

XI-TECH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

XI-TECH LIMITED

COMPANY INFORMATION

Director	S C Jaye
Company secretary	S C Jaye
Registered number	07068708
Registered office	18 The Avenue Egham TW20 9AB
Independent auditor	James Cowper Kreston Chartered Accountants and Statutory Auditor Reading Bridge House George Street Reading Berkshire RG1 8LS
Bankers	HSBC PLC HBEU Apex Plaza Forbury Road Reading RG1 1AX

XI-TECH LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

Introduction

The director presents his Strategic Report together with the audited financial statements for the year ended 31 March 2018.

Principal activities, review of business and future developments

The company is a holding company and the group's principal activity is the development, manufacture and marketing of a range of sensor detection modules and systems that cover a variety of wavelengths across the electro-magnetic spectrum. It also carries out the development, manufacture and marketing of high voltage power supplies to support the markets of the above.

Research and development work has continued to be focused on three main product areas:

- X-ray detection systems, with an aim to maintain cost competitive products whilst continuing to develop increased levels of functionality and provide custom solutions in all areas. This includes CT and Multi-view and linear x-ray systems.
- Detector module development continued to be customer specific and be provided modules that are compact, high performance and low noise. These are specifically being developed to interface with customer systems with ease.
- Power supply developments have continued to be project specific and have extended into a great number of application areas.

Principal risks and uncertainties

The market for the group's primary products continues to be highly competitive with respect to technology, cost and timescale.

With the recent introduction of new, higher performing and more flexible electronics in the X-ray product area and the addition of high channel count detectors for CT applications, the group is providing a greater depth of products to support our customers needs for improvements in their systems.

Timescales will be managed through tight project management disciplines and product costs remain a principal activity in the product development lifecycle to ensure our competitive financial position is maintained.

Key performance indicators

On a month by month basis the group reviews the sales budget for progress against targets. The predicted sales to period end are re-calculated and actions taken as necessary to cover any shortfall. Additional decisions are made on resources to cover any gains.

Stock, including provisions, is analysed at the end of each month with significant variations documented and actions taken as necessary to resolve any issues.

Manufacturing costs are also monitored on a monthly basis, including materials and labour, with variations analysed and reviewed to understand the impact on the business and any activity required to correct negative variances.

XI-TECH LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Financial risk management

The Board regularly reviews the financial requirements of the company and the risks associated therewith. Company operations are financed from retained earnings. The company does not use complicated financial instruments or any financial derivative instruments for trading purposes.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers, obtaining payments in advance where necessary and the constant monitoring of all outstanding debts.

Foreign exchange gains and losses result from the requirement to translate dollar, euro and yuan working capital balances into sterling when preparing the financial statements. Gains and losses are dictated by movements in the exchange rate of these currencies.

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

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S C Jaye

Director

Date: 21 August 2018

XI-TECH LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2018

The director presents his report and the financial statements for the year ended 31 March 2018.

Director's responsibilities statement

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements 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 Group will continue in business.

The director is 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 the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £3,772k (2017 - £3,170k).

During the period, dividends of £900,000 were declared (2017: £nil).

Director

The director who served during the year was:

S C Jaye

Director's and officer's liability insurance

The company has maintained insurance to cover director's and officer's liability.

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

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

XI-TECH LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Auditor

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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S C Jaye
Director

Date: 21 August 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF XI-TECH LIMITED

Opinion

We have audited the financial statements of Xi-Tech Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF XI-TECH LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirement to prepare a Group strategic report.

Responsibilities of directors

As explained more fully in the Director's responsibilities statement on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF XI-TECH LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Alexander Peal BSc (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

4 September 2018

XI-TECH LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £000	2017 £000
Turnover	4	14,979	15,119
Cost of sales		(10,235)	(10,770)
Gross profit		4,744	4,349
Distribution costs		(10)	(24)
Administrative expenses		(355)	(526)
Other operating income		15	-
Operating profit	5	4,394	3,799
Interest receivable and similar income	8	2	30
Profit before tax		4,396	3,829
Tax on profit	9	(624)	(659)
Profit for the financial year		3,772	3,170

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 14 to 27 form part of these financial statements.

XI-TECH LIMITED
REGISTERED NUMBER: 07068708

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	11	1,804	1,814
		<u>1,804</u>	<u>1,814</u>
Current assets			
Stocks	13	1,830	3,274
Debtors: amounts falling due within one year	14	3,087	4,540
Cash at bank and in hand	15	8,912	4,381
		<u>13,829</u>	<u>12,195</u>
Creditors: amounts falling due within one year	16	(1,445)	(2,656)
Net current assets		<u>12,384</u>	<u>9,539</u>
Total assets less current liabilities		<u>14,188</u>	<u>11,353</u>
Provisions for liabilities			
Other provisions	19	(1,892)	(1,929)
		<u>(1,892)</u>	<u>(1,929)</u>
Net assets excluding pension asset		<u>12,296</u>	<u>9,424</u>
Net assets		<u><u>12,296</u></u>	<u><u>9,424</u></u>
Capital and reserves			
Called up share capital	20	10	10
Profit and loss account	21	12,286	9,414
Equity attributable to owners of the parent Company		<u>12,296</u>	<u>9,424</u>
		<u><u>12,296</u></u>	<u><u>9,424</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 August 2018.

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S C Jaye
Director

The notes on pages 14 to 27 form part of these financial statements.

XI-TECH LIMITED
REGISTERED NUMBER: 07068708

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	12	1,559	1,559
		<u>1,559</u>	<u>1,559</u>
Current assets			
Debtors: amounts falling due within one year	14	349	517
Cash at bank and in hand	15	1,326	735
		<u>1,675</u>	<u>1,252</u>
Creditors: amounts falling due within one year	16	(1,535)	(1,017)
		<u>140</u>	<u>235</u>
Net current assets			
		<u>1,699</u>	<u>1,794</u>
Total assets less current liabilities			
		<u>1,699</u>	<u>1,794</u>
Net assets excluding pension asset			
		<u>1,699</u>	<u>1,794</u>
Net assets		<u>1,699</u>	<u>1,794</u>
Capital and reserves			
Called up share capital	20	10	10
Profit and loss account brought forward		1,784	1,000
Profit for the year		805	784
Other changes in the profit and loss account		(900)	-
		<u>1,689</u>	<u>1,784</u>
Profit and loss account carried forward		<u>1,699</u>	<u>1,794</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 August 2018.

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S C Jaye
Director

The notes on pages 14 to 27 form part of these financial statements.

XI-TECH LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2017	10	9,414	9,424
Comprehensive income for the year			
Profit for the year	-	3,772	3,772
Dividends paid on equity capital	-	(900)	(900)
At 31 March 2018	<u>10</u>	<u>12,286</u>	<u>12,296</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 March 2016	10	6,244	6,254
Comprehensive income for the period			
Profit for the period	-	3,170	3,170
At 31 March 2017	<u>10</u>	<u>9,414</u>	<u>9,424</u>

The notes on pages 14 to 27 form part of these financial statements.

XI-TECH LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2017	10	1,784	1,794
Comprehensive income for the period			
Profit for the year	-	805	805
Dividend paid on equity capital	-	(900)	(900)
At 31 March 2018	10	1,689	1,699

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 March 2016	10	1,000	1,010
Comprehensive income for the period			
Profit for the period	-	784	784
At 31 March 2017	10	1,784	1,794

The notes on pages 14 to 27 form part of these financial statements.

XI-TECH LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	£000	£000
Cash flows from operating activities		
Profit for the financial year	3,772	3,170
Adjustments for:		
Depreciation of tangible assets	10	10
Interest received	(2)	(30)
Taxation charge	624	659
Decrease/(increase) in stocks	1,443	(1,958)
Decrease/(increase) in debtors	1,448	(1,440)
(Decrease) in creditors	(965)	(1,830)
(Decrease)/increase in provisions	(36)	1,370
Corporation tax (paid)	(865)	(670)
Net cash generated from operating activities	<u>5,429</u>	<u>(719)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(1,814)
Interest received	2	30
Net cash from investing activities	<u>2</u>	<u>(1,784)</u>
Cash flows from financing activities		
Dividends paid	(900)	-
Net cash used in financing activities	<u>(900)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	4,531	(2,503)
Cash and cash equivalents at beginning of year	4,381	6,884
Cash and cash equivalents at the end of year	<u>8,912</u>	<u>4,381</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,912	4,381
	<u>8,912</u>	<u>4,381</u>

The notes on pages 14 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. General information

Xi-Tech Limited is a company limited by shares, incorporated in England and Wales. Its registered office is 18 The Avenue, Egham, TW20 9AB. The financial statements have been prepared for Xi-Tech Limited entity for the period ended 31 March 2018 using pounds sterling as the functional currency as this is the currency in which it operates and rounded to the nearest pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 31 March 2016.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

2.4 Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

2.5 Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.6 Stocks

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

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

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.9 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.9 Current and deferred taxation (continued)

of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Research and development

Research and development expenditure is written off in the period in which it is incurred. Funding received for such revenue expenditure is credited to revenue so as to match the related expenditure.

2.11 Leased assets

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the lease. The aggregate benefit of lease incentives is recognised as a reduction to the rental expense over the lease term on a straight-line basis.

2.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Guarantee provisions

Provision is made for the estimated outstanding liability for replacement under guarantees and other warranties given to purchasers of the company's products. Management periodically adjust this provision based on historical experience and anticipated expenses.

2.14 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant and machinery	- 10-20% on cost
Fixtures and fittings	- 10-33 1/3% on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

and are recognised in the Consolidated statement of comprehensive income.

2.15 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits.

2.16 Financial assets - classified as basic financial instruments

(i) Trade and other debtors

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment. Amounts recoverable on contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on amount. Excess progress payments are included in creditors as payments on account.

Where a financial asset constitutes a financing transaction it is initially measured at the present value of the future payments, discounted at a market rate of interest. At the each reporting date, the Company assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

2.17 Financial liabilities - classified as basic financial instruments

(i) Trade and other creditors

Trade and other creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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, if the revision affects only that that, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the accounting policies

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the director has considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial period.

(ii) Work in Progress

Work in progress is stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and includes all direct expenditure and production overheads appropriate to bring stock and work in progress to their condition and location at the balance sheet date. Net realisable value is the price at which the stock can be realised in the normal course of business.

Provision is made for obsolete, slow moving and defective stock. There have been no indicators of at the period-end that the Work in Progress balance is misstated in the period.

(iii) Provisions

Provision is made for the estimated outstanding liability for replacement under guarantees and other warranties given to purchasers of the company's products.

(iv) Recoverability of debtors

The company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability, the director has considered factors such as aging of the debtors, any disputed information, past experience of recoverability, and the credit profile of individual or groups of customers.

Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

XI-TECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Turnover

Analysis of turnover by country of destination:

	2018	2017
	£000	£000
United Kingdom	194	315
USA & Canada	2,290	2,483
Asia	6,131	6,613
Rest of the World	6,364	5,708
	<u>14,979</u>	<u>15,119</u>

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£000	£000
Research & development charged as an expense	859	561
Depreciation of plant and equipment	10	10
Hire of other assets - operating leases	4	116
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	8	9
Fees payable to the Group's auditor for all other services	2	3
Exchange differences	(205)	(166)
Warranty provision expense	66	131
Dilapidation provision expense	<u>-</u>	<u>32</u>

6. Employees

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

	2018	2017
	No.	No.
Production and development	20	21
Administration	5	5
	<u>25</u>	<u>26</u>

XI-TECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Director's remuneration

	2018	2017
	£000	£000
Director's emoluments	650	650
	<u>650</u>	<u>650</u>

There was one director in the Group's defined contribution pension scheme during the period (2017 - 1). As there is only one director all remuneration is due to the one director.

Key management personnel

The director is the key management of the Group.

8. Interest receivable

	2018	2017
	£000	£000
Bank interest receivable	2	30
	<u>2</u>	<u>30</u>

9. Taxation

	2018	2017
	£000	£000
Corporation tax		
Current tax on profits for the year	620	930
Total current tax	<u>620</u>	<u>930</u>
Deferred tax		
Origination and reversal of timing differences	4	(271)
Total deferred tax	<u>4</u>	<u>(271)</u>
Taxation on profit on ordinary activities	<u>624</u>	<u>659</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	<u>4,396</u>	<u>3,829</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	835	766
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2	4
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(213)	(162)
Other differences leading to an increase (decrease) in the tax charge	-	51
Total tax charge for the year/period	<u><u>624</u></u>	<u><u>659</u></u>

10. Dividends

	2018 £000	2017 £000
Dividends paid on equity capital	900	-
	<u>900</u>	<u>-</u>

XI-TECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 April 2017	1,794	38	87	1,919
At 31 March 2018	1,794	38	87	1,919
Depreciation				
At 1 April 2017	-	34	71	105
Charge for the year on owned assets	-	1	9	10
At 31 March 2018	-	35	80	115
Net book value				
At 31 March 2018	1,794	3	7	1,804
At 31 March 2017	1,794	4	16	1,814

The net book value of land and buildings may be further analysed as follows:

	2018 £000	2017 £000
Freehold	1,794	1,794
	1,794	1,794

XI-TECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2017	1,559
At 31 March 2018	1,559
Net book value	
At 31 March 2018	1,559
At 31 March 2017	1,559

13. Stocks

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Raw materials and consumables	1,270	2,486	-	-
Work in progress (goods to be sold)	355	370	-	-
Finished goods and goods for resale	205	418	-	-
	1,830	3,274	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

14. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade debtors	2,389	3,668	-	-
Other debtors	365	529	349	517
Prepayments and accrued income	12	17	-	-
Deferred taxation	321	326	-	-
	3,087	4,540	349	517

XI-TECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Cash and cash equivalents

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Cash at bank and in hand	8,912	4,381	1,326	735
	8,912	4,381	1,326	735

16. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade creditors	1,080	2,029	-	-
Amounts owed to group undertakings	-	-	1,445	917
Corporation tax	219	464	90	100
Other taxation and social security	74	94	-	-
Other creditors	22	21	-	-
Accruals and deferred income	50	48	-	-
	1,445	2,656	1,535	1,017

17. Financial instruments

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Financial assets				
Trade debtors	2,389	3,665	-	-
Other debtors	365	533	349	517
Cash	8,912	4,381	1,326	735
	11,666	8,579	1,675	1,252
Financial liabilities				
Trade creditors	1,080	2,030	-	-
Amounts owed to group undertakings	-	-	1,446	918
Other creditors	96	113	-	-
	1,176	2,143	1,446	918

XI-TECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Deferred taxation

Group

	2018 £000	2017 £000
At beginning of year	326	55
Charged to profit or loss	(5)	271
At end of year	<u>321</u>	<u>326</u>

At end of year

	Group 2018 £000	Group 2017 £000
Accelerated capital allowances	321	326
	<u>321</u>	<u>326</u>

19. Provisions

Group

	Warranty provision £000
At 1 April 2017	1,929
Charged to profit or loss	(37)
At 31 March 2018	<u>1,892</u>

The warranty provision relates to estimated warranty claims on products sold to customers.

20. Share capital

Shares classed as equity

	2018 £000	2017 £000
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each shares of £1 each	<u>10</u>	<u>10</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

20. Share capital (continued)

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

21. Reserves

Profit and loss account

The profit and loss account represents the cumulative profits and losses.

22. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge amounted to £60,000 (2017 - £62,000). Contributions amounting to £2,645 (2017 - £2,645) were payable to the fund and are included in creditors (Note 16).

23. Related party transactions

The company has taken advantage of the exemption permitted by Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with wholly owned members of the Group. The Company and its subsidiary undertakings are included within the consolidated financial statements of Xi-Tech Limited, which are publically available and can be obtained from head office of Xi-Tech Limited, 18 The Avenue, Egham, TW20 9AB, United Kingdom.

24. Controlling party

The group is controlled by S C Jaye by virtue of his shareholding.

25. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Sens-Tech Limited	Ordinary	100 %	Assembles and markets detector modules

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