

PEKTRON PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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COMPANIES HOUSE

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

PEKTRON PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 is in line with expectations. Gross profit margin is the same as the previous year and therefore gross profit has decreased and as overheads have decreased in line with the the 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 22 June 2015 and signed on its behalf.



N J Morgan
Director

PEKTRON PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

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 £193,954 (2013 - £323,693).

A dividend of £Nil was paid in the year (2013: £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 2014 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

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 22 June 2015 and signed on its behalf.



N J Morgan
Director

PEKTRON PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PEKTRON PLC

We have audited the financial statements of Pektron plc for the year ended 31 December 2014, 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 2014 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: 22 June 2015

PEKTRON PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	26,074,656	38,339,205
Cost of sales		(25,169,829)	(37,058,383)
GROSS PROFIT		904,827	1,280,822
Administrative expenses		(633,345)	(866,459)
OPERATING PROFIT	3	271,482	414,363
Interest receivable and similar income		8,703	26,477
Interest payable and similar charges	5	(32,572)	(19,218)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		247,613	421,622
Tax on profit on ordinary activities	6	(53,659)	(97,929)
PROFIT FOR THE FINANCIAL YEAR	11	193,954	323,693

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

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

PEKTRON PLC
REGISTERED NUMBER: 1477486

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014**

	Note	£	2014 £	£	2013 £
CURRENT ASSETS					
Debtors	8	5,912,367		7,095,812	
Cash at bank		67,048		1,068,849	
		<u>5,979,415</u>		<u>8,164,661</u>	
CREDITORS: amounts falling due within one year	9	<u>(5,568,122)</u>		<u>(7,947,322)</u>	
NET CURRENT ASSETS			<u>411,293</u>		217,339
NET ASSETS			<u>411,293</u>		<u>217,339</u>
CAPITAL AND RESERVES					
Called up share capital	10	50,000		50,000	
Profit and loss account	11	361,293		167,339	
SHAREHOLDERS' FUNDS	12		<u>411,293</u>		<u>217,339</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
22 June 2015



N J Morgan
Director

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

PEKTRON PLC
REGISTERED NUMBER: 1477486

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Investments	7		100		100
CURRENT ASSETS					
Debtors	8	5,785,641		7,053,822	
Cash at bank		10,048		10,866	
		<u>5,795,689</u>		<u>7,064,688</u>	
CREDITORS: amounts falling due within one year	9	<u>(5,523,541)</u>		<u>(6,985,332)</u>	
NET CURRENT ASSETS			<u>272,148</u>		<u>79,356</u>
NET ASSETS			<u><u>272,248</u></u>		<u><u>79,456</u></u>
CAPITAL AND RESERVES					
Called up share capital	10		50,000		50,000
Profit and loss account	11		<u>222,248</u>		<u>29,456</u>
SHAREHOLDERS' FUNDS	12		<u><u>272,248</u></u>		<u><u>79,456</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
 22 June 2015



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 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	14	(849,108)	661,587
Returns on investments and servicing of finance	15	(23,869)	7,259
Taxation	15	(128,824)	(75,939)
Equity dividends paid		-	(600,000)
DECREASE IN CASH IN THE YEAR		(1,001,801)	(7,093)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
Decrease in cash in the year	(1,001,801)	(7,093)
MOVEMENT IN NET DEBT IN THE YEAR	(1,001,801)	(7,093)
Net funds at 1 January 2014	1,068,849	1,075,942
NET FUNDS AT 31 DECEMBER 2014	67,048	1,068,849

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014**

2. TURNOVER

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	19,158,636	19,916,617
Europe	4,187,620	5,782,544
Rest of world	2,728,400	12,640,044
	<u>26,074,656</u>	<u>38,339,205</u>

3. OPERATING PROFIT

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

	2014 £	2013 £
Difference on foreign exchange	10,867	11,587
	<u>10,867</u>	<u>11,587</u>

During the year, no director received any emoluments (2013 - £NIL).

4. AUDITORS' REMUNERATION

	2014 £	2013 £
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

	2014 £	2013 £
On bank loans and overdrafts	32,572	19,218
	<u>32,572</u>	<u>19,218</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

6. TAXATION

	2014 £	2013 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
UK corporation tax charge on profit for the year	53,364	97,929
Adjustments in respect of prior periods	295	-
	<u>53,659</u>	<u>97,929</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES		
	<u>53,659</u>	<u>97,929</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2013 - the same as) the standard rate of corporation tax in the UK of 21.4837% (2013 - 23.25%) as set out below:

	2014 £	2013 £
Profit on ordinary activities before tax	247,613	421,622
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.4837% (2013 - 23.25%)	53,196	98,027
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	238	437
Marginal rate relief	-	(535)
Adjustments to tax charge in respect of prior periods	225	-
	<u>53,659</u>	<u>97,929</u>
CURRENT TAX CHARGE FOR THE YEAR (see note above)		
	<u>53,659</u>	<u>97,929</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

7. FIXED ASSET INVESTMENTS

COMPANY COST OR VALUATION	Investments in Subsidiary Companies £
At 1 January 2014 and 31 December 2014	100
NET BOOK VALUE	
At 31 December 2014	100
At 31 December 2013	100

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

8. DEBTORS

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	5,463,649	6,557,371	5,416,204	6,519,714
Other debtors	322,058	512,947	242,777	512,947
Prepayments and accrued income	126,660	25,494	126,660	21,161
	5,912,367	7,095,812	5,785,641	7,053,822

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	-	2,316	-	541
Corporation tax	22,771	97,935	22,407	94,643
Other taxation and social security	9,967	11,557	-	-
Other creditors	5,080,965	7,426,691	5,080,965	6,515,725
Accruals and deferred income	454,419	408,823	420,169	374,423
	5,568,122	7,947,322	5,523,541	6,985,332

10. SHARE CAPITAL

	2014	2013
	£	£
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 2014	167,339
Profit for the financial year	193,954
At 31 December 2014	361,293

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

11. RESERVES (continued)

	Profit and loss account £
COMPANY	
At 1 January 2014	29,456
Profit for the financial year	192,792
	<hr/>
At 31 December 2014	222,248
	<hr/>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
GROUP		
Opening shareholders' funds	217,339	493,646
Profit for the financial year	193,954	323,693
Dividends (Note 13)	-	(600,000)
	<hr/>	<hr/>
Closing shareholders' funds	411,293	217,339
	<hr/>	<hr/>

	2014 £	2013 £
COMPANY		
Opening shareholders' funds	79,456	366,959
Profit for the financial year	192,792	312,497
Dividends (Note 13)	-	(600,000)
	<hr/>	<hr/>
Closing shareholders' funds	272,248	79,456
	<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

	2014 £	2013 £
Dividends paid on equity capital	-	600,000
	<hr/>	<hr/>

14. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	271,482	414,363
Decrease in debtors	1,183,444	1,724,044
Decrease in creditors	(2,304,034)	(1,476,820)
	<hr/>	<hr/>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(849,108)	661,587
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	8,703	26,477
Interest paid	(32,572)	(19,218)
	<hr/>	<hr/>
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(23,869)	7,259
	<hr/>	<hr/>
	2014 £	2013 £
TAXATION		
Corporation tax	(128,824)	(75,939)
	<hr/>	<hr/>

16. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	1,068,849	(1,001,801)	-	67,048
	<hr/>	<hr/>	<hr/>	<hr/>
NET FUNDS	1,068,849	(1,001,801)	-	67,048
	<hr/>	<hr/>	<hr/>	<hr/>

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 £Nil each to N J Morgan, P D Morgan and R F Morgan, directors of the company. (2013: £200,000 each). At 31 December 2014, there were amounts of £845,568 due to the directors (2013: £1,230,550). 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 £24,994,725 (2013: £36,906,001) and incurred management charges of £400,000 (2013: £645,000) from Pektron Group Limited, a company under common control. An amount of £4,200,396 (2013: £6,298,141) was owed to Pektron Group Limited as at 31 December 2014. During the year, the group received commissions and recharges of £36,725 (2013: £30,945) from Pektron Group Limited. There was an amount of £1,829 (2013: £1,502) outstanding at the year end.

PEKTRON PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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