Company Registration No. 01608562 (England and Wales)

EUROTECH LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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EUROTECH LTD

COMPANY INFORMATION

Directors	J J S Bain S Barazza
Secretary	J J S Bain
Company number	01608562
Registered office	3 Clifton Court Cambridge CB1 7BN
Independent Auditors	PricewaterhouseCoopers LLP Abacus House Castle Park Cambridge CB3 0AN

EUROTECH LTD

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EUROTECH LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and audited financial statements for the year ended 31 December 2017. The exemption from inclusion of a strategic report available for small companies has been taken.

Principal activities
The principal activities of the company continue to be the design, development and marketing of embedded communications and control products.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J J S Bain
S Barazza

Dividends
No dividends were paid in the year. The directors do not recommend payment of a final dividend.

Research and development
During the year the company continued with its research and development programme. Our engineers work in a collective way with our partners to widen and strengthen our offerings ensuring that we meet the continuingly strenuous demands that our industry sectors demand.

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 will continue to invest in our engineering and customer offering.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disabled Persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

....
J J S Bain
Director
21st May 2018

EUROTECH LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the annual 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 comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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, comprising FRS 102, 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 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.

Independent auditors' report to the members of Eurotech Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Eurotech Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the year then ended ; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

CMaw

Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
21 May 2018

EUROTECH LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Turnover	3	5,236	5,614
Cost of sales		(3,037)	(3,380)
Gross profit		2,199	2,234
Distribution costs		(81)	(69)
Administrative expenses		(2,457)	(2,115)
Other operating income		-	84
Operating (loss)/profit	4	(339)	134
Interest receivable and similar income		-	2
(Loss)/profit before taxation		(339)	136
Tax on loss/profit on ordinary activities	7	69	(33)
(Loss)/profit for the financial year		(270)	103
Total comprehensive (expense)/income for the year		(270)	103

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

EUROTECH LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £'000	2016 £'000
(Loss)/profit for the year	(270)	103
Other comprehensive income	-	-
Total comprehensive (expense)/income for the year	(270)	103

EUROTECH LTD

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	8		24		16
Current assets					
Stocks	9	78		206	
Debtors	10	2,487		2,237	
Cash at bank and in hand		773		893	
		3,338		3,336	
Creditors: amounts falling due within one year	11	(1,405)		(1,125)	
Net current assets			1,933		2,211
Total assets less current liabilities			1,957		2,227
Provisions for liabilities	12		(40)		(40)
Net assets			1,917		2,187
Capital and reserves					
Called up share capital	15		33		33
Share premium account			305		305
Capital contribution reserve			1,284		1,284
Profit and loss account			295		565
Total equity			1,917		2,187

The financial statements on pages 5 to 21 were approved by the board of directors and authorised for issue on .21st May 2018 and are signed on its behalf by:

J J S Bain
Director

Company Registration No. 01608562

EUROTECH LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2016	33	305	1,284	462	2,084
Year ended 31 December 2016:					
Profit and total comprehensive income for the year	-	-	-	103	103
Balance at 31 December 2016	33	305	1,284	565	2,187
Year ended 31 December 2017:					
Loss and total comprehensive expense for the year	-	-	-	(270)	(270)
Balance at 31 December 2017	33	305	1,284	295	1,917

1 Accounting policies

Company information

Eurotech Ltd is a company limited by shares and domiciled and incorporated in England and Wales. The registered office is 3 Clifton Court, Cambridge, CB1 7BN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The company has taken advantage of the exemption available and has not included a cashflow in the financial statements. The shareholders have been notified and no objection has been received.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted have been applied consistently and are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1 Accounting policies

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	the lesser of 10 years or the term of the lease
Plant and machinery	over 3 or 4 years
Fixtures, fittings & equipment	over 3 or 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 Accounting policies continued

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss

1 Accounting policies continued

1.9 Financial instruments continued

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies continued

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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.

1 Accounting policies

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, the estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amount of assets and liabilities would be the assessment of the provision against obsolete stock. The company maintains a regular monthly review of stock in order to accurately assess the level of obsolescence to be provided against.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £'000	2016 £'000
Turnover analysed by class of business		
	5,236	5,615

	2017 £'000	2016 £'000
Other significant revenue		
Interest income	-	2
Grants received	-	84

	2017 £'000	2016 £'000
Turnover analysed by geographical market		
United Kingdom	1,380	1,791
Rest of Europe	379	623
USA	2,967	2,365
Rest of the world	510	835
	5,236	5,614

4 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging/(crediting):	2017 £'000	2016 £'000
Exchange losses/(gains)	133	(268)
Research and development costs	172	88
Government grants	-	(84)
Fees payable to the company's auditors for the audit of the company's financial statements	22	20
Depreciation of owned tangible fixed assets	15	31
Cost of stocks recognised as an expense	3,037	3,380
Operating lease charges	121	115

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Distribution	1	1
Operations	2	2
Engineering	7	8
Sales and Marketing	6	7
Administration	4	5
Total	20	23

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	1,065	1,104
Social security costs	119	134
Other pension costs	56	62
Total	1,240	1,380

6 Directors' remuneration

	2017 £'000	2016 £'000
Remuneration for qualifying services	143	143
Company pension contributions to defined contribution schemes	11	11
	154	154

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

S Barazza, as well as being a director of Eurotech Ltd, is also a director of the ultimate parent undertaking and fellow subsidiaries. S Barazza received total remuneration for the year of €123,000 (2016: €123,000), all of which was paid by the ultimate parent undertaking. The directors do not believe that it is practicable to apportion this amount between his services as director of the company and his services as director of the ultimate parent and fellow subsidiary companies.

7 Taxation

	2017 £'000	2016 £'000
Current tax		
UK corporation tax on (loss)/profit for the current year	-	29
Adjustments in respect of prior years	(30)	1
Total current tax	(30)	30
Deferred tax		
Origination and reversal of timing differences	(39)	3
Total tax (credit)/charge	(69)	33

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £'000	2016 £'000
(Loss)/profit before taxation	(339)	136
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(65)	27
Tax effect of expenses that are not deductible in determining taxable profit	-	2
Change in depreciation in advance of capital allowances	1	3
Adjustments in respect of prior years	-	1
Other permanent differences	(5)	-
Taxation (credit)/charge for the year	(69)	33

8 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2017	201	240	127	568
Additions	-	20	3	23
Disposals	-	(30)	(8)	(38)
At 31 December 2017	201	230	122	553
Accumulated depreciation and impairment				
At 1 January 2017	192	233	127	552
Depreciation charged in the year	7	8	-	15
Eliminated in respect of disposals	-	(30)	(8)	(38)
At 31 December 2017	199	211	119	529
Carrying amount				
At 31 December 2017	2	19	3	24
At 31 December 2016	9	7	-	16

9 Stocks

	2017	2016
	£'000	£'000
Raw materials and consumables	7	48
Work in progress	9	7
Finished goods and goods for resale	62	151
	78	206

10 Debtors

	2017	2016
Amounts falling due within one year:	£'000	£'000
Trade debtors	1,723	503
Corporation tax recoverable	51	-
Amounts owed by group undertakings	566	1,665
Other debtors	17	-
Prepayments and accrued income	79	57
	2,436	2,225

10 Debtors

Amounts falling due after more than one year:	**2017 £'000**	**2016 £'000**
Deferred tax asset (note 13)	51	12
Total debtors	2,487	2,237

11 Creditors: amounts falling due within one year

	2017 £'000	**2016 £'000**
Trade creditors	982	796
Amounts due to group undertakings	130	174
Corporation tax	-	14
Other taxation and social security	34	38
Accruals and deferred income	259	103
	1,405	1,125

12 Provisions for liabilities

	2017 £'000	**2016 £'000**
	40	40

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	**Assets 2017 £'000**	**Assets 2016 £'000**
Depreciation in advance of capital allowances	11	12
Tax losses carried forward	40	-
	51	12

13 Deferred taxation

Movements in the year:	**2017** **£'000**
Asset at 1 January 2017	12
Credit to profit or loss	39
Asset at 31 December 2017	51

14 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to the profit and loss in respect of defined contribution schemes was £56,000 (2016: £62,000).

15 Share capital

	2017 **£'000**	**2016** **£'000**
Ordinary share capital		
Issued and fully paid		
33,333 Ordinary shares of £1 each	33	33

16 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 **£'000**	**2016** **£'000**
Within one year	137	75
Between two and five years	519	-
More than five years	-	-
	656	75

17 Financial commitments, guarantees and contingent liabilities

The company has guaranteed duty payments to HM Revenue & Customs to a maximum of £100,000 (2016: £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 available from disclosing transactions with wholly owned members of the Group.
During the previous year Eurotech Ltd sold products to a related party, Chengdu Vantron Technology Ltd , to the value of £112,000. No such transactions have been entered into in 2017. No amounts were due from these related parties at the end of the year (2016: £nil).

19 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.