

Isotek (Holdings) Limited

Annual report and financial statements

Registered number 03398090

For the year ended 31 May 2019

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Company information

Directors

R Smith (resigned 31 October 2019)

M Moynihan

M Tyerman (appointed 7 November 2019)

Secretary

M Moynihan

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Bankers

Barclays Bank plc
10 Market Street
Bradford
BD1 1NR

Registered office

Filtronic House
3 Airport West
Lancaster Way
Yeadon
Leeds
LS19 7ZA

Strategic report

Principal activities

The Company's principal activity is a holding company for the Filtronic Wireless subsidiaries of the Filtronic plc group.

Business model

The Company acts as a holding company for the Filtronic Wireless subsidiaries. As the company does not trade there is limited activity within the company.

Business review and results

The loss for the Company in the year was £2,523,301 (2018: £nil). This is due to the impairment of the intercompany debtor balances, with it being estimated that the debt was not recoverable. The directors do not feel it is relevant to use key performance indicators to monitor the business and are therefore satisfied with the results for the year.

Principal risks and uncertainties

The directors review and where possible mitigate against known business risks. The principal risks of the group are detailed in the annual report of Filtronic plc. The directors do not believe there are any significant risks or uncertainties associated with this company.

On behalf of the board



M Tyerman
Director

27 February 2020

Directors' report

The directors present their report and the audited financial statements for the year ended 31 May 2019.

Principal activities

The Company's principal activity during the year was as a holding company for the Filtronic Wireless group.

Future developments

No changes to the Company are expected.

Results and dividends

The results for the year are set out in the profit and loss account on page 8. The position at the end of the year is shown in the balance sheet on page 9. The directors do not recommend payment of a dividend for the year (2018: £nil).

Directors and directors' interests

The directors of the company during the year and up to the date of signing this report were those listed on page 1.

Directors' indemnity

Certain directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the appointment of PricewaterhouseCoopers LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



M Tyerman
Director

27 February 2020

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 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.

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.

Independent auditor's report to the members of Isotek (Holdings) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Isotek (Holdings) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 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 May 2019; the profit and loss account; 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

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.

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 of the United Kingdom's withdrawal 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

Independent auditors' report to the members of Isotek (Holdings) Limited (continued)

Reporting on other information (continued)

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 May 2019 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.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements set out on page 6, 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.

**Independent auditors' report to the members of Isotek (Holdings) Limited
(continued)**

Other required reporting

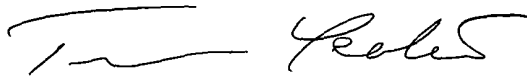
The purpose of our audit work and to whom we owe our responsibilities

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.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
NE1 3AZ

27 February 2020

Profit and loss account
for the year ended 31 May 2019

	<i>Note</i>	2019 £	2018 £
Turnover		-	-
Other operating expense		(2,523,301)	-
Operating (loss)/result	2	(2,523,301)	-
Tax on (loss)/result for the financial year	3	-	-
(Loss)/result for the financial year		(2,523,301)	-

There were no items in Other Comprehensive Income in the current or prior year.

The notes on pages 11 to 14 form part of the financial statements.

Balance sheet
at 31 May 2019

	<i>Note</i>	2019 £	2018 £
Fixed assets			
Investments	4	773,531	773,531
Current assets			
Debtors	5	-	2,537,145
Cash at bank and in hand		6,150	6,150
Creditors: amounts falling due within one year	6	6,150 -	2,543,295 (13,844)
Net current assets		6,150	2,529,451
Total assets less current liabilities		779,681	3,302,982
Net assets		779,681	3,302,982
Capital and reserves			
Called up share capital	7	148,891	148,891
Share premium account	8	2,193,347	2,193,347
Retained earnings	8	(1,562,557)	960,744
Total shareholders' funds		779,681	3,302,982

These financial statements on pages 8 to 14 were approved by the board of directors on 27 February 2020 and were signed on its behalf by:



M Tyerman
Director

Registered number 03398090

Statement of changes in equity

for the year ended 31 May 2019

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 June 2017	148,891	2,193,347	960,744	3,302,982
Loss for the period	-	-	-	-
Balance at 31 May 2018	148,891	2,193,347	960,744	3,302,982
Loss for the period	-	-	(2,523,301)	(2,523,301)
Balance at 31 May 2019	148,891	2,193,347	(1,562,557)	779,681

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

Isotek (Holdings) Limited is registered in England, UK. The Company is a private company limited by shares. These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and also in accordance with the Companies Act 2006. The accounting policies have been applied consistently.

The Company's business activities together with principal risks and uncertainties are set out in the Strategic report. The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Cash flow statement

The Company has taken advantage of the exemption allowed by FRS102 for wholly owned subsidiary undertakings and has not prepared a statement of cash flows.

Investments

Fixed asset investments are included at cost, less any provision for diminution of value.

Impairment charges

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Consolidated financial statements

The Company has taken advantage of section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The largest and smallest group of financial statements for which the group financial statements are drawn up of which the Company is a member is Filtronic plc. Copies of the financial statements of Filtronic plc, which include the Company, can be obtained from Filtronic plc, Filtronic House, 3 Airport West, Lancaster Way, Yeadon, Leeds LS19 7ZA.

2 Operating (loss)/result

The loss for the Company in the period was £2,523,301 (2018: £nil). This is due to the impairment of the intercompany debtor balances and the waiver of an intercompany creditor balance, with it being estimated that the debt was not recoverable. This has been charged to other operating expenses.

The directors of Isotek (Holdings) Limited are paid by Filtronic plc and therefore no costs are taken within the Company.

There are no employees in this company and audit fees were borne by another group company.

Notes (continued)

3 Taxation

Recognised in the profit and loss account

	2019 £	2018 £
UK corporation tax		
Tax charge for the period	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

Reconciliation of effective tax rate

The tax charged for the year is higher than (2018: the same as) the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £	2018 £
Loss before taxation	(2,523,301)	-
	<hr/>	<hr/>
Profit/(loss) before taxation multiplied by rate of corporation tax of 19% (2018: 19%)	(479,427)	-
Expenses not deductible	479,427	-
	<hr/>	<hr/>
Tax on (loss)/result for the financial year	-	-
	<hr/>	<hr/>

The main rate of UK corporation tax is unchanged from 19% effective from 1 April 2017 giving an effective tax rate for the financial year of 19% (2018: 19%). This will reduce to 17% from 1 April 2020.

Notes (continued)

4 Investments

				Subsidiaries £
<i>Cost and net book value</i>				
At 31 May 2018 and 31 May 2019				773,531
				<hr/>
Subsidiaries				
<i>Name of company</i>	<i>Country of incorporation or registration</i>	<i>Holdings</i>	<i>Activity</i>	
Filtronic Wireless Limited ¹	UK	100%	Wireless infrastructure	
Filtronic Wireless Inc. ²	US	100%	Wireless infrastructure	
Isotek Telecommunications Suzhou Ltd ³	China	100%	Wireless infrastructure	
Filtronic Wireless Suzhou ³	China	100%	Wireless infrastructure	
Isotek Limited ¹	UK	100%	Dormant	
Isotek Hong Kong Holdings Ltd ⁴	Hong Kong	100%	Holding company	

¹ Filtronic House, 3 Airport West, Lancaster Way, Yeadon, Leeds, West Yorkshire, LS19 7ZA, UK

² 700 Marvel Road, Salisbury, Maryland, 21801, USA

³ RM 802, Block 1, No.135 Wangdun Road, SIP, Suzhou, China

⁴ RM 1501, C1 Grand Millennium Plaza (lower block), 181 Queen's Road Central, Hong Kong

The directors believe that the carrying value of the investment is supported by their future cashflows.

5 Debtors

	2019 £	2018 £
Amounts owed by group undertakings	-	2,537,145
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

The amounts owed by group undertakings were fully impaired in the year as it was estimated that the debt was not recoverable.

6 Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts due to group undertakings	-	13,844
	<hr/>	<hr/>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

The amounts due to group undertakings were written back in the year as the amount was waived by the counterparty.

Notes (continued)

7 Called up share capital

	Allotted, called up and fully paid	
	2019 £	2018 £
14,889,114 (2018: 14,889,114) ordinary shares of 1p each	148,891	148,891
	<u> </u>	<u> </u>

8 Reserves

	Share premium account £	Profit and loss account £
At 31 May 2018	2,193,347	960,744
Loss for the period	-	(2,523,301)
	<u> </u>	<u> </u>
At 31 May 2018 and 2019	2,193,347	(1,562,557)
	<u> </u>	<u> </u>

9 Ultimate parent undertaking

The Company's ultimate parent undertaking is Filtronic plc, a company registered in England and Wales. Copies of the financial statements of Filtronic plc, which include the Company, can be obtained from Filtronic plc, Filtronic House, 3 Airport West, Lancaster Way, Yeadon, Leeds LS19 7ZA.

The largest and smallest group of financial statements for which the group financial statements are drawn up of which the Company is a member is Filtronic plc.