

Registered Number: 01829338

AVT Reliability Limited

Annual Report

for the year ended 31 December 2018



AVT Reliability Limited
Annual Report
for the year ended 31 December 2018

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AVT Reliability Limited

Directors and advisers

Directors

J H Chappell
C J Rea OBE DL
F Thomas
S M Shaw
J N Hamilton
R E Sullivan

Company secretary

R E Sullivan

Registered office

Global Technology Centre
Mill Close
Bradmarsh Business Park
Rotherham
S60 1BZ

Independent auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers

HSBC Bank plc
4th Floor, City Point
29 King Street
Leeds
LS1 2HL

AVT Reliability Limited

Strategic report for the year ended 31 December 2018

The directors present their strategic report on the company for the year ended 31 December 2018.

Principal activity

The principal activity of the company is providing engineering consultancy services.

Our purpose and future developments

The company's purpose is to put customers at the heart of our business through providing exceptional customer service.

The directors believe that the business is at the forefront in the provision of web based condition monitoring, software driven analysis and reporting for many frequently occurring and preventable equipment failures. Our services help customers to reduce unplanned downtime and improve their plant reliability. The company has spent significant time and resources in developing two innovative sensors, Machine Sentry Mobile and Machine Sentry Fixed. These products offer our customers the world's most cost effective data collection sensors. In addition, the Machine Sentry Cloud software solution allows our customers the unique ability to display, organise and manage their data in an efficient format, further supporting the reliability of their plant.

In the coming year the company plans to continue strategic global Machine Sentry growth whilst continuing the focus on higher value service sales. The company will continue to invest in product development.

Review of business

The business did not achieve the level of growth that was expected in 2018 and the closure of the Noise and Vibration division was not sufficiently mitigated by new business development. A result of this is that during the year ended 31 December 2018 turnover decreased to £6.5m (2017: £6.8m), and operating profit decreased by 47.5% to £311,000 (2017: £593,000). The directors are optimistic about the launch of Machine Sentry Fixed in 2019 and the impact that this will have on the results.

The net assets of the company have increased by 8% to £2.7m (2017: £2.5m)

Research and development

To sustain the growth in a technologically advanced business, innovative and new product development is fundamental. During the year the company invested £93,954 (2017: £92,035) on research and development activities.

AVT Reliability Limited

Strategic report for the year ended 31 December 2018 - continued

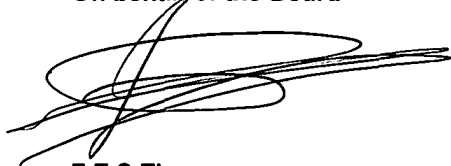
Principal risks and KPIs

The directors of AES Engineering Limited, the ultimate parent company manage the group's risks and operations at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that discussion of the group's risks and analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of the group, including credit, liquidity and cash flow risk of the company, and the development, performance and position of the company are discussed in the Director's report of AES Engineering Limited's Annual Report which does not form part of this report.

Withdrawal of the United Kingdom from the European Union

At the date of this report, the terms under which the United Kingdom will withdraw from the European Union are not fully known. The directors of the company are confident that the withdrawal of the United Kingdom from the European Union will not impact the company's ability to continue as a going concern.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'F E S Thomas', written over a horizontal line.

F E S Thomas

Director
17 May 19

AVT Reliability Limited

Directors' report for the year ended 31 December 2018

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

Details of principal risks, including financial risks, and KPIs are provided in the Strategic report.

Results and dividends

The profit and loss account for the year is set out on page 11. No dividends were paid during the year (2017: £nil).

Directors

The directors who held office during the year and up to the date of signing are given below:

J H Chappell

C J Rea OBE DL

S M Shaw

F E S Thomas

J N Hamilton (appointed 1 April 2018)

R E Sullivan (appointed 18 June 2018)

J H Stewart (resigned 18 June 2018)

Directors' indemnities

The group maintains liability insurance for its directors and officers. The group has also provided an indemnity for its directors and the company secretary during the financial year and at the date of this report, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Charitable donations

The company made £500 (2017: £nil) charitable donations during the year. No political donations were made during the year (2017: £nil).

Employees

Communication is crucial to helping employees engage with the business. We communicate through team briefings, presentations, intranet and newsletters. The company has well-established forums for exchanging information and best practice, as well as discussing business issues, including efficiency initiatives, training and development, environmental and health & safety issues. All employees contribute to and understand the company's business culture - particularly the needs of the customers it serves. The company uses employee surveys to establish feedback.

The company is committed to promoting policies which are designed to ensure that employees and those who seek to work for the company are treated equally regardless of sex, marital status, sexual orientation, race or ethnic origin.

The company gives full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the development of staff who become disabled and to provide equal opportunities for the career development of disabled employees

AVT Reliability Limited

Directors' report for the year ended 31 December 2018 - continued

The company recognises that training for all levels of staff is vital to performance and it also provides a mechanism for increasing morale and improving staff retention. This ensures that knowledge of the company's product offering is not lost, thereby enhancing customer service. All employees are provided with regular training on behavioural standards.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

AVT Reliability Limited

Directors' report for the year ended 31 December 2018 - continued

Statement of directors' responsibilities - continued

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'F E S Thomas', written over a horizontal line.

**F E S Thomas
Director
17 May 2019**

AVT Reliability Limited

Independent auditors' report to the members of AVT Reliability Limited

Report on the audit of the financial statements

Opinion

In our opinion, AVT Reliability Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit 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, which comprise: the balance sheet as at 31 December 2018; the profit and loss account and the statement of changes in equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

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.

Conclusion relating to going concern

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.

We have nothing to report in respect of the above matters.

AVT Reliability Limited

Independent auditors' report to the members of AVT Reliability Limited – continued

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 Strategic Report and 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.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 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 Strategic Report and Directors' Report.

AVT Reliability Limited

Independent auditors' report to the members of A V Technology Limited – continued

Responsibilities for the financial statements and the audit

Responsibility of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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.

AVT Reliability Limited

Independent auditors' report to the members of A V Technology Limited - continued

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



Kevin Strauther (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

17 May 2019

AVT Reliability Limited

Profit and loss account for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover	1	6,476	6,835
Cost of sales		(4,839)	(4,992)
Gross profit		1,637	1,843
Administrative expenses		(1,326)	(1,250)
Operating profit	2	311	593
Interest payable and similar expenses	3	(10)	(16)
Profit before taxation		301	577
Tax on profit	6	(56)	(95)
Profit for the financial year		245	482

All items dealt with in arriving at the operating profit above relate to continuing operations.

The company has no other comprehensive income and therefore no separate statement of other comprehensive income has been presented.

AVT Reliability Limited

Balance sheet as at 31 December 2018

Registered number: 01829338

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	7	760	641
Intangible assets	8	240	209
		1,000	850
Current assets			
Debtors	9	2,610	2,646
Inventory	11	90	50
Cash at bank and in hand		253	293
		2,953	2,989
Creditors: amounts falling due within one year	10	(1,250)	(1,381)
Net current assets		1,703	1,608
Total assets less current liabilities		2,703	2,458
Creditors: amounts falling due after more than one year		-	-
Net assets		2,703	2,458
Capital and reserves			
Called up share capital	13	-	-
Retained earnings		2,703	2,458
Total shareholders' funds		2,703	2,458

The financial statements on pages 11 to 25 were approved by the board of directors on 17 May 2019
were signed on its behalf by:



R E Sullivan

Director

AVT Reliability Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Retained earnings	Total
	£'000	£'000	£'000
At 1 January 2017	-	1,976	1,976
Profit for the year	-	482	482
At 31 December 2017	-	2,458	2,458
Profit for the year	-	245	245
At 31 December 2018	-	2,703	2,703

AVT Reliability Limited

Statement of accounting policies

General Information

These financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom.

AVT Reliability Limited meets the definition of a qualifying entity under FRS 102. The company has notified its shareholders in writing and they do not object to the disclosure exemption available for the presentation of a cash flow statement.

The company has taken advantage of the exemption available under the terms of FRS 102 not to disclose related party transactions with group companies.

AVT Reliability Limited is a company incorporated in the United Kingdom under the Companies Act.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the fair value basis for certain financial instruments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Exemptions for qualifying entities under FRS 102

The company is a wholly owned subsidiary of AES Engineering Limited. It is included in the consolidated financial statements of AES Engineering Limited which are publicly available.

Consequently the company is a qualifying entity as per FRS 100 and has taken advantage of the disclosure exemptions of FRS 102, Section 1, paragraph 1.12(a) reconciliation of the number of shares outstanding at the beginning and at the end of the period, paragraph 1.12(b) statement of cash flows, 1.12(d) certain share based payments disclosures and 1.12(e) key management compensation in total.

Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised when the risks and rewards of ownership have passed to the customer or the services have been completed and agreed by the customer.

Inventory

Inventory is stated at the lower of cost and net realisable value. In respect of finished goods and goods for resale, cost includes direct materials, labour and manufacturing overheads incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs to completion and selling costs. Provision is made for slow moving and obsolete stock.

AVT Reliability Limited

Statement of accounting policies - continued

Tangible assets and depreciation

The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, over their estimated economic lives. The depreciation rates used for this purpose are:

Plant and equipment	15-50% straight line
Motor vehicles	25% straight line
Leasehold Property	Lifetime of the lease
Office Equipment	15-50% straight line

Intangible assets

Development costs are capitalised where they meet the following criteria:

- the technical feasibility of the intangible asset is completed so that it will be available for use or sale; and
- the company has an intention to complete the intangible asset and use or sell it; and
- the company has the ability to use or sell the intangible asset; and
- it can be demonstrated how the intangible asset will generate probable future economic benefits. Among other things, there is a market for the output of the intangible asset or the intangible asset is to be used internally; and
- the company has adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible assets can be reliably measured during its development.

Where these criteria are not met, development costs are written off in the year of expenditure.

Deferred taxation

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Pension costs

The company operates defined contribution pension schemes. The charge in the profit and loss account for pension costs is the amount of the company's contributions payable to the pension schemes in the year.

AVT Reliability Limited

Statement of accounting policies - continued

Leasing

Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible assets. The related obligations, net of future finance charges, are included in creditors.

Operating lease rentals are charged to the profit and loss account as they are incurred. Lease incentives are recognised on a straight line basis over the period until the next rent review.

Critical accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets. See note 7 for the carrying values of plant, property and equipment.

(b) Capitalised development costs

Development projects where knowledge and understanding gained from research and practical experience are directed towards developing new products or processes, are recognised as intangible assets in the balance sheet when they meet the criteria for capitalisation. Development costs are capitalised when the technical and commercial feasibility of completing the product or process can be demonstrated and the product or process is intended to be sold or used. Probable future economic benefit related to the asset flowing to the company is also expected and can be reliably measured. The reported value includes all directly attributable compensation to employees working on a development project. Individual assessment is made of major ongoing research and development projects to determine whether these criteria have been met.

AVT Reliability Limited

Notes to the financial statements for the year ended 31 December 2018

1 Turnover

The company's turnover and operating profit relate entirely to its principal activity of engineering consultancy services.

2 Operating profit

	2018 £'000	2017 £'000
Operating profit is stated after charging:		
Depreciation of owned tangible assets	293	238
Depreciation on long term leasehold property	15	15
Amortisation of intangible assets	64	46
Auditors' remuneration including expenses		
- audit	12	12
Operating leases – property and machinery	56	62

3 Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest payable to group companies	10	16
	10	16

AVT Reliability Limited

Notes to the financial statements for the year ended 31 December 2018 - continued

4 Staff Costs

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

By activity	2018 Number	2017 Number
Sales engineers	69	73
Management and administration	7	11
	76	84

Staff costs for the above persons were:	2018 £'000	2017 £'000
Wages and salaries	3,232	3,425
Social security costs	378	395
Other pension costs	45	34
	3,655	3,854

5 Directors' emoluments

	2018 £'000	2017 £'000
Emoluments including benefits in kind	209	197
Company pension contributions to money purchase scheme	-	-
	209	197

Retirement benefits are accruing to nil (2017: nil) directors under a money purchase scheme.

The highest paid director received emoluments of £117,763 (2017: £113,633), including £727 (2017: £483) payment to a pension.

AVT Reliability Limited

Notes to the financial statements for the year ended 31 December 2018 - continued

6 Taxation on profit

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax on profits of the year	71	114
Adjustments in respect of previous year	(14)	(10)
Current tax charge for the year	57	104
Deferred tax: origination and reversal of timing differences	(1)	(9)
Tax on profit	56	95

Corporation tax is calculated at 19.00% (2017: 19.25%) of the estimated assessable profit for the year. As a result of the change in the UK corporation tax rate from 20% to 19% effective from 1 April 2017, substantively enacted on 26 October 2015, and from 19% to 17% effective from 1 April 2020, substantively enacted on 6 September 2016, deferred tax balances at the year end have been measured at 17.5% (2017: 19%) being the rate at which timing differences are expected to reverse.

The tax charged on the profit for the year is lower (2017: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £'000	2017 £'000
Profit on ordinary activities before taxation	301	577
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	57	111
Effects of:		
Origination and reversal of timing differences	13	(6)
Adjustments in respect of previous year	(14)	(10)
Total tax charge for the year	56	95

AVT Reliability Limited

Notes to the financial statements for the year ended 31 December 2018 - continued

7 Tangible assets

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost					
At 1 January 2018	189	1,437	681	574	2,881
Additions	-	99	240	86	425
Disposals	(41)	(27)	-	(367)	(435)
At 31 December 2018	148	1,509	921	293	2,871
Accumulated depreciation					
At 1 January 2018	83	1,368	292	497	2,240
Charge for the year	15	73	167	53	308
Disposals	(41)	(29)	-	(367)	(437)
At 31 December 2018	57	1,412	459	183	2,111
Net book value					
At 31 December 2018	91	97	462	110	760
At 31 December 2017	106	69	389	77	641

The cost of depreciable assets included in land and buildings is £148,000 (2017: £189,000).

The net book value of tangible assets includes an amount of £nil (2017: £nil) in respect of assets held under hire purchase contracts or finance leases. The obligations under finance leases and hire purchase contracts are secured on certain tangible assets of the company.

AVT Reliability Limited

Notes to the financial statements for the year ended 31 December 2018 - continued

8 Intangible assets

	Deferred development expenditure £'000	Total £'000
Cost		
At 1 January 2018	278	278
Additions	94	94
At 31 December 2018	372	372
Accumulated amortisation		
At 1 January 2018	69	69
Charge for the year	64	64
At 31 December 2018	133	133
Net book value		
At 31 December 2018	239	239
At 31 December 2017	209	209

9 Debtors

	2018 £'000	2017 £'000
Trade debtors	1,581	1,500
Amounts owed by group undertakings	759	717
Corporate tax recoverable	-	47
Other debtors	218	329
Deferred tax asset (note 13)	52	53
	2,610	2,646

Amounts owed by group undertakings falling due within one year are unsecured, at a market rate of interest and are repayable on demand.

AVT Reliability Limited

Notes to the financial statements for the year ended 31 December 2018 - continued

10 Creditors – amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	132	14
Amounts owed to group undertakings	583	693
Corporate tax payable	60	-
Other taxation and social security	335	413
Accruals and deferred income	140	261
	1,250	1,381

Amounts owed to group undertakings falling due within one year are unsecured, at a market rate of interest and are repayable on demand.

11 Inventory

The future minimum lease payments under finance leases and hire purchase agreements are as follows:

	2018	2017
	£'000	£'000
Work in progress	24	-
Finished goods and goods for resale	66	50
	90	50

AVT Reliability Limited

Notes to the financial statements for the year ended 31 December 2018 - continued

12 Deferred tax asset

Deferred tax	2018 £'000	2017 £'000
At 1 January	53	44
(Debit)/Credit to the profit and loss account (note 6)	(1)	9
At 31 December	52	53

	2018 £'000	2017 £'000
Deferred taxation provided in the financial statements comprises		
Timing differences:		
Accelerated capital allowances	52	53
	52	53

13 Called up share capital

	2018 £	2017 £
Authorised		
2 (2017: 2) ordinary shares of £1 each	2	2
Allotted and fully paid		
2 (2017: 2) ordinary shares of £1 each	2	2

There have been no changes during the year.

AVT Reliability Limited

Notes to the financial statements for the year ended 31 December 2018 - continued

14 Leasing commitments

At 31 December 2018 the company had total commitments under non-cancellable operating leases expiring as follows:

	2018	2017
Land and buildings	£'000	£'000
Within one year	56	56
In more than one year, but not more than five years	224	224
More than five years	47	103
	327	383

15 Pension commitments

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

Outstanding contributions payable to the schemes by the company are included in the pension cost charge in respect of the year end amounted to £9,542 (2017: £4,982).

16 Related party transactions and balances

The company has no other related party transactions with other companies that are not wholly owned within the group.

AVT Reliability Limited

Notes to the financial statements for the year ended 31 December 2018 - continued

17 Parent undertaking and ultimate controlling party

The ultimate parent undertaking, and the smallest and largest group to consolidate the financial statements, is AES Engineering Limited, a company incorporated in Great Britain.

Copies of the consolidated financial statements of AES Engineering Limited can be obtained from the Registered Office at Global Technology Centre, Mill Close, Bradmarsh Business Park, Rotherham S60 1BZ, United Kingdom.

The ultimate controlling party is considered to be Mr C J Rea OBE DL, by virtue of his shareholding in AES Engineering Limited.