COMPANY REGISTRATION NUMBER 08622821

AOTO ELECTRONICS (UK) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2016

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AOTO ELECTRONICS (UK) LIMITED
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

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AOTO ELECTRONICS (UK) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2016

Company registration number	08622821
The board of directors	Mr Yi Shen Mr Hanqu Wu
Registered office	Sovereign Court 230 Upper Fifth Street Central Milton Keynes MK9 2HR
Current auditor	Keens Shay Keens MK LLP Chartered Accountants & Statutory Auditor Sovereign Court 230 Upper Fifth Street Central Milton Keynes MK9 2HR

The directors present their report and financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company during the period was the service of electrical equipment.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Keens Shay Keens MK LLP are deemed to be appointed under section 487(2) of the Companies Act 2006.

The directors have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Signed by order of the directors

MR HANQU WU
Director

Approved by the directors on 22/2/2017

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; 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 proper accounting records that 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 and Article 4 of the IAS Regulation. 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.

We have audited the financial statements of Aoto Electronics (UK) Limited for the period ended 31 December 2016 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to them in an auditors' 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 shareholders as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS
As explained more fully in the Statement of Directors' Responsibilities, set out on pages 3 to 4, 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 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL ACCOUNTS
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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

- the information given in the Directors' Report for the financial period 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:

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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 of the information and explanations we require for our audit.

ELIZABETH NEWELL BA (HONS) FCA
(Senior Statutory Auditor)
For and on behalf of
KEENS SHAY KEENS MK LLP
Chartered Accountants
& Statutory Auditor

Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
MK9 2HR

1 MARCH 2017

AOTO ELECTRONICS (UK) LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		£	£
Revenue		**38,800**	28,000
Cost of sales		**-**	-
GROSS PROFIT		**38,800**	28,000
Administrative expenses		**(50,483)**	(70,362)
OPERATING LOSS	3	**(11,683)**	(42,362)
LOSS BEFORE TAX		**(11,683)**	(42,362)
Income tax expense	6	**-**	-
LOSS FOR THE PERIOD		**(11,683)**	(42,362)

The notes on pages 11 to 17 form part of these financial statements.

AOTO ELECTRONICS (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	200,000	(66,113)	133,887
Loss for the period	-	(11,683)	(11,683)
Balance at 31 December 2016	200,000	(77,796)	122,204

The notes on pages 11 to 17 form part of these financial statements.

AOTO ELECTRONICS (UK) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	**358**	458
		358	458
CURRENT ASSETS			
Trade and other receivables	11	**117,619**	137,422
Cash and cash equivalents	12	**10,368**	5,396
		127,987	142,818
TOTAL ASSETS		**128,345**	143,276
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	13	**200,000**	200,000
Retained profits		**(77,796)**	(66,113)
TOTAL EQUITY		**122,204**	133,887
CURRENT LIABILITIES			
Trade and other payables	14	**6,141**	9,389
TOTAL EQUITY AND LIABILITIES		**128,345**	143,276

Approved by the Board on 22/2/2017 and signed on its behalf by:

MR HANQU WU

Company registration number: 08622821

The notes on pages 11 to 17 form part of these financial statements.

AOTO ELECTRONICS (UK) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES	
Total operating Loss	**(11,683)**
Depreciation charges	100
Decrease in trade and other receivables	19,803
Decrease in trade and other payables	(3,248)
NET CASH FROM OPERATING ACTIVITIES	**4,972**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of PPE	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from share issue	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	-
Net increase in cash and cash equivalents	**4,972**
Cash and cash equivalents at beginning of period	**5,396**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**10,368**

The notes on pages 11 to 17 form part of these financial statements.

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS'S

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out in note 2.

2. ACCOUNTING POLICIES

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Borrowing Costs
All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Interest expense recognition
Expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

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

The tax currently payable is based on taxable profit for the period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. ACCOUNTING POLICIES (continued)

Property, plant and equipment
Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

Office equipment	20% straight line

Impairment of assets
At each reporting date, property, plant and equipment, and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Trade and other receivables
Trade and other receivables are recognised by the company and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are identified as being bad.

Other receivables are recognised at fair value.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Trade and other payables
Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into sterling using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expense.

2. ACCOUNTING POLICIES (continued)

3. OPERATING LOSS

Operating loss is stated after charging/(crediting) the following:

	2016 £	2015 £
Included in administrative expenses:		
Employee benefits expense	**20,980**	48,314
Depreciation of owned fixed assets	**100**	101
Auditor's fees	**3,200**	3,600
	24,280	52,015

4. EMPLOYEE EXPENSES

	2016 £	2015 £
Wages and salaries	**20,980**	48,314
Employer's national insurance contributions	**472**	3,640
	21,452	51,954

The average monthly number of employees during the period was made up as follows:

2016	2015
1	1

5. FINANCE COSTS

	2016 £	2015 £
Bank charges	**231**	122
	231	122

6. INCOME TAX - OUTSTANDING

Components of income tax expense

	2016 £	2015 £
Current income tax expense		
Current income tax charge	-	-

7. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2016

	IT Equipment £
Cost	
At 1 January 2016 and 31 December 2016	559
Depreciation	
At 1 January 2016	101
Charge for the year	100
At 31 December 2016	201
Net book value	
At 31 December 2015	458
At 31 December 2016	358

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk
The company trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

Liquidity risk
The company has given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

Market risk
The company's main exposure to risk is through foreign currency exchange rates and interest rates. The company manages the risk through an ongoing system of monitoring.

Capital management

	2016	2015
	£	£
Less: Cash and short term deposits	**(10,368)**	(5,396)
Net funds	**(10,368)**	(5,396)
Equity	**(122,204)**	(133,887)
Total capital	**(122,204)**	(133,887)
Capital and net funds	**(132,572)**	(139,283)

9. FINANCIAL INSTRUMENTS

	Carrying amount **2016** **£**	*Fair value* **2016** **£**
Financial assets		
Cash and cash equivalents	**10,368**	**10,368**
Trade and other receivables	**117,619**	**117,825**
Financial liabilities		
Trade and other payables	**(6,141)**	**(6,141)**

10. RELATED PARTY TRANSACTIONS

Subsidiaries

The financial statements include related party transactions with the following related parties:

Name	Relationship		Transactions	Balance
Shenzhen Aoto Electronics Co Ltd	Ultimate Parent Company	Sales	£38,800	£38,800
Aoto Electronics Hong Kong	Immediate Parent Company	Loan repayments	(£40,000)	£68,015

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	£	£
Amounts owed by group undertakings	**106,815**	136,016
Other receivables	**10,804**	1,406
	117,619	137,422

Amounts receivable from trade customers are non-interest bearing and are generally on 30 - 90 day terms.

12. CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash at bank	**10,368**	5,396

13. SHARE CAPITAL

Issued share capital

	2016		2015	
	No	£	No	£
Issued and fully paid				
Ordinary shares of £1 each	**200,000**	**200,000**	**200,000**	**200,000**

14. TRADE AND OTHER PAYABLES

	2016	2015
	£	£
Payable to trade suppliers	117	-
Amounts owed to group undertakings	-	-
Other taxation and social security	1,081	1,464
Accrued liabilities	4,943	7,925
	6,141	9,389

15. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the 31 December 2016 and the date of authorisation of the financial statements.