

Eurotech Ltd

Annual Report and Financial Statements

31 December 2014

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COMPANIES HOUSE

Directors

J J S Bain

S Barazza

Dr F Cutri

G Tecchiolli - resigned 26th November 2014

Secretary

J J S Bain

Independent Auditors

PricewaterhouseCoopers LLP

Abacus House, Castle Park

Cambridge, CB30AN

Registered Office

3 Clifton Court

Cambridge CB1 7BN

Registered No. 1608562

Strategic report

The directors present their strategic report for the year ended 31 December 2014.

Principal activities

The principal activities of the company are the design, development and marketing of embedded communications and control products.

Results

The profit for the financial year after taxation amounted to £876k (2013 – £218k).

Review of the business

	2014 £000	2013 £000
Turnover	8,507	7,709
Operating profit	1,154	307
Total shareholders' funds	3,517	2,641
Average number of employees	22	22

Sales increased by £798k to £8,507k. An operating profit of £1,154k was generated for the year compared to an operating profit of £307k in 2013.

Product launches and development of new products continued in 2014, from which we anticipate generating returns in the coming years.

The average number of employees was 22 (2013 – 22), with sales per employee of £387k being generated, compared to £350k in 2013.

Gross profit as a percentage of sales for the year was 41.0% (2013 – 38.7%). The gross profit generated was £3,485k, compared to £2,981k in 2013. Operations were able to hold costs and continued the drive towards maximising the amount of product built by our outsourced manufacturing partners.

Stocks and debtors at year end, as a proportion of total sales, were 24.5%, compared to 19.0% at the prior year end.

Principal risks and uncertainties

Detailed financial, operational and engineering planning is maintained throughout the year, with annual reviews prepared for approval, together with management reports and quarterly detailed updates.

Price risk of components and obsolescence of stock

The company trades primarily in Sterling, but is exposed to movements in foreign currency, primarily the US Dollar and the Euro. Strategic components are purchased by our sub-contractors to ensure we are able to optimize margins and mitigate against price fluctuations that occur in the component market. The company maintains a regular monthly review of stock to ensure that we minimise the risk associated with stock obsolescence.

Credit management

The company has developed policies that are aimed at minimising exchange losses. The policies are regularly reviewed in light of market conditions and credit worthiness guidelines are reviewed regularly.

Strategic report (continued)

Liquidity risk

The company mitigates liquidity risk by constant attention to cash generation through maximising cash collections and negotiating terms with its suppliers.

Competitive and environmental risks

The company relies on its ability to design products that meet the needs of its customers by delivering products over a long period of time at a competitive price to ensure that customer business is retained, generating a financial return and allowing investment in research and development to produce a new generation of products.

The company maintains a constant and involved development strategy with its customers, identifying market trends and the likely demand from our broad base of customers, which, to a certain extent, allows us to mitigate against the fluctuations in specific market areas and industry sectors.

Operationally, the company has in place a diverse supply chain, thereby limiting the risk of any one supplier being unable to deliver product. The company considers the availability of key components as a key risk and manages this by understanding the diverging financial and operational goals of its suppliers and its customers. In close co-operation with its customers, the company holds strategic stocks of key components to ensure that, wherever possible and within reasonable limits, the company is able to maintain supply of product for as long as its customers require.

Competitive risks are part of the company's business, however, understanding the needs of its customers, ensuring that the company delivers the service they require and offering products to market in the shortest lead time, will continue to give the company a competitive edge. The company manages its operational costs and delivers high specification products that are capable of operating in environmentally harsh conditions.

Internal controls

The company regularly reviews its disaster recovery plan and the re-instatement of its business systems. Internal controls are reviewed to ensure management is fully aware of the business risks relating to losses that may occur due to fluctuations in exchange rates, loss of any single important customer, product warranty issues, delays in new product releases and overruns in development costs.

The Board of Directors annually prepares detailed plans for the ensuing year, these include financial reports, product development and business development plans. The Management Team then monitors its performance against key indicators, such as sales, cash generation and return on assets. The Management Team regularly reviews risks to the business and puts in place procedures and actions that will mitigate costs from failure to perform against any of its key indicators. If necessary, re-adjustment of resources is made to ensure the strategic goals of the company are met.

Risk assessments for the business are regularly undertaken to ensure that employees are protected and there are guidelines for employees regarding a duty of care to each other and to the business and its customers. Company policies are reviewed and internal controls are in place to ensure that the business operates within them. Compliance with the policies is reviewed to ensure that both positive and negative feedback is used to enhance and correct the way that the business is managed.

On behalf of the Board



Dr F Cutri
Director

Date: 30 March 2015

Registered No. 1608562

Directors' report

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

Directors

The directors who served the company during the year were as follows:

J J S Bain

S Barazza

Dr F Cutri

G Tecchiolli - resigned 26th November 2014

Dividends

The directors do not recommend the payment of a dividend (2013: £Nil).

Going concern

The company's business activities, together with the factors likely to affect its future development and its financial position are described in the strategic report.

Based on the company's trading forecasts, the directors' view is that the company has adequate resources to continue in operational existence for the foreseeable future.

Directors' liabilities

The company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Research and development

During the year the company has continued with its research and development programme. Expenditure in the year amounted to £550k (2013 – £542k).

Future Developments

The immediate outlook for the company is, as we would expect, similar to last year. This is based on the order book and our forecast opportunities that we anticipate will be booked and billed during the year. The trading environment remains, as in previous years, challenging but achievable. Our relationship with our customers is key to growth and we have regular reviews with them to understand their requirements. We continue to invest in our engineering and customer offering, specifically our Cloud platform and services, as well as engaging in European funded projects.

Employees

The success of the company is dependent upon the abilities of its employees. The company is committed to training, developing and recruiting staff to make possible the implementation of the company's plans. It is the policy of the company to provide information to its employees on a regular basis. This information includes matters relating to its performance, its prospects in the market and the economic outlook of its business in the period ahead.

It is the policy of the company to recruit, train and promote disabled persons on the basis of their aptitudes and abilities. If employees become disabled, every effort would be made to retain them and, where necessary, re-train them for appropriate posts.

Directors' report (continued)

Financial risk management

See the strategic report for details of the financial risk management policy.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' Responsibilities Statement

The directors are responsible for preparing the 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 prepared 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



Dr F Cutri
Director

Date: 30 March 2015

Independent auditor's report

to the members of Eurotech Ltd

Report on the financial statements

Our opinion

In our opinion, Eurotech Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its 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.

What we have audited

Eurotech Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss account for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report

to the members of Eurotech Ltd (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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.



Adrian Bennett (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
30 March 2015

Profit and loss account

for the year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Turnover	2	8,507	7,709
Cost of sales		<u>(5,022)</u>	<u>(4,728)</u>
Gross profit		3,485	2,981
Distribution costs		(97)	(113)
Administrative expenses		<u>(2,234)</u>	<u>(2,561)</u>
Operating profit	3	1,154	307
Interest receivable and similar income	6	<u>4</u>	<u>2</u>
Profit on ordinary activities before taxation		1,158	309
Tax on profit on ordinary activities	7(a)	<u>(282)</u>	<u>(91)</u>
Profit for the financial year	14	<u>876</u>	<u>218</u>

All amounts relate to continuing activities.

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £876,000 for the year ended 31 December 2014 (2013 – £218,000).

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

Balance sheet

at 31 December 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible fixed assets	8	71	98
Current assets			
Stocks	9	254	279
Debtors	10	1,830	1,189
Cash at bank and in hand		<u>3,246</u>	<u>2,650</u>
		5,330	4,118
Creditors: amounts falling due within one year	11	<u>(1,844)</u>	<u>(1,535)</u>
Net current assets		<u>3,486</u>	<u>2,583</u>
Total assets less current liabilities		3,557	2,681
Provisions for liabilities	12	<u>(40)</u>	<u>(40)</u>
Net assets		<u>3,517</u>	<u>2,641</u>
Capital and reserves			
Called up share capital	13	33	33
Share premium account	14	305	305
Capital contribution reserve	14	2,800	2,800
Profit and loss account	14	<u>379</u>	<u>(497)</u>
Total shareholders' funds	15	<u>3,517</u>	<u>2,641</u>

The financial statements on pages 8 to 18 were approved and signed on behalf of the board by:



Dr F Cutri

Director

Date: 30 March 2015

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied throughout the year, are set out below.

Statement of cash flows

The Directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings –	25% per annum
Plant and equipment –	25% and 33% per annum
Software –	33% per annum

Leasehold improvements are depreciated over the lesser of 10 years or the lease term.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. For work in progress and finished goods, cost is taken as production cost (cost of direct materials and labour, plus attributable overheads based on a normal level of activity). In determining the cost of raw materials, consumables and stock purchased for resale, the average purchase price is used.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements (continued)

at 31 December 2014

1. Accounting policies (continued)

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected costs of maintenance under warranty are charged in the profit and loss account. The effect of the time value of money is not material and therefore the provision is not discounted.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included within the profit and loss account.

Leasing and hire purchase commitments

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged in the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off in the profit and loss account in the year in which it is incurred.

2. Turnover

Turnover represents the amounts receivable for goods and services, net of vat and trade discounts.

The total turnover of the company for the year has been derived from its principal continuing activity. An analysis of turnover by geographical market is given below:

	2014	2013
	£000	£000
United Kingdom	1,928	1,966
Rest of Europe	414	709
USA	5,375	4,338
Rest of the world	790	696
	<u>8,507</u>	<u>7,709</u>

Notes to the financial statements (continued)

at 31 December 2014

3. Operating profit

This is stated after charging/(crediting):

	2014 £000	2013 £000
Auditor's remuneration – audit of financial statements	21	33
– taxation services	-	7
	<u>36</u>	<u>45</u>
Depreciation of owned tangible fixed assets		
	<u>36</u>	<u>45</u>
Operating lease rentals – land and buildings	102	90
– plant, machinery and motor vehicles	2	7
Research and development expenditure	550	542
Exchange (gain)/loss	<u>(58)</u>	<u>21</u>

4. Directors' remuneration

	2014 £000	2013 £000
Remuneration	<u>316</u>	<u>304</u>
Company contributions to money purchase pension schemes	<u>29</u>	<u>28</u>
	No.	No.
Number of directors accruing benefits under defined benefit pension schemes	-	-
Number of directors accruing benefits under money purchase schemes	2	2
Number of directors who received shares for qualifying services	-	-
Number of directors who exercised share options	<u>-</u>	<u>-</u>

The aggregate remuneration of the highest paid director was £175,017 (2013 – £175,017) and company pension contributions of £16,002 (2013 – £16,002) were made to a money purchase scheme on his behalf. The highest paid director did not receive shares for qualifying services or exercise any options in either the current or prior year.

S Barazza and G Tecchiolli, as well as being directors of Eurotech Ltd, are also directors of the ultimate parent undertaking and fellow subsidiaries. These directors received total remuneration for the year of €343,720 (2013 – €360,809), all of which was paid by the ultimate parent undertaking. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the ultimate parent and fellow subsidiary companies.

Notes to the financial statements (continued)

at 31 December 2014

5. Staff costs

	2014 £000	2013 £000
Wages and salaries	1,277	1,232
Social security costs	148	146
Other pension costs	72	71
	<u>1,497</u>	<u>1,449</u>

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

	No.	No.
Distribution	1	1
Operations	2	2
Engineering	7	7
Sales and marketing	6	6
Administration	6	6
	<u>22</u>	<u>22</u>

6. Interest receivable and similar income

	2014 £000	2013 £000
Bank interest receivable	<u>4</u>	<u>2</u>

Notes to the financial statements (continued)

at 31 December 2014

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014 £000	2013 £000
Current tax:		
UK corporation tax on the profit for the year	272	91
Adjustments in respect of prior years	9	
Total current tax (note 7(b))	<u>281</u>	<u>91</u>
Deferred tax:		
Origination and reversal of timing differences	1	–
Tax on profit on ordinary activities	<u>282</u>	<u>91</u>

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs (2013: differs) from the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before taxation	<u>1,154</u>	<u>309</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	248	72
Effects of:		
Expenses not deductible for tax purposes	25	27
Adjustments in respect of prior years	9	
Capital allowances in excess of depreciation	(1)	(8)
Total current tax (note 7(a))	<u>281</u>	<u>91</u>

(c) Deferred tax

	<i>Recognised</i>		<i>Unrecognised</i>	
	2014 £000	2013 £000	2014 £000	2013 £000
Depreciation in excess of capital allowances	14	15	–	–
Total deferred tax	<u>14</u>	<u>15</u>	<u>–</u>	<u>–</u>
Included in debtors (note 10)				<u>14</u>

Notes to the financial statements (continued)

at 31 December 2014

7. Tax on profit on ordinary activities (continued)

(c) Deferred tax (continued)

Movement on total deferred tax:

	£000
At 1 January 2014	15
Deferred tax debit in profit and loss account	(1)
At 31 December 2014	<u>14</u>

The deferred tax has been recognised as the directors believe that the results for the year and the forecasts for the following years indicate that the asset will be recovered. The asset will be recovered as the company generates taxable profits in future periods.

(d) Factors that may affect future tax charges

The main rate of UK corporation tax was reduced from 23% to 21% from 1 April 2014. The Finance Act 2013, enacted on 17 July 2013, reduced further the UK main rate of corporation tax to 20% from 1 April 2015. Deferred tax has been adjusted accordingly in these financial statements.

8. Tangible fixed assets

	<i>Leasehold improve- ments</i> £000	<i>Plant and equipment</i> £000	<i>Fixtures, fittings and software</i> £000	<i>Total</i> £000
Cost:				
At 1 January 2014	201	264	138	603
Additions	-	9	-	9
Disposals	-	(41)	(11)	(52)
At 31 December 2014	<u>201</u>	<u>232</u>	<u>127</u>	<u>560</u>
Accumulated Depreciation:				
At 1 January 2014	127	246	132	505
Charge for year	22	14	-	36
Eliminated on disposals	-	(41)	(11)	(52)
At 31 December 2014	<u>149</u>	<u>219</u>	<u>121</u>	<u>489</u>
Net book value:				
At 31 December 2014	<u>52</u>	<u>13</u>	<u>6</u>	<u>71</u>
At 31 December 2013	<u>74</u>	<u>18</u>	<u>6</u>	<u>98</u>

Notes to the financial statements (continued)

at 31 December 2014

9. Stocks

	2014 £000	2013 £000
Raw materials and consumables	53	76
Work in progress	2	2
Finished goods and goods for resale	199	201
	<u>254</u>	<u>279</u>

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

10. Debtors

	2014 £000	2013 £000
Trade debtors	550	628
Amounts owed by group undertakings	1,176	468
Other debtors	13	–
Deferred tax (note 7(c))	14	15
Prepayments and accrued income	77	78
	<u>1,830</u>	<u>1,189</u>

11. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	1,285	1,186
Amounts owed to group undertakings	113	22
Corporation tax	162	21
Other taxation and social security	93	65
Accruals and deferred income	191	241
	<u>1,844</u>	<u>1,535</u>

Notes to the financial statements (continued)

at 31 December 2014

12. Provisions for liabilities

	<i>Provisions for maintenance warranties £000</i>
At 1 January 2014	40
Charge for the year	-
Utilised during the year	-
At 31 December 2014	<u>40</u>

The warranty provision is for product costs anticipated in satisfying commitments under warranty periods for products sold within the year and could be returned over the next year.

13. Called up share capital

	<i>2014 No. £000</i>	<i>2013 No. £000</i>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	33,333 <u>33</u>	33,333 <u>33</u>

14. Movements on reserves

	<i>Share premium account £000</i>	<i>Capital contribution reserve £000</i>	<i>Profit and loss account £000</i>
At 1 January 2014	305	2,800	(497)
Profit for the financial year	-	-	876
At 31 December 2014	<u>305</u>	<u>2,800</u>	<u>379</u>

15. Reconciliation of movements in shareholders' funds

	<i>2014 £000</i>	<i>2013 £000</i>
Profit for the financial year	876	218
Net addition to shareholders' funds	876	218
Opening shareholders' funds	2,641	2,423
Closing shareholders' funds	<u>3,517</u>	<u>2,641</u>

Notes to the financial statements (continued)

at 31 December 2014

16. Other financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Operating leases which expire:		
Within one year	-	-
Between two and five years	95	95
Over five years	-	-
	<u>95</u>	<u>95</u>

The company operates a defined contribution pension scheme. There were no outstanding contributions owed to the plan at the balance sheet date (2013 – £nil).

17. Guarantees

The company has guaranteed duty payments to HM Revenue & Customs to a maximum of £100,000 (2013 – £100,000).

18. Related party transactions

The company is a wholly owned subsidiary of Eurotech S.p.A, the Group financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS8 from disclosing transactions with wholly owned members of the Group.

During the year Eurotech Ltd sold products to two related parties, Chengdu Vantron Technology Ltd and to companies within the Finmeccanica S.p.A. Group to the value of £87,978 (2013 £5,450). At 31st December 2014 the outstanding balances receivable in respect of these sales was £9,876 (2013. £nil).

During the year Eurotech Ltd did not purchase any products or services from related parties outside of the Group, in 2013 £10,775 was purchased from Emilab srl.

19. Ultimate parent undertaking and controlling party

The company is controlled by Eurotech S.p.A, the ultimate parent undertaking. Eurotech S.p.A, a company incorporated in Italy and registered in Italy, heads the only group in which the results of the company are consolidated. Copies of that company's Annual Report and Group financial statements are available from Eurotech S.p.A, Via Fratelli Solari 3/a, 33020 Amaro (Udine), Italy.