

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

Company Registration No. 03530918 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

COMPANY INFORMATION

Directors	N Cushing D Gowland R Laufenberg R Rupa
Secretary	D Gowland
Company number	03530918
Registered office	No 1 Endeavour Drive Festival Business Park Basildon Essex SS14 3WB
Auditor	Waller & Byford Clements House 1279 London Road Leigh-on-Sea Essex SS9 2AD
Business address	No 1 Endeavour Drive Festival Business Park Basildon Essex SS14 3WB

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

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RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

Overview

The company continues to successfully provide the services of high calibre technical personnel to the engineering industry, in particular the automotive industry in the UK and across Europe. The project related business is growing from within the Automotive sector and both areas of the business are supported by a strong Recruitment team which has always been the bedrock to our company.

Business Model

The company provides value via the ideas and expertise its personnel provide to the engineering industry in the UK and Europe. The personnel are retained and motivated by competitive pay, stimulating projects and an amicable and communicative working environment.

The company also takes advantage of its worldwide presence through its membership of the RLE group which has offices around the globe in six countries within three continents. This wide reach means the company can draw on expertise from many cultures, with intergroup leads to new customers being commonplace.

Performance

2017 has proved to be a very productive year. The UK and European sales have remained consistent with previous years. However, the company has been able to increase profit before tax by 32%.

The company will continue to work hard in order to increase its margins and improve productivity in what is a very competitive market. This will be essential for improving our momentum going into the next year.

Objectives & Strategy

The company's overall objective is to be a sustainable business which is profitable for the next ten years and beyond.

To achieve this objective in the short term the company has diversified and invested in its workshop capabilities which has resulted in an additional revenue stream in 2017, which is expected to increase in 2018 and beyond.

To achieve the objective in the short to long term, the company will continue in its endeavours to expand into more project related business during the year with its existing major OEMs and in its drive to develop and secure new customers, whilst retaining its strong core recruitment activities.

To achieve this objective in the long term the company's management intends to diversify into non OEM markets, rail and the autonomous car markets which will be achieved by investment and the continued high standards of personnel recruited.

Risks and Mitigation

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal business and financial risks facing the business. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Processes are in place to monitor and where possible mitigate such risks.

Economic Climate

In the current global economic climate there is always the risk that the company's major customers may decide to postpone programs which would have an effect on business in 2018 and beyond. This risk is mitigated by working closely with customers on the timing and delivery of products.

Competition

The markets in which the company operates are highly competitive. Policies of constant price monitoring and on-going research are in place to mitigate such risks.

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Risks and Mitigation (Continued)

Skills Shortage

There is the risk that there is not enough skilled engineering personnel available in the UK to undertake projects scheduled to start in 2018. To mitigate this risk the company recruits not only from the UK, but also from other countries in Europe, it also arranges the secondment of personnel from within the RLE global group of companies.

Financial Risk

The company uses various financial instruments. These include loans, cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the company's financial instruments are credit risk and liquidity risk, with currency and interest rate risk being deemed immaterial to the company overall.

Credit Risk

The company's principle financial assets are cash and trade debtors.

The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies.

The principal credit risk therefore arises from the company's trade debtors. In order to manage credit risk the directors set credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Liquidity Risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs to invest cash assets safely and profitably. The company policy throughout the year has been to achieve this objective through the day to day management of business decision making, rather than through setting maximum liquidity ratios.

Key performance indicators (KPI)

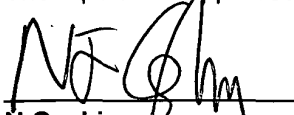
The directors consider the following to be key performance indicators of the business:-

	2017	2016
	£	£
Turnover	15,727,253	15,205,036
Gross profit	2,566,829	2,207,639
Profit on ordinary activities before taxation	687,750	519,563

In addition to that above the company has developed a set of KPIs that have been determined by management to represent those indicators that most importantly reflect the effectiveness of initiatives and action plans identified as critical to the company achieving its objectives. The company measures the KPIs against budgeted values as well as monitoring the trends for each indicator. The KPIs are measured monthly by management.

The board has a suite of KPIs both financial and non-financial, to run the business depending on the market and business model. The principal KPIs used to measure the business as a whole are revenue and profit. These metrics are visible in the financial statements and are also detailed above.

The report was approved by the Board and signed on its behalf by


N Cushing
Director

14/03/18
Date

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of the delivery of engineering design projects and the provision of high quality people placement services.

Directors

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

N Cushing
D Gowland
R Laufenberg
R Rupa

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

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

Auditor

The auditor, Waller & Byford, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

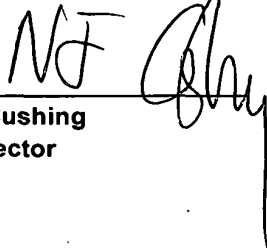
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of disclosure to auditor

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

On behalf of the board



N Cushing
Director

14/03/18
Date

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

Opinion

We have audited the financial statements of RLE International Product Development Ltd (the 'company') for the year ended 31 December 2017 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

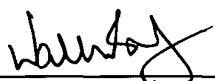
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Mr David Byford (Senior Statutory Auditor)
for and on behalf of Waller & Byford
Chartered Accountants
Statutory Auditor
Clements House
1279 London Road
Leigh-on-Sea
Essex
SS9 2AD

15.3.18

Date

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	15,727,253	15,205,036
Cost of sales		(13,160,424)	(12,997,397)
Gross profit		2,566,829	2,207,639
Administrative expenses		(1,875,836)	(1,684,800)
Operating profit	4	690,993	522,839
Interest payable and similar expenses	7	(3,243)	(3,276)
Profit before taxation		687,750	519,563
Tax on profit	8	(48,051)	(103,729)
Profit for the financial year		639,699	415,834
Retained earnings brought forward		581,906	816,072
Dividends	9	-	(650,000)
Retained earnings carried forward		1,221,605	581,906

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

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Goodwill	10		26,135		39,202
Tangible assets	11		191,943		98,267
			<u>218,078</u>		<u>137,469</u>
Current assets					
Debtors	13	3,772,698		3,435,788	
Cash at bank and in hand		644,675		367,040	
		<u>4,417,373</u>		<u>3,802,828</u>	
Creditors: amounts falling due within one year	14	(2,474,522)		(2,382,041)	
Net current assets			<u>1,942,851</u>		<u>1,420,787</u>
Total assets less current liabilities			<u>2,160,929</u>		<u>1,558,256</u>
Creditors: amounts falling due after more than one year	15		(110,135)		(164,248)
Provisions for liabilities	17		(29,181)		(12,094)
Net assets			<u>2,021,613</u>		<u>1,381,914</u>
Capital and reserves					
Called up share capital	20		400,000		400,000
Share premium account	21		200,000		200,000
Capital redemption reserve	22		200,008		200,008
Profit and loss reserves	23		1,221,605		581,906
Total equity			<u>2,021,613</u>		<u>1,381,914</u>

The financial statements were approved by the board of directors and authorised for issue on 14/03/18 and are signed on its behalf by:


N Cushing
Director

Company Registration No. 03530918

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	£	2017 £	£	2016 £
Cash flows from operating activities					
Cash generated from operations	28		655,260		1,151,223
Interest paid			(3,243)		(3,276)
Income taxes (paid)/refunded			(11,606)		5,870
Net cash inflow from operating activities			<u>640,411</u>		<u>1,153,817</u>
Investing activities					
Purchase of tangible fixed assets		(136,301)		(65,815)	
Net cash used in investing activities			<u>(136,301)</u>		<u>(65,815)</u>
Financing activities					
Proceeds of new bank loans		-		150,000	
Repayment of loans		(226,475)		(360,763)	
Dividends paid		-		(650,000)	
Net cash used in financing activities			<u>(226,475)</u>		<u>(860,763)</u>
Net increase in cash and cash equivalents			<u>277,635</u>		<u>227,239</u>
Cash and cash equivalents at beginning of year			<u>367,040</u>		<u>139,801</u>
Cash and cash equivalents at end of year			<u><u>644,675</u></u>		<u><u>367,040</u></u>

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

RLE International Product Development Ltd is a private company limited by shares incorporated in England and Wales. The registered office is No 1 Endeavour Drive, Festival Business Park, Basildon, Essex, SS14 3WB.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

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

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

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

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

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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

Land and buildings leasehold	Evenly over the term of the lease
Fixtures, fittings & equipment	10% & 12.5% straight line
Computer equipment	33.3% straight line

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

1.6 Impairment of fixed assets

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

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

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

1.7 Cash at bank and in hand

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

1.8 Financial instruments

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

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

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

Basic financial assets

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

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Taxation

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

Current tax

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

Deferred tax

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

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

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

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

1.14 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover		
Sale of services	15,727,253	15,205,036

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2017 £	2016 £
UK	14,650,973	14,517,697
Europe	348,170	649,587
Rest of World	728,110	37,752
	<u>15,727,253</u>	<u>15,205,036</u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3,956	(31,373)
Fees payable to the company's auditor for the audit of the company's financial statements	13,500	13,500
Depreciation of owned tangible fixed assets	42,626	37,727
Amortisation of intangible assets	13,067	13,067
Operating lease charges	<u>180,950</u>	<u>123,362</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £3,956 (2016 - £31,373).

5 Employees

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

	2017 Number	2016 Number
Management staff	7	5
Administrative staff	10	9
Direct staff	<u>47</u>	<u>49</u>
	<u>64</u>	<u>63</u>

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

5 Employees

(Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,710,470	2,711,856
Social security costs	302,915	308,689
Pension costs	75,371	82,371
	<u>3,088,756</u>	<u>3,102,916</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	143,254	135,616
Company pension contributions to defined contribution schemes	11,700	10,800
	<u>154,954</u>	<u>146,416</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

7 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>3,243</u>	<u>3,276</u>

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	117,988	100,829
Adjustments in respect of prior periods	(87,024)	-
Total current tax	<u>30,964</u>	<u>100,829</u>
Deferred tax		
Origination and reversal of timing differences	<u>17,087</u>	<u>2,900</u>
Total tax charge	<u>48,051</u>	<u>103,729</u>

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	687,750	519,563
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	132,368	103,913
Tax effect of expenses that are not deductible in determining taxable profit	2,482	-
Permanent capital allowances in excess of depreciation	(12,617)	(3,084)
Research and development tax credit	(87,023)	-
Other non-reversing timing differences	17,087	2,900
Other permanent differences	(4,246)	-
Taxation for the year	48,051	103,729

The following taxation rates are expected to apply in future years:

Year ended 31st December 2018: 19%

Year ended 31st December 2019: 19%

9 Dividends

	2017 £	2016 £
Interim paid	-	650,000

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2017 and 31 December 2017	130,672
Amortisation and impairment	
At 1 January 2017	91,470
Amortisation charged for the year	13,067
At 31 December 2017	104,537
Carrying amount	
At 31 December 2017	26,135
At 31 December 2016	39,202

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

	Land and buildings leasehold	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2017	16,170	183,922	635,545	835,637
Additions	-	111,684	24,617	136,301
At 31 December 2017	16,170	295,606	660,162	971,938
Depreciation and impairment				
At 1 January 2017	691	124,724	611,954	737,369
Depreciation charged in the year	1,659	20,841	20,126	42,626
At 31 December 2017	2,350	145,565	632,080	779,995
Carrying amount				
At 31 December 2017	13,820	150,041	28,082	191,943
At 31 December 2016	15,479	59,197	23,591	98,267

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,863,993	3,002,314
Carrying amount of financial liabilities		
Measured at amortised cost	1,885,719	2,028,601

13 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	2,198,570	2,417,763
Amounts owed by group undertakings	635,673	554,801
Other debtors	29,750	29,750
Prepayments and accrued income	908,705	433,474
	3,772,698	3,435,788

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	16	561,094	733,456
Trade creditors		796,382	793,358
Corporation tax		109,829	90,470
Other taxation and social security		589,109	427,218
Other creditors		10,145	16,931
Accruals and deferred income		407,963	320,608
		<u>2,474,522</u>	<u>2,382,041</u>

15 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	16	<u>110,135</u>	<u>164,248</u>

16 Loans and overdrafts

	2017 £	2016 £
Bank and other loans	<u>671,229</u>	<u>897,704</u>
Payable within one year	561,094	733,456
Payable after one year	<u>110,135</u>	<u>164,248</u>

The bank overdrafts are secured by an unlimited debenture dated 22nd December 2009 and 3rd June 2015 over the company's assets in the form of a fixed and floating charge, and by way of an all moneys guarantee from a company director of £100,000.

Other loans consist of monies advanced to the company under an invoice discounting arrangement. This is secured on the debts concerned and by a first legal charge over the assets of the company.

Bank loans also include a loan that is secured by an unlimited debenture over the company's assets in the form of a fixed and floating charge, and by way of an all moneys guarantee from a company director of £100,000.

17 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	18	<u>29,181</u>	<u>12,094</u>

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Deferred taxation

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

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	29,181	12,094
	<u>29,181</u>	<u>12,094</u>
Movements in the year:		2017 £
Liability at 1 January 2017		12,094
Charge to profit or loss		17,087
		<u>17,087</u>
Liability at 31 December 2017		29,181
		<u>29,181</u>

The deferred tax liability set out above is in relation to accelerated capital allowances and the provision is expected to be reversed inline with the company's depreciation policy of tangible fixed assets.

19 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	75,371	82,371
	<u>75,371</u>	<u>82,371</u>

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

20 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
400,000 Ordinary shares of £1 each	400,000	400,000
	<u>400,000</u>	<u>400,000</u>

21 Share premium account

	2017 £	2016 £
At beginning and end of year	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Capital redemption reserve

	2017 £	2016 £
At beginning and end of year	200,008	200,008

23 Profit and loss reserves

	2017 £	2016 £
At the beginning of the year	581,906	816,072
Profit for the year	639,699	415,834
Dividends declared and paid in the year	-	(650,000)
At the end of the year	1,221,605	581,906

24 Operating lease commitments

Lessee

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

	2017 £	2016 £
Within one year	217,140	217,140
Between two and five years	868,560	868,560
In over five years	723,800	940,940
	1,809,500	2,026,640

25 Financial commitments, guarantees and contingent liabilities

During the year the lease of the premises at No 1 Endeavour Drive, Festival Business Park, Basildon, Essex, SS14 3WB was renewed for a 10 year period to April 2026.

During the company's previous lease they made agreed alterations to the building. The company may be required to restore the building to its original condition on departure from the premises. The amount cannot be quantified but could be material.

During the year the company, along with two other group members, entered into an agreement as unlimited guarantors of the ultimate parent company's banking liabilities with Commerzbank Aktiengesellschaft, London Branch. The amount cannot be quantified but could be material.

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	159,858	146,414

During the year the company paid dividends of £Nil (2016: £650,000) to its immediate parent company, RLE Global Operations Limited.

Included within debtors is an amount due to the company from its ultimate parent company, RLE International GmbH of £360,993 (2016: £68,679). Also included within debtors is an amount due to RLE International GmbH of £16,569 (2016: £7,527). During the year the company made sales to and purchases from RLE International GmbH of £292,313 and £49,280 respectively.

Included within debtors is an amount due to the company from RLE Global Operations Limited, the company's parent, of £57,923 (2016: £28,311). During the year the company made sales to and purchases from RLE Global Operations Limited of £466,641 and £240,000 respectively.

Also included within debtors is a loan to RLE Global Operations Limited of £Nil (2016: £300,403). During the year the company loaned RLE Global Operations Limited £Nil and was repaid £300,403.

Included within debtors is an amount owed by RLE India Private Limited, a wholly owned subsidiary of RLE Global Operations Limited, of £Nil (2016: £104,371). Also included within debtors is an amount due to RLE India Private Limited of £8,950 (2016: £Nil). During the year the company raised sales credit notes to RLE India Private Limited of £533. The company also made purchases of £29,452 from RLE India Private Limited.

Also Included within debtors is an amount due from RLE Mobility GmbH, a wholly owned subsidiary of RLE International GmbH, of £92,819 (2016: £33,986). Also included within debtors is an amount due to RLE Mobility GmbH, £52,612 (2016: £21,186). During the year the company made sales to RLE Mobility GmbH of £58,833 and purchases of £228,547.

Also Included within debtors is an amount due from RLE International Inc of £43,029 (2016: £19,023). During the year the company made sales to RLE International Inc of £555,947.

Also included within debtors is an amount due from RLE Engineering & Services GmbH of £68,211 (2016: £10,012). During the year the company made sales of £58,878 and raised sales credits of £679 to RLE Engineering & Services GmbH.

Also included within debtors is an amount due from RLE International (China) Ltd of £73,417 (2016: £18,730). During the year the company made sales of £183,122 to RLE International (China) Ltd.

Also included within debtors is an amount due from RLE India Manufacturing Private Limited of £17,413. During the year the company made sales to RLE India Manufacturing Private Limited of £271,719. The company also made purchases of £218,729 from RLE India Manufacturing Private Limited.

RLE INTERNATIONAL PRODUCT DEVELOPMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

27 Controlling party

The company is a wholly owned subsidiary of RLE Global Operations Ltd.

RLE Global Operations Limited is a wholly owned subsidiary of RLE International GmbH which is the ultimate parent company. RLE International GmbH is a company registered in Germany. Copies of the accounts of RLE International GmbH may be obtained from Robert-Bosch Strasse 10, 50769 Cologne, Germany, or at the registered office.

The ultimate controlling party in the current and previous period was Mr R Laufenberg, a director, and members of his family by virtue of their majority shareholding in RLE International GmbH.

28 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	639,699	415,834
Adjustments for:		
Taxation charged	48,051	103,729
Finance costs	3,243	3,276
Amortisation and impairment of intangible assets	13,067	13,067
Depreciation and impairment of tangible fixed assets	42,626	37,727
Movements in working capital:		
(Increase)/decrease in debtors	(336,910)	490,188
Increase in creditors	245,484	87,402
Cash generated from operations	655,260	1,151,223