

PEKTRON PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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PEKTRON PLC

COMPANY INFORMATION

DIRECTORS

N J Morgan
P D Morgan
R F Morgan
J Morgan
S E Morgan
A J Morgan

COMPANY SECRETARY

N J Morgan

REGISTERED NUMBER

1477486

REGISTERED OFFICE

Alfreton Road
Derby
DE21 4AP

INDEPENDENT AUDITORS

Smith Cooper Limited
Chartered Accountants & Statutory Auditors
St Helen's House
King Street
Derby
DE1 3EE

PEKTRON PLC

CONTENTS

| | Page |
|---|----------------|
| Group strategic report | 1 |
| Directors' report | 2 - 3 |
| Independent auditors' report | 4 - 5 |
| Consolidated profit and loss account | 6 |
| Consolidated balance sheet | 7 |
| Company balance sheet | 8 |
| Consolidated cash flow statement | 9 |
| Notes to the financial statements | 10 - 16 |

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

BUSINESS REVIEW

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

Pektron plc is a supplier of electronic parts for rugged environments, with particular expertise in vehicle electronics. We also supply various consultancy and other services in engineering, aviation, and other industries.

Turnover at £38,056,977 has increased from the previous year as a result of doing more consultancy and tooling based work. Gross profit margin is the same as the previous year and therefore gross profit has increased and as overheads have increased in line with the increased level of turnover and so operating profit has slightly decreased.

The business continues to search out and win new business in all areas, and growth in all key performance indicators is anticipated in the coming years.

PRINCIPAL RISKS AND UNCERTAINTIES

As for many businesses our size, the business environment in which we operate continues to be challenging. With these risks and uncertainties in mind though, we are aware that any plans for the future development of the business may be subject to unforeseen events outside of our control.

FINANCIAL KEY PERFORMANCE INDICATORS

We consider the key performance indicators of the business that communicate the financial performance and strength of the company are turnover, gross profit and net profit on ordinary activities before taxation.

This report was approved by the board on 25 June 2014 and signed on its behalf.

N J Morgan
Director



**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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 the group 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 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 £323,693 (2012 - £237,790).

A dividend of £xxx was paid in the year (2012: £600,000)

DIRECTORS

The directors who served during the year were:

N J Morgan
P D Morgan
R F Morgan
J Morgan
S E Morgan
A J Morgan

FINANCIAL INSTRUMENTS

The group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk and foreign exchange risk. The group has a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of finance costs and returns. The group has implemented policies that require appropriate credit checks before a sale is made. The group hedges its exposure to foreign currency fluctuations by using bank accounts denominated in dollars and euros.

PEKTRON PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

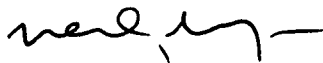
- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the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

AUDITORS

With effect from 1 April 2014 Smith Cooper LLP, the company's auditor, transferred its business to Smith Cooper Limited. The directors consent to treating the appointment of Smith Cooper LLP as extending to Smith Cooper Limited with effect from 1 April 2014.

Under section 487 of the Companies Act 2006, Smith Cooper Limited will be deemed to have been reappointed as auditor(s) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 25 June 2014 and signed on its behalf.



N J Morgan
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PEKTRON PLC

We have audited the financial statements of Pektron plc for the year ended 31 December 2013, set out on pages 6 to 16. 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).

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 group's and the parent 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 Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PEKTRON PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PEKTRON PLC

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Janet Morgan (Senior statutory auditor)

for and on behalf of

Smith Cooper Limited

Chartered Accountants

Statutory Auditors

St Helen's House

King Street

Derby

DE1 3EE

Date: 25 June 2014

PEKTRON PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | Note | 2013 £ | 2012 £ |
|--|-------------|---------------------|-------------------|
| TURNOVER | 1,2 | 38,339,205 | 33,560,444 |
| Cost of sales | | (37,058,383) | (32,417,080) |
| GROSS PROFIT | | 1,280,822 | 1,143,364 |
| Administrative expenses | | (866,459) | (855,560) |
| OPERATING PROFIT | 3 | 414,363 | 287,804 |
| Interest receivable and similar income | | 26,477 | 30,685 |
| Interest payable and similar charges | 5 | (19,218) | (4,770) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 421,622 | 313,719 |
| Tax on profit on ordinary activities | 6 | (97,929) | (75,929) |
| PROFIT FOR THE FINANCIAL YEAR | 11 | 323,693 | 237,790 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 10 to 16 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|---|------|--------------------|----------------|--------------------|----------------|
| CURRENT ASSETS | | | | | |
| Debtors | 8 | 7,095,812 | | 8,819,855 | |
| Cash at bank | | 1,068,849 | | 1,075,942 | |
| | | <u>8,164,661</u> | | <u>9,895,797</u> | |
| CREDITORS: amounts falling due within one year | 9 | <u>(7,947,321)</u> | | <u>(9,402,150)</u> | |
| NET CURRENT ASSETS | | | <u>217,340</u> | | 493,647 |
| NET ASSETS | | | <u>217,340</u> | | <u>493,647</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 10 | | 50,000 | | 50,000 |
| Profit and loss account | 11 | | 167,340 | | 443,647 |
| SHAREHOLDERS' FUNDS | 12 | | <u>217,340</u> | | <u>493,647</u> |

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

25 June 2014



N J Morgan
Director

The notes on pages 10 to 16 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|---|------|------------------|---------------|------------------|----------------|
| FIXED ASSETS | | | | | |
| Investments | 7 | | 100 | | 100 |
| CURRENT ASSETS | | | | | |
| Debtors | 8 | 7,053,822 | | 8,723,767 | |
| Cash at bank | | 10,866 | | 18,526 | |
| | | <u>7,064,688</u> | | <u>8,742,293</u> | |
| CREDITORS: amounts falling due within one year | 9 | (6,985,332) | | (8,375,434) | |
| NET CURRENT ASSETS | | | <u>79,356</u> | | <u>366,859</u> |
| NET ASSETS | | | <u>79,456</u> | | <u>366,959</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 10 | | 50,000 | | 50,000 |
| Profit and loss account | 11 | | 29,456 | | 316,959 |
| SHAREHOLDERS' FUNDS | 12 | | <u>79,456</u> | | <u>366,959</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
25 June 2014.



N J Morgan
Director

The notes on pages 10 to 16 form part of these financial statements.

PEKTRON PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | Note | 2013 £ | 2012 £ |
|---|-------------|-------------------|-------------------|
| Net cash flow from operating activities | 14 | 661,587 | 671,436 |
| Returns on investments and servicing of finance | 15 | 7,259 | 25,915 |
| Taxation | 15 | (75,939) | (97,626) |
| Equity dividends paid | | (600,000) | (600,000) |
| DECREASE IN CASH IN THE YEAR | | (7,093) | (275) |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| Decrease in cash in the year | (7,093) | (275) |
| MOVEMENT IN NET DEBT IN THE YEAR | (7,093) | (275) |
| Net funds at 1 January 2013 | 1,075,942 | 1,076,217 |
| NET FUNDS AT 31 DECEMBER 2013 | 1,068,849 | 1,075,942 |

The notes on pages 10 to 16 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Pektron plc and all of its subsidiary undertakings ('subsidiaries').

1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised when goods are dispatched.

1.4 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment.

1.5 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.6 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2. TURNOVER

A geographical analysis of turnover is as follows:

| | 2013 £ | 2012 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 19,916,617 | 18,061,019 |
| Europe | 5,782,544 | 6,018,560 |
| Rest of world | 12,640,044 | 9,480,865 |
| | <u>38,339,205</u> | <u>33,560,444</u> |

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 2013 £ | 2012 £ |
|--------------------------------|---------------|---------------|
| Difference on foreign exchange | 11,587 | 36,986 |
| | <u>11,587</u> | <u>36,986</u> |

During the year, no director received any emoluments (2012 - £NIL).

4. AUDITORS' REMUNERATION

| | 2013 £ | 2012 £ |
|---|--------------|--------------|
| Fees payable to the company's auditor and its associates for the audit of the company's annual accounts | 5,500 | 5,500 |
| | <u>5,500</u> | <u>5,500</u> |

5. INTEREST PAYABLE

| | 2013 £ | 2012 £ |
|------------------------------|---------------|--------------|
| On bank loans and overdrafts | 19,218 | 4,770 |
| | <u>19,218</u> | <u>4,770</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

6. TAXATION

| | 2013 £ | 2012 £ |
|--|---------------|---------------|
| ANALYSIS OF TAX CHARGE IN THE YEAR | | |
| UK corporation tax charge on profit for the year | 97,929 | 75,945 |
| Adjustments in respect of prior periods | - | (16) |
| | <u>97,929</u> | <u>75,929</u> |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | | |

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is ***select*** (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

| | 2013 £ | 2012 £ |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 421,622 | 313,719 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%) | 98,027 | 76,861 |
| EFFECTS OF: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 437 | - |
| Marginal rate relief | (535) | (916) |
| Adjustments to tax charge in respect of prior periods | - | (16) |
| | <u>97,929</u> | <u>75,929</u> |
| CURRENT TAX CHARGE FOR THE YEAR (see note above) | | |

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

7. FIXED ASSET INVESTMENTS

| | Investments in Subsidiary Companies £ |
|--|---|
| COMPANY | |
| COST OR VALUATION | |
| At 1 January 2013 and 31 December 2013 | 100 |
| NET BOOK VALUE | |
| At 31 December 2013 | 100 |
| At 31 December 2012 | 100 |

Details of the principal subsidiaries can be found under note number 20.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

8. DEBTORS

| | GROUP | | COMPANY | |
|--------------------------------|------------------|-------------|------------------|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Trade debtors | 6,557,371 | 7,857,160 | 6,519,714 | 7,772,072 |
| Other debtors | 512,947 | 911,081 | 512,947 | 911,081 |
| Prepayments and accrued income | 25,494 | 51,614 | 21,161 | 40,614 |
| | 7,095,812 | 8,819,855 | 7,053,822 | 8,723,767 |

**9. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | GROUP | | COMPANY | |
|------------------------------------|------------------|-------------|------------------|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Trade creditors | 2,316 | 14,787 | 541 | 2,311 |
| Amounts owed to group undertakings | - | - | - | 100 |
| Corporation tax | 97,935 | 75,945 | 94,643 | 72,167 |
| Other taxation and social security | 11,557 | 12,542 | - | - |
| Other creditors | 7,426,691 | 8,927,485 | 6,515,725 | 7,959,864 |
| Accruals and deferred income | 408,822 | 371,391 | 374,423 | 340,992 |
| | 7,947,321 | 9,402,150 | 6,985,332 | 8,375,434 |

10. SHARE CAPITAL

| | 2013 | 2012 |
|---|---------------|-------------|
| | £ | £ |
| ALLOTTED, CALLED UP AND FULLY PAID | | |
| 50,000 Ordinary shares of £1 each | 50,000 | 50,000 |

11. RESERVES

| GROUP | Profit and loss account £ |
|-------------------------------|--|
| At 1 January 2013 | 443,647 |
| Profit for the financial year | 323,693 |
| Dividends: Equity capital | (600,000) |
| At 31 December 2013 | 167,340 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

11. RESERVES (continued)

| | Profit and loss account £ |
|-------------------------------|---------------------------------|
| COMPANY | |
| At 1 January 2013 | 316,959 |
| Profit for the financial year | 312,497 |
| Dividends: Equity capital | (600,000) |
| | <hr/> |
| At 31 December 2013 | 29,456 |
| | <hr/> |

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2013 £ | 2012 £ |
|-------------------------------|-----------|-----------|
| GROUP | | |
| Opening shareholders' funds | 493,647 | 855,857 |
| Profit for the financial year | 323,693 | 237,790 |
| Dividends (Note 13) | (600,000) | (600,000) |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 217,340 | 493,647 |
| | <hr/> | <hr/> |

| | 2013 £ | 2012 £ |
|-------------------------------|-----------|-----------|
| COMPANY | | |
| Opening shareholders' funds | 366,959 | 744,282 |
| Profit for the financial year | 312,497 | 222,677 |
| Dividends (Note 13) | (600,000) | (600,000) |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 79,456 | 366,959 |
| | <hr/> | <hr/> |

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

13. DIVIDENDS

| | 2013 £ | 2012 £ |
|----------------------------------|-----------|-----------|
| Dividends paid on equity capital | 600,000 | 600,000 |
| | <hr/> | <hr/> |

14. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2013 £ | 2012 £ |
|--|-------------|-------------|
| Operating profit | 414,363 | 287,804 |
| Decrease/(increase) in debtors | 1,724,044 | (1,270,374) |
| (Decrease)/increase in creditors | (1,476,820) | 1,654,006 |
| | <hr/> | <hr/> |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 661,587 | 671,436 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2013 £ | 2012 £ |
|---|-----------------|-----------------|
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | |
| Interest received | 26,477 | 30,685 |
| Interest paid | (19,218) | (4,770) |
| | <u>7,259</u> | <u>25,915</u> |
| NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | <u>7,259</u> | <u>25,915</u> |
| | 2013 £ | 2012 £ |
| TAXATION | | |
| Corporation tax | (75,939) | (97,626) |
| | <u>(75,939)</u> | <u>(97,626)</u> |

16. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 January 2013 £ | Cash flow £ | Other non-cash changes £ | 31 December 2013 £ |
|--------------------------|------------------------|----------------|-----------------------------------|--------------------------|
| Cash at bank and in hand | 1,075,942 | (7,093) | - | 1,068,849 |
| NET FUNDS | <u>1,075,942</u> | <u>(7,093)</u> | <u>-</u> | <u>1,068,849</u> |

17. CONTINGENT LIABILITIES

An unlimited guarantee exists between the company and Pektron Group Limited with regard to bank borrowings.

18. RELATED PARTY TRANSACTIONS

During the year the company paid dividends of £200,000 each to N J Morgan, P D Morgan and R F Morgan, directors of the company. (2012: £200,000 each). At 31 December 2013, there were amounts of £1,230,550 due to the directors (2012: £745,176). These amounts are unsecured and have no fixed date for repayment. Interest is charged at 3% on all amounts outstanding.

During the year the group purchased goods to a value of £36,906,001 (2012: £32,248,848) and incurred management charges of £645,000 (2012: £560,000) from Pektron Group Limited, a company under common control. An amount of £6,298,141 (2012: £7,214,688) was owed to Pektron Group Limited as at 31 December 2013. During the year, the group received commissions and recharges of £30,945 (2012: £29,395) from Pektron Group Limited. There was an amount of £1,502 (2012: £3,000) outstanding at the year end.

PEKTRON PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

19. CONTROLLING PARTY

The company is controlled by N J Morgan, P D Morgan and R F Morgan

20. PRINCIPAL SUBSIDIARIES

| Company name | Country | Percentage Shareholding | Description |
|---------------------------------|----------------|------------------------------------|---|
| Contrail Flight Service Limited | United Kingdom | 100 | Provision of aircraft management services and crews for aircrafts |