

Registered number: 01962726

DENSITRON TECHNOLOGIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

WEDNESDAY



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COMPANIES HOUSE

DENSITRON TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors	M A Gates H J Hall J F Jayal S E Jones
Registered number	01962726
Registered office	Aisle Barn 100 High Street Balsham Cambridge CB21 4EP
Independent auditor	KPMG LLP Chartered Accountants Botanic House 100 Hills Road Cambridge CB2 1AR
Bankers	Barclays Bank plc 80 High Street Sevenoaks Kent TN13 1 LR

DENSITRON TECHNOLOGIES LIMITED

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DENSITRON TECHNOLOGIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

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

Business review

Principal activity

The principal activity of the company is the provision, management and oversight of the strategy of the Densitron Group.

Business strategy

The principal strategy for the business is to support the growth of its subsidiary companies through the:

- provision of a targeted marketing approach into vertical markets;
- development of added value products specific to targeted vertical markets; and
- provision of technical expertise in the products that the business is promoting.

Financial results

Income generated from the charge of management charges and royalties to subsidiary undertakings decreased in the year by 16%. The company generated a loss before tax of \$2.4 million in the year compared with \$0.7 million profit in the previous year. The reduction being principally the result of an increase in administrative expenses.

Statement of financial position

The loss made in the year has resulted in a decrease in the net asset value of the company to \$6.6 million (2017 - \$9.0 million).

The Densitron Group has been restructured in order to centralise its strategic decision-making. As part of this restructure the Densitron Group is focusing more on providing internally developed value rich products to its customers. As part of that Densitron Technologies Ltd has set up a development house, based in Slovenia, to develop products designed specifically for the vertical markets that the Group is targeting.

In the year Densitron Technologies Ltd capitalised \$379,274 of expenses relating to the development of embedded boards to support the business in providing more value rich products to its customers.

Financial key performance indicators

The primary key performance indicator is profit before tax. In the year the company made a loss of \$2.4m (2017 - profit - £0.7m). The directors are satisfied that the reduction is the result of a decision to invest in the promotion of the business and its strategies in the year, as well as the write-off of investments of subsidiaries not liquidated.

Principal risks and uncertainties

The principal risks that the company faces predominantly arise from the investments it holds in subsidiary undertakings.

DENSITRON TECHNOLOGIES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Commercial, economic, geographical and environmental

The company's subsidiaries operate in an extremely competitive environment in a number of countries throughout the world which exposes it to commercial, economic, geographical and environmental risks. The spread of countries in which its subsidiaries operate aids in mitigating these risk along with the type of business that is targeted and the spread of markets in which the subsidiaries operate.

Financial and working capital

The company is exposed to both financial and working capital risks. The company closely monitors its working capital requirements and by maintaining a close relationship with its primary funders it is able to ensure that it has the appropriate level of funds available. Due to the geographical spread of its subsidiaries the company is exposed to credit risk, foreign currency risk and liquidity risk, the directors have adopted a range of methods to mitigate these risks.

Brexit

The Board has spent time considering the potential impact on the business, its customers, suppliers and employees following the UK's decision to leave the European Union. It recognises that there remains considerable uncertainty surrounding the timing of and the manner in which the UK will operate with the EU following its exit. As such the Board continues to monitor the progress of the negotiations but consider that the likely impact will be mitigated due to the highly global nature of the business combined with the majority of transactions being conducted in US dollars. The Board notes that in the event of a no-deal Brexit WTO tariffs on the Group's products are currently zero for goods exported to the EU from a non-EU country.

This report was approved by the board on 14th June 2019 and signed on its behalf.



H J Hall
Director

DENSITRON TECHNOLOGIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to \$2,356,402 (2017 - profit \$736,610).

The directors do not recommend the payment of a dividend (2017 - \$NIL).

Directors

The directors who served during the year and up to the date of signing were:

W H A Chong (appointed 19 March 2018, resigned 12 April 2019)

H J Hall

N C L Jarmany (resigned 12 April 2019)

J F Jayal

D E Johns (resigned 13 March 2018)

G P Mullins (resigned 12 April 2019)

M A Gates and S E Jones were appointed as directors on 12 April 2019.

DENSITRON TECHNOLOGIES LIMITED

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

Political contributions

The company did not make any political donations or incur any political expenditure during the year (2017 - \$NIL).

Future developments

In the last few years the directors have worked on a range of strategies with the company's subsidiaries to give them the best opportunity to grow into the future. They will continue to develop these strategies and work with the subsidiaries to introduce them in order to enhance the businesses at a local level. The enhancement of the company's subsidiaries will enable it to increase the income it generates from its subsidiaries.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

Trading and cash flow forecasts have been prepared for the group covering the period to 31 December 2020. After making enquiries and considering the impact of risks and opportunities on expected cash flows, the directors of the group have a reasonable expectation that the group has adequate cash to continue in operational existence for the foreseeable future. For this reason the going concern basis has been adopted in preparing these financial statements.

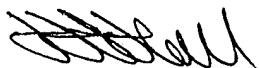
Post balance sheet events

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

Auditor

KPMG LLP will remain as auditor. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 14th June 2019 and signed on its behalf.



H J Hall
Director

Aisle Barn
100 High Street
Balsham
Cambridge
CB21 4EP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENSITRON TECHNOLOGIES LIMITED

Opinion

We have audited the financial statements of Densitron Technologies Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENSITRON TECHNOLOGIES LIMITED (CONTINUED)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENSITRON TECHNOLOGIES LIMITED
(CONTINUED)**

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Kelly Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date: 14 June 2019

DENSITRON TECHNOLOGIES LIMITED

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

	Note	2018 \$	2017 \$
Administrative expenses		(2,630,908)	(897,874)
Amounts written off investments	14	(1,235,796)	-
Other operating income	4	1,234,372	1,474,800
Other operating charges		(24,000)	(12,656)
Operating (loss)/profit	5	(2,656,332)	564,270
Income from fixed assets investments		400,000	249,991
Interest payable and similar expenses	10	(101,061)	(77,651)
(Loss)/profit before tax		(2,357,393)	736,610
Tax on (loss)/profit	11	991	-
(Loss)/profit for the financial year		(2,356,402)	736,610

There was no other comprehensive income for 2018 (2017 - \$NIL).

The notes on pages 11 to 25 form part of these financial statements.

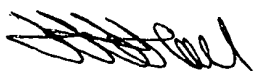
All activities relate to continuing operations in the current and prior year.

DENSITRON TECHNOLOGIES LIMITED
REGISTERED NUMBER: 01962726

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Fixed assets			
Intangible assets	12	628,227	294,162
Tangible assets	13	65,796	83,482
Investments	14	4,506,777	5,742,573
		<u>5,200,800</u>	<u>6,120,217</u>
Current assets			
Debtors: amounts falling due within one year	15	5,192,610	7,029,970
Cash at bank and in hand		130,508	113,920
		<u>5,323,118</u>	<u>7,143,890</u>
Creditors: amounts falling due within one year	16	(3,867,084)	(4,245,883)
Net current assets		<u>1,456,034</u>	<u>2,898,007</u>
Total assets less current liabilities		<u>6,656,834</u>	<u>9,018,224</u>
Provisions for liabilities			
Provisions	18	(52,222)	(57,210)
		<u>(52,222)</u>	<u>(57,210)</u>
Net assets		<u><u>6,604,612</u></u>	<u><u>8,961,014</u></u>
Capital and reserves			
Called up share capital	19	906,088	906,088
Revaluation reserve	20	1,998,114	1,998,114
Other reserves	20	69,012	69,012
Profit and loss account	20	3,631,398	5,987,800
		<u><u>6,604,612</u></u>	<u><u>8,961,014</u></u>

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



H J Hall
Director 14 June 2019

The notes on pages 11 to 25 form part of these financial statements.

DENSITRON TECHNOLOGIES LIMITED

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

	Called up share capital	Revaluation reserve	Special reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2018	906,088	1,998,114	69,012	5,987,800	8,961,014
Loss for the year	-	-	-	(2,356,402)	(2,356,402)
At 31 December 2018	906,088	1,998,114	69,012	3,631,398	6,604,612

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Revaluation reserve	Special reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2017	906,088	1,998,114	64,778	5,255,424	8,224,404
Profit for the year	-	-	-	736,610	736,610
Transfer to/from profit and loss account	-	-	4,234	(4,234)	-
At 31 December 2017	906,088	1,998,114	69,012	5,987,800	8,961,014

The notes on pages 11 to 25 form part of these financial statements.

DENSITRON TECHNOLOGIES LIMITED

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

1. General information

Densitron Technologies Limited ("the company") provides management and technical services for subsidiary undertakings.

The company is a private company limited by shares and is incorporated and domiciled in England & Wales. The address of its registered office is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP.

The company is exempt from the requirement to prepare group accounts in accordance with section 400 of the Companies Act 2006 by virtue of the fact that it is a wholly owned subsidiary of its immediate and ultimate parent undertaking, Quixant plc, a company incorporated in England. The Company's ultimate parent undertaking, Quixant plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Quixant plc are available to the public and may be obtained from companies house.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Quixant Plc as at 31 December 2018 and these financial statements may be obtained from Companies House.

DENSITRON TECHNOLOGIES LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

Trading and cash flow forecasts have been prepared for the group covering the period to 31 December 2020. After making enquiries and considering the impact of risks and opportunities on expected cash flows, the directors of the group have a reasonable expectation that the group has adequate cash to continue in operational existence for the foreseeable future. For this reason the going concern basis has been adopted in preparing these financial statements.

2.4 Design and development

Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from three to six years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	5%
Fixtures and fittings	-	20%
Office and computer equipment	-	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

DENSITRON TECHNOLOGIES LIMITED

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

2. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in subsidiaries are held at fair value.

2.9 Debtors

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

2.10 Cash and cash equivalents

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

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is the United States Dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using monthly exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

DENSITRON TECHNOLOGIES LIMITED

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

2. Accounting policies (continued)

2.13 Finance costs

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

2.14 Pensions

The company operates a defined contribution plan for its employees contributing a fixed percentage of the employees salary into personally held pension funds. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of comprehensive income.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

DENSITRON TECHNOLOGIES LIMITED

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

2. Accounting policies (continued)

2.17 Current and deferred taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

DENSITRON TECHNOLOGIES LIMITED

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

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events which are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future which will seldom equal actual results. The estimates and assumptions which 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:

- (i) the point at which the criteria for development cost capitalisation have been met.
- (ii) the valuation of investments in subsidiaries which are held at a directors' valuation.
- (iii) the recoverable values of debtors may be estimated in the event of impairment of these assets.

4. Other operating income

	2018 \$	2017 \$
Management charge receivable	249,750	347,750
Royalty receivable	1,067,062	1,046,128
Foreign exchange difference	(82,440)	80,922
	<u>1,234,372</u>	<u>1,474,800</u>

5. Operating (loss)/profit

The operating profit is stated after charging:

	2018 \$	2017 \$
Tangible fixed assets - depreciation	34,565	22,893
Intangible fixed assets - amortisation	45,209	1,076
Lease payments	102,481	104,367
	<u>182,255</u>	<u>128,336</u>

6. Auditor's remuneration

	2018 \$	2017 \$
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	35,115	11,921
	<u>35,115</u>	<u>11,921</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

DENSITRON TECHNOLOGIES LIMITED

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

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 \$	2017 \$
Wages and salaries	682,834	503,088
Social security costs	80,716	47,543
Cost of defined contribution scheme	26,342	38,571
	<u>789,892</u>	<u>589,202</u>

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

	2018 No.	2017 No.
Sales and marketing	2	1
Administration	3	3
Design and development	3	1
	<u>8</u>	<u>5</u>

8. Directors' remuneration

	2018 \$	2017 \$
Directors' emoluments	288,995	290,158
	<u>288,995</u>	<u>290,158</u>

The highest paid director received remuneration of \$175,195 (2017 - \$170,894).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$2,879 (2017 - \$5,744).

9. Income from investments

	2018 \$	2017 \$
Dividends received from subsidiary undertakings	400,000	249,991
	<u>400,000</u>	<u>249,991</u>

DENSITRON TECHNOLOGIES LIMITED

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

10. Interest payable and similar expenses

	2018 \$	2017 \$
Bank interest payable	-	2,761
Interest payable to group undertakings	101,061	74,890
	<u>101,061</u>	<u>77,651</u>

11. Taxation

	2018 \$	2017 \$
Current tax credit	(991)	-
Taxation on profit	<u>(991)</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 \$	2017 \$
(Loss)/Profit before tax	<u>(2,357,393)</u>	<u>736,610</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(447,905)	141,797
Effects of:		
Deferred tax not recognised	446,914	-
Expenses not deductible for tax purposes	-	3,237
Capital allowances for year in excess of depreciation	-	17,483
Utilisation of tax losses	-	(113,579)
Non-taxable income	-	(48,123)
Changes in provision leading to an (decrease)/increase in the tax charge	-	(815)
Total tax credit for the year	<u>(991)</u>	<u>-</u>

DENSITRON TECHNOLOGIES LIMITED

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

11. Taxation (continued)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) were substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future deferred tax charge accordingly. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

12. Intangible assets

	Development costs \$
Cost	
At 1 January 2018	295,238
Additions	379,274
At 31 December 2018	<u>674,512</u>
Amortisation	
At 1 January 2018	1,076
Charge for the year	45,209
At 31 December 2018	<u>46,285</u>
Net book value	
At 31 December 2018	<u>628,227</u>
At 31 December 2017	<u>294,162</u>

DENSITRON TECHNOLOGIES LIMITED

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

13. Tangible fixed assets

	Freehold property \$	Computer equipment \$	Fixtures and fittings \$	Total \$
Cost or valuation				
At 1 January 2018	38,875	26,128	85,236	150,239
Additions	-	16,879	-	16,879
At 31 December 2018	38,875	43,007	85,236	167,118
Depreciation				
At 1 January 2018	32,469	10,806	23,482	66,757
Charge for the year on owned assets	1,830	8,795	23,940	34,565
At 31 December 2018	34,299	19,601	47,422	101,322
Net book value				
At 31 December 2018	4,576	23,406	37,814	65,796
At 31 December 2017	6,406	15,322	61,754	83,482

DENSITRON TECHNOLOGIES LIMITED

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

14. Fixed asset investments

	Investments in subsidiary companies \$
Cost or valuation	
At 1 January 2018	5,742,573
Amounts written off	(1,235,796)
At 31 December 2018	4,506,777
Net book value	
At 31 December 2018	4,506,777
At 31 December 2017	5,742,573

The business of Densitron Taiwan was moved to another group company so an impairment charge has been taken against the cost of the investment.

DENSITRON TECHNOLOGIES LIMITED

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

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Densitron UK Limited	Ordinary	100 %	Sale of electronic products in the UK and Europe
Densitron Corporation of Japan	Ordinary	100 %	Sale of electronic products in Japan
Densitron Corporation	Ordinary	100 %	Sale of electronic products in North and South America
Densitron France *	Ordinary	100 %	Sale of electronic products in France
Densitron Nordic Oy *	Ordinary	80 %	Sale of electronic products in Finland, Sweden and Eastern Europe
Densitron Deutschland GmbH *	Ordinary	100 %	Sale of electronic products in Germany and Austria
Densitron Land Limited	Ordinary	100 %	Holder of land in Blackheath
Densitron Embedded D.O.O.	Ordinary	100 %	Design of electronic displays

* Subsidiary of Densitron UK Limited.

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves \$	Profit/(loss) \$
Densitron UK Limited	(10,235,658)	939,496
Densitron Corporation of Japan	2,041,019	286,962
Densitron Corporation	2,437,075	52,817
Densitron France	955,854	200,282
Densitron Nordic Oy	(45,526)	3,747
Densitron Deutschland GmbH	161,571	17,416
Densitron Land Limited	491,912	-
Densitron Embedded D.O.O.	53,923	27,378

The company addresses are:

Densitron UK Limited - Aisle Barn, 100 High Street, Balsham, CB24 4EP
Densitron Corporation of Japan - Aichiya Building 2F, 1-26-2 Omorikita, Ota-ku, Tokyo
Densitron Corporation - 2330 Pomona Rincon Road, Corona, CA 92880
Densitron France - 3 Rue de Tasmanie, 441115, Basse-Goulaine
Densitron Nordic Oy - FMyttypurontie 1, 00920, Helsinki
Densitron Deutschland GmbH - Airport Business Centre, AM Solnermoos 17, Halbergmoos, 85399, Germany
Densitron Land Limited - Aisle Barn, 100 High Street, Balsham, CB24 4EP
Densitron Embedded D.O.O. - Brnciceva ulica 13, 1231 Ljubljana-Crnuce, Slovenia

DENSITRON TECHNOLOGIES LIMITED

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

15. Debtors

	2018	2017
	\$	\$
Amounts owed by group undertakings	5,014,662	6,811,081
Other debtors	44,683	62,354
Prepayments and accrued income	133,265	156,535
	<u>5,192,610</u>	<u>7,029,970</u>

16. Creditors: Amounts falling due within one year

	2018	2017
	\$	\$
Trade creditors	20,012	8,253
Amounts owed to group undertakings	3,586,983	3,621,949
Taxation and social security	41,771	59,046
Other creditors	44,055	47,901
Accruals and deferred income	174,263	508,734
	<u>3,867,084</u>	<u>4,245,883</u>

17. Deferred taxation

A deferred tax asset has not been recognised in respect of timing differences relating to management expenses as there is insufficient evidence that the asset would be recovered. The amount of the asset not recognised is \$374,405 (2017 - \$374,405).

18. Provisions

	Post retirement benefits \$
At 1 January 2018	57,210
Charged to profit or loss	(4,988)
At 31 December 2018	<u>52,222</u>

The provision for post retirement benefits relates to payments to former employees of the company.

DENSITRON TECHNOLOGIES LIMITED

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

19. Share capital

	2018	2017
	\$	\$
Allotted, called up and fully paid		
69,666,923 (2017 - 69,666,923) Ordinary shares of \$0.013006 each	906,088	906,088

20. Reserves

Revaluation reserve

This account includes all movement in relation to the revaluation of investments in subsidiaries.

Special reserve

Following the cancellation of its share premium account, the company is required to set aside that amount of the share premium account totaling the value of the creditors in existence at the time until those creditors are repaid.

This account includes all movement in relation to amount that has been set aside, with a transfer to the profit and loss account as the creditors are repaid.

Profit and loss account

This account includes all current and prior period retained profits and losses.

DENSITRON TECHNOLOGIES LIMITED

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

21. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 \$	2017 \$
Land and buildings		
Not later than 1 year	102,481	102,481
Later than 1 year and not later than 5 years	98,925	191,014
	<u>201,406</u>	<u>293,495</u>
	2018 \$	2017 \$
Other		
Not later than 1 year	18,647	26,558
Later than 1 year and not later than 5 years	20,121	33,560
	<u>38,768</u>	<u>60,118</u>

22. Related party transactions

At the year end the company was owed \$15,692 (2017 - \$19,530) from Densitron Nordic Oy where less than 100% of the voting rights are controlled within the group.

23. Controlling party and related party transactions

The company has been controlled throughout the year by its parent company, Quixant plc. The company has taken advantage of the exemption given within FRS 102 from disclosing transactions with other wholly owned members of the group. As such there are no other related party transactions that require disclosure.

The company's ultimate parent undertaking is Quixant Plc, a company registered in England and Wales. The address of its registered office is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP.

The largest and smallest group in which the results of the company are consolidated is that headed by Quixant Plc. The consolidated financial statements of this group are available to the public at www.quixant.com.