investments	11		40,666		26,158
			1,092,664		960,473
Current assets					
Stocks	14	491,132		413,379	
Debtors	15	2,142,191		1,775,752	
Cash at bank and in hand		1,636,367		1,466,436	
		4,269,690		3,655,567	
Creditors: amounts falling due within one year	16	(2,921,815)		(2,614,740)	
Net current assets			1,347,875		1,040,827
Total assets less current liabilities			2,440,539		2,001,300
Creditors: amounts falling due after more than one year	17		(27,838)		(63,959)
Provisions for liabilities	20		-		(20,200)
Net assets			2,412,701		1,917,141
Capital and reserves					
Called up share capital	24		50,002		50,002
Revaluation reserve	25		202,601		202,601
Profit and loss reserves	25		2,160,098		1,664,538
Total equity			2,412,701		1,917,141

The financial statements were approved by the board of directors and authorised for issue on 12-6-17 and are signed on its behalf by:

B. Hutchison

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B Hutchison
Director

Company Registration No. SC176095

HUTCHISON TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2014		50,002	202,601	670,360	922,963
Period ended 30 June 2015:					
Profit and total comprehensive income for the year		-	-	994,178	994,178
Prior year adjustment		-	-	39,527	39,527
Balance at 30 June 2015		50,002	202,601	1,664,538	1,917,141
Period ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	495,560	495,560
Balance at 30 June 2016		50,002	202,601	2,160,098	2,412,701

HUTCHISON TECHNOLOGIES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash generated from operations	**28**		130,327		684,199
Interest paid			(23,193)		(11,463)
Income taxes (paid)/refunded			(1,355)		8,934
Net cash inflow from operating activities			105,779		681,670
Investing activities					
Purchase of tangible fixed assets		(245,018)		(222,282)	
Proceeds on disposal of tangible fixed assets		-		2,600	
Proceeds on disposal of associates		(14,508)		(26,152)	
Interest received		-		4,663	
Net cash used in investing activities			(259,526)		(241,171)
Financing activities					
Payment of finance leases obligations		(52,244)		(8,197)	
Net cash used in financing activities			(52,244)		(8,197)
Net (decrease)/increase in cash and cash equivalents			(205,991)		432,302
Cash and cash equivalents at beginning of year			1,050,799		618,497
Cash and cash equivalents at end of year			844,808		1,050,799
Relating to:					
Cash at bank and in hand			1,636,367		1,466,436
Bank overdrafts included in creditors payable within one year			(791,559)		(415,637)

1 Accounting policies

Company information

Hutchison Technologies Limited is a private company limited by shares incorporated in Scotland. The registered office is Innovation Centre, 1 Harrison Road, Dundee, Angus, DD2 3SN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 June 2016 are the first financial statements of Hutchison Technologies Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable by invoice for goods and services supplied and fitted net of VAT and trade discounts..

Sales of goods are recognised when the goods are delivered and sales of services are recognised when the service has been provided.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Nil
Fixtures, fittings and equipment	20% per annum straight line
Motor vehicles	20% per annum straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

No depreciation is provided on freehold land and buildings as the directors believe that the carrying value does not materially differ from the residual value at the balance sheet date.

1 Accounting policies **(Continued)**

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Stocks

Stock and work in progress are valued at the lower of cost and net realisable value.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, 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 is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans and overdrafts that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years 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 reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

The company operates a defined contribution scheme for the benefit of the employees. Payments to defined contribution schemes are charged as an expense as they fall due.

1.14 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.16 Employee benefit trusts

The company has established trusts for the benefit of its employees, and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date the assets of the trust vest in individuals.

Where monies held in trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in trust or accrued for by the company, are charged to the profit and loss account in the period to which they relate.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016	2015
	£	£
Turnover		
Sale of goods	5,893,288	5,190,360
Rendering of services	2,931,595	2,499,028
	8,824,883	7,689,388
Other significant revenue		
Interest income	-	4,663

Turnover analysed by geographical market

	2016	2015
	£	£
UK	8,210,973	7,139,113
Overseas	613,910	550,275
	8,824,883	7,689,388

4 Operating profit

	2016	2015
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	86,476	(13,833)
Depreciation of owned tangible fixed assets	86,919	60,297
Depreciation of tangible fixed assets held under finance leases	40,416	41,624
Profit on disposal of tangible fixed assets	-	(433)
Cost of stocks recognised as an expense	3,401,117	3,166,811
Operating lease charges	55,561	39,222

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Finance/goods receiving	8	6
Sales/Helpdesk	11	8
Engineers/Workshop	30	27
Project management & IT	9	6
Research & development	17	13
Directors	2	2
	77	62

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,924,704	1,574,708
Social security costs	181,851	146,557
Pension costs	21,650	-
	2,128,205	1,721,265

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	63,172	67,169

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	-	65
Other interest income	-	4,598
Total income	-	4,663

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	65

8 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	13,903	2,882
Interest on finance leases and hire purchase contracts	7,230	7,148
	21,133	10,030
Other finance costs:		
Other interest	2,060	1,433
	23,193	11,463

9 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	-	933
Adjustments in respect of prior periods	422	-
Total current tax	422	933
Deferred tax		
Origination and reversal of timing differences	(20,200)	20,200
Total tax (credit)/charge	(19,778)	21,133

9 Taxation (Continued)

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit before taxation	475,782	1,015,311
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	95,156	203,062
Tax effect of expenses that are not deductible in determining taxable profit	2,480	979
Tax effect of income not taxable in determining taxable profit	-	(86)
Tax effect of utilisation of tax losses not previously recognised	-	(96,362)
Unutilised tax losses carried forward	28,689	-
Adjustments in respect of prior years	422	-
Permanent capital allowances in excess of depreciation	(9,717)	(16,996)
Research and development tax credit	(116,608)	(89,664)
Deferred tax adjustments in respect of prior years	(20,200)	20,200
Taxation (credit)/charge for the year	(19,778)	21,133

10 Tangible fixed assets

	Freehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 July 2015	540,833	245,807	396,529	1,183,169
Additions	12,614	117,990	114,414	245,018
At 30 June 2016	553,447	363,797	510,943	1,428,187
Depreciation and impairment				
At 1 July 2015	-	80,586	168,268	248,854
Depreciation charged in the year	-	45,134	82,201	127,335
At 30 June 2016	-	125,720	250,469	376,189
Carrying amount				
At 30 June 2016	553,447	238,077	260,474	1,051,998
At 30 June 2015	540,833	165,221	228,261	934,315