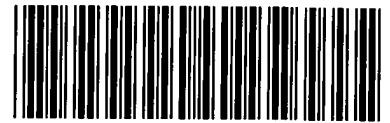


PEKTRON PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

PEKTRON PLC

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

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 increased. Overheads have decreased, due to a movement from a foreign exchange loss of £82k in the prior year to a £42k gain in the current year, resulting in an increased operating profit.

The business continues to search out and win new business in all areas, and growth in all key performance indicators, including turnover and net profit, 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.

It is too soon for the directors to fully assess the impact of Brexit upon the results of the Group. The directors remain aware of the uncertainties surrounding this matter and are mindful of these uncertainties.

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 and net profit on ordinary activities before taxation.

This report was approved by the board on 20 June 2019 and signed on its behalf.

N J Morgan
Director



PEKTRON PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 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 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The principal activity of the Group is the sale of electronic products.

Results and dividends

The profit for the year, after taxation, amounted to £395,936 (2017: £306,765).

A dividend of £600,000 was paid during the year (2017: £750,000).

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

Future developments

There are no future developments which require disclosure in the financial statements.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 Group 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.

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 the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the 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.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Smith Cooper Audit Limited will be deemed to have been reappointed as auditors 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 20 June 2019 and signed on its behalf.

N J Morgan
Director



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PEKTRON PLC

Opinion

We have audited the financial statements of Pektron plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 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 December 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 Auditors' 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF PEKTRON PLC (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 Directors' 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 Directors' 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 Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are 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 directors determine 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 directors are 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 directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PEKTRON PLC (CONTINUED)

Use of our report

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.

Janet Morgan (Senior Statutory Auditor)
for and on behalf of

Smith Cooper Audit Limited

Chartered Accountants

Statutory Auditors

St Helen's House

King Street

Derby

DE1 3EE

Date: 20 June 2019

PEKTRON PLC

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

	Note	2018 £	2017 £
Turnover	4	38,466,633	37,823,835
Cost of sales		(37,211,396)	(36,601,884)
Gross profit		1,255,237	1,221,951
Administrative expenses		(732,195)	(828,085)
Operating profit		523,042	393,866
Interest receivable and similar income	7	12	11
Interest payable and expenses	8	(34,299)	(14,571)
Profit before taxation		488,755	379,306
Tax on profit	9	(92,819)	(72,541)
Profit for the year		395,936	306,765
Owners of the parent Company		395,936	306,765

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

The notes on pages 13 to 21 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2018 £	2017 £	2017 £
Current assets					
Debtors: amounts falling due within one year	12	8,140,970		8,260,518	
Cash at bank and in hand	13	68,541		58,997	
		<u>8,209,511</u>		<u>8,319,515</u>	
Creditors: amounts falling due within one year	14	(7,809,116)		(7,715,056)	
Net current assets			400,395		604,459
Total assets less current liabilities			400,395		604,459
Provisions for liabilities					
Net assets			400,395		604,459
Capital and reserves					
Called up share capital	15	50,000		50,000	
Profit and loss account	16	350,395		554,459	
		<u>400,395</u>		<u>604,459</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
20 June 2019.



N J Morgan
Director

The notes on pages 13 to 21 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Investments	11		100		100
			<u>100</u>		<u>100</u>
Current assets					
Debtors: amounts falling due within one year	12	8,108,185		8,201,718	
Cash at bank and in hand	13	10,071		10,171	
		<u>8,118,256</u>		<u>8,211,889</u>	
Creditors: amounts falling due within one year	14	(7,729,846)		(7,648,286)	
Net current assets			388,410		563,603
Net assets			<u>388,510</u>		<u>563,703</u>
Capital and reserves					
Called up share capital	15		50,000		50,000
Profit and loss account	16		338,510		513,703
			<u>388,510</u>		<u>563,703</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
20 June 2019.



N J Morgan
Director

The notes on pages 13 to 21 form part of these financial statements.

PEKTRON PLC

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	50,000	997,694	1,047,694
Comprehensive income for the year			
Profit for the year	-	306,765	306,765
Total comprehensive income for the year	-	306,765	306,765
Dividends: Equity capital	-	(750,000)	(750,000)
Total transactions with owners	-	(750,000)	(750,000)
At 1 January 2018	50,000	554,459	604,459
Comprehensive income for the year			
Profit for the year	-	395,936	395,936
Total comprehensive income for the year	-	395,936	395,936
Dividends: Equity capital	-	(600,000)	(600,000)
Total transactions with owners	-	(600,000)	(600,000)
At 31 December 2018	50,000	350,395	400,395

The notes on pages 13 to 21 form part of these financial statements.

PEKTRON PLC

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	50,000	916,321	966,321
Comprehensive income for the year			
Profit for the year	-	347,382	347,382
	-	347,382	347,382
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(750,000)	(750,000)
Total transactions with owners	-	(750,000)	(750,000)
At 1 January 2018	50,000	513,703	563,703
Comprehensive income for the year			
Profit for the year	-	424,807	424,807
	-	424,807	424,807
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(600,000)	(600,000)
Total transactions with owners	-	(600,000)	(600,000)
At 31 December 2018	50,000	338,510	388,510

The notes on pages 13 to 21 form part of these financial statements.

PEKTRON PLC

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

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	395,936	306,765
Adjustments for:		
Interest paid	34,299	14,571
Interest received	(12)	(11)
Taxation charge	92,819	72,541
Decrease/(increase) in debtors	119,547	(2,125,035)
Increase in creditors	74,245	2,555,649
Corporation tax (paid)	(73,003)	(62,614)
Net cash generated from operating activities	643,831	761,866
Cash flows from investing activities		
Interest received	12	11
Net cash from investing activities	12	11
Cash flows from financing activities		
Dividends paid	(600,000)	(750,000)
Interest paid	(34,299)	(14,571)
Net cash used in financing activities	(634,299)	(764,571)
Net increase/(decrease) in cash and cash equivalents	9,544	(2,694)
Cash and cash equivalents at beginning of year	58,997	61,691
Cash and cash equivalents at the end of year	68,541	58,997
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	68,541	58,997
	68,541	58,997

The notes on pages 13 to 21 form part of these financial statements.

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

1. General information

Pektron Plc is a company limited by shares incorporated and domiciled in the England & Wales, United Kingdom. The address of the registered office is given on the Company information page of the financial statements. Pektron plc is a supplier of electronic parts for rugged environments, with particular expertise in vehicle electronics.

The Group's financial statements are rounded to the nearest £.

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 judgment in applying the Group's 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.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed 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.

2.3 Going concern

After reviewing the Group's budgets, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.4 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.

Revenue from the sale of goods is recognised on despatch of goods.

Revenue from a contract to provide services is recognised in the period in which the services are provided.

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

2. Accounting policies (continued)

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.7 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.8 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.9 Creditors

Short term creditors are measured at the transaction price.

2.10 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.11 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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

2. Accounting policies (continued)

2.12 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 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 Consolidated Statement of Comprehensive Income 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 Group in independently administered funds.

2.14 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.15 Taxation

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.

2.16 Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs are directly attributable to the issue of new shares are shown in share premium as a deduction from proceeds.

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

No instances of estimation uncertainty or significant judgments arise in the preparation of the financial statements.

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sale of electronic products	38,466,633	37,823,835

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	25,066,500	24,941,963
Rest of Europe	5,633,399	5,249,218
Rest of the world	7,766,734	7,632,654
	38,466,633	37,823,835

5. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	6,250	6,250
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	1,950	1,950

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

6. Employees

Staff costs were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	105,998	102,663	-	-
Social security costs	12,736	14,137	-	-
Cost of defined contribution scheme	603	406	-	-
	119,337	117,206	-	-

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

	2018 No.	2017 No.
Management and administration	8	8

7. Interest receivable

	2018 £	2017 £
Other interest receivable	12	11

8. Interest payable and similar expenses

	2018 £	2017 £
Directors' loan interest payable	34,299	14,571

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	92,863	73,004
Adjustments in respect of previous periods	(44)	(463)
Total current tax	<u>92,819</u>	<u>72,541</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>92,819</u>	<u>72,541</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017: the same as) the standard rate of corporation tax in the UK of 19% (2017: 19.246%) as set out below:

	2018 £	2017 £
Profit on ordinary activities before tax	488,755	379,306
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.246%)	92,863	73,004
Effects of:		
Adjustments to tax charge in respect of prior periods	(44)	(463)
Total tax charge for the year	<u>92,819</u>	<u>72,541</u>

Factors that may affect future tax charges

The rate of corporation tax will reduce to 17% from April 2020. These rates will affect the amount of future cash tax payments to be made by the Group and will also reduce the size of deferred tax assets and liabilities in the Group's balance sheet.

10. Dividends

	2018 £	2017 £
Dividends paid	600,000	750,000

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

11. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Contrail Flight Services Limited	Ordinary	100 %	Provision of flight services

The subsidiary undertaking registered office is disclosed on the information page on the financial statements.

Company

	Investments in Subsidiary Companies £
Cost	
At 1 January 2018	100
At 31 December 2018	100
Net book value	
At 31 December 2018	100
At 31 December 2017	100

12. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	7,428,244	7,440,107	7,395,459	7,389,437
Other debtors	712,726	721,949	712,726	721,949
Prepayments and accrued income	-	98,461	-	90,333
	8,140,970	8,260,517	8,108,185	8,201,719

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

13. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	68,541	58,997	10,071	10,171

14. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	4,649	8,683	4,125	3,238
Corporation tax	92,820	73,004	92,820	73,004
Taxation and social security	6,987	10,249	-	-
Other creditors	5,891,474	7,409,895	5,837,975	7,380,982
Accruals and deferred income	1,813,186	213,225	1,794,926	191,062
	7,809,116	7,715,056	7,729,846	7,648,286

15. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
50,000 (2017: 50,000) Ordinary shares of £1.00 each	50,000	50,000

16. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses. There are no restrictions on distributable reserves.

17. Contingent liabilities

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

18. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £603 (2017: £406). Contributions totalling £Nil (2017: £Nil) were payable to the fund at the balance sheet date

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

19. Related party transactions

At 31 December 2018, there were amounts of £1,705,773 due to the directors (2017: £1,078,334). 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 £37,099,127 (2017: £36,491,966) and incurred management charges of £573,700 (2017: £565,706) from a company under common control.

An amount of £4,132,202 (2017: £6,302,649) was owed to a company under common control as at 31 December 2018.

During the year the Group received commissions and recharges of £72,457 (2017: £50,688) from a company under common control. There was an amount of £Nil (2017: £3,334) outstanding at the year end. There was an amount due to this company of £53,499 (2017: £28,913).

20. Controlling party

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