

Registration number: 05882888

Aitchee Engineering Limited

Directors' Report and Financial Statements

for the year ended 31 December 2015



Aitchee Engineering Limited

Company information

Directors Mr D E Cicurel (Chairman)
Dr S Gregory (Managing Director)
Mr D Barnbrook
Mr B Ormsby
Mr N Sambell
Mr E J Wells

Secretary Mr C Talbot

Company number 05882888

Registered Office Unit 52c
Borough High Street
London
SE1 1XN

Auditor Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Regent House
80 Regent Road
Leicester
LE1 7NH

Aitchee Engineering Limited

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Aitchee Engineering Limited

Directors' report for the year ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015. In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Principal activity

The principal activity of the company in the year continued to be that of the manufacture of a variety of engineering parts and finished products for a number of industries. The statement of comprehensive income is set out on page 5 and shows the result for the year.

Directors

The directors who served during the year are as stated below:

| | | | |
|----------------|------------------------|--------------|---------------------------|
| Mr D E Cicurel | | Mr B Ormsby | |
| Mr D Barnbrook | | Mr N Sambell | Appointed 30 October 2015 |
| Mr R L Cohen | Resigned 30 April 2015 | Mr D Sibley | Resigned 22 June 2015 |
| Dr S Gregory | | Mr E J Wells | |

Statement of directors' responsibilities

The directors are responsible for preparing 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 period. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors confirm that:

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

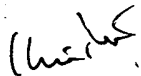
Aitchee Engineering Limited

Directors' report for the year ended 31 December 2015

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earlier.

This report was approved by the board on 21 March 2016 and signed on its behalf by:



C Talbot
Secretary

Aitchee Engineering Limited
Company Registration number: 05882888

Aitchee Engineering Ltd

Independent Auditor's Report to the members of Aitchee Engineering Limited

We have audited the financial statements of Aitchee Engineering Limited for the year ended 31 December 2015, which comprise the statement of comprehensive income, the balance sheet, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Aitchee Engineering Ltd

Independent Auditor's Report to the members of Aitchee Engineering Limited

Matters on which we are required to report by exception

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

Grant Thornton UK LLP

Philip Sayers
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands
21 March 2016

Aitchee Engineering Limited

Statement of comprehensive income for the year ended 31 December 2015

| | Notes | 2015 £ | 2014 £ |
|---|----------|----------------|-----------------|
| Turnover | 1 | 881,216 | 738,871 |
| Raw materials and consumables | | (244,222) | (220,070) |
| Other external charges | | (145,315) | (130,305) |
| Staff costs | 2 | (430,984) | (400,442) |
| Depreciation | | (16,695) | (18,014) |
| Operating profit/(loss) | 3 | 44,000 | (29,960) |
| Interest receivable and similar income | | 31 | - |
| Interest payable and similar charges | | (13,725) | - |
| Profit/(loss) on ordinary activities before taxation | | 30,306 | (29,960) |
| ✓ Tax on profit/(loss) on ordinary activities | 4 | (11,690) | 6,381 |
| Profit/(loss) for the financial year and total comprehensive income/(expense) for the year | | 18,616 | (23,579) |

All of the activities of the company are classed as continuing.

The accompanying notes form an integral part of these financial statements.

Aitchee Engineering Limited

Balance sheet as at 31 December 2015

| | Notes | £ | 2015 £ | 2014 £ |
|--|-------|------------------|------------------|------------------|
| Fixed assets | | | | |
| Tangible assets | 5 | | 56,985 | 70,055 |
| Current assets | | | | |
| Stocks | 6 | 84,155 | 76,526 | |
| Debtors and prepayments | 7 | 97,058 | 92,130 | |
| Cash at bank and in hand | | 156,060 | 69,077 | |
| | | <u>337,273</u> | <u>237,733</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(333,616)</u> | <u>(251,648)</u> | |
| Net current assets/(liabilities) | | | <u>3,657</u> | <u>(13,915)</u> |
| Total assets less current liabilities | | | <u>60,642</u> | <u>56,140</u> |
| Deferred tax | 9 | | <u>(2,160)</u> | <u>(2,747)</u> |
| Total net assets | | | <u>58,482</u> | <u>53,393</u> |
| Creditors: amounts falling due after more than one year | 10 | | 270,000 | 283,527 |
| Capital and reserves | | | | |
| Called up share capital | 11 | | 2 | 2 |
| Profit and loss account | | | <u>(211,520)</u> | <u>(230,136)</u> |
| Shareholders' funds - all equity | | | <u>(211,518)</u> | <u>(230,134)</u> |
| | | | <u>58,482</u> | <u>53,393</u> |

The financial statements were approved by the board of directors on 21 March 2016 and signed on its behalf by:



Dr S Gregory
Director

The accompanying notes form an integral part of these financial statements.

Aitchee Engineering Limited

Statement of changes in equity for the year ended 31 December 2015

| | Share capital | Profit and Loss account | Total equity |
|--|---------------|----------------------------|------------------|
| | £ | £ | £ |
| Balance at 1 January 2015 | 2 | (230,136) | (230,134) |
| Dividend payable | - | - | - |
| Transactions with owners | - | - | - |
| Profit for the year | - | 18,616 | 18,616 |
| Total comprehensive income for the year | - | 18,616 | 18,616 |
| Balance at 31 December 2015 | 2 | (211,520) | (211,518) |
| Balance at 1 January 2014 | 2 | (206,557) | (206,555) |
| Dividend payable | - | - | - |
| Transactions with owners | - | - | - |
| Loss for the year | - | (23,579) | (23,579) |
| Total comprehensive loss for the year | - | (23,579) | (23,579) |
| Balance at 31 December 2014 | 2 | (230,136) | (230,134) |

Aitchee Engineering Limited

Statement of accounting policies

Statement of Compliance

The financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The company has elected to adopt the standard for the year ended 31 December 2015 for the first time.

Basis of preparation

These financial statements are the first financial statements in which the Company had adopted FRS 101 'Reduced Disclosure Framework'. The Company meets the definition of a qualifying entity under FRS 101. Accordingly, in the year ended 31 December 2015 the Company has undergone transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council. This transition has not impacted equity or profit or loss previously reported.

As permitted by FRS 101, for both periods presented, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, share based payments, fair value measurements, comparative reconciliations for tangible and intangible assets, standards not yet effective, related party transactions with other wholly-owned members of the group and key management personnel compensation. Equivalent disclosures are, where required, given in the group accounts of Judges Scientific plc. The group accounts of Judges Scientific plc are available to the public.

The financial statements have been prepared on the historical cost basis.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies

- The directors must judge whether all of the conditions required for revenues to be recognised in the income statement of the financial year, as set out below, have been met.

Sources of estimation uncertainty

- depreciation rates are based on estimates of the useful lives and residual values of the assets involved;
- warranty provisions are based on estimates of the likely cost of repairing or replacing faulty units.

Aitchee Engineering Limited

Statement of accounting policies

The principal accounting policies are set out below.

Turnover

Turnover is measured by reference to the fair value of consideration received or receivable by the company, excluding Value Added Tax, and is recognised when all the following conditions have been satisfied:

- sales of instruments and spares are recognised on point of despatch to the customer;
- income from services such as installation, support, training or consultancy is recognised when the service is performed;
- the amount of turnover and the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the company.

Tangible fixed assets and depreciation

Fixed assets are initially recorded at cost. Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

| | |
|-----------------------------------|-------------------------------|
| Plant and machinery: | 15% straight line on cost |
| Fixtures, fittings and equipment: | 15%/33% straight line on cost |
| Motor vehicles | 25% straight line on cost |

Stock

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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.

Pensions

The company operates defined contribution pension schemes for employees and directors. The assets of the schemes are held by investment managers separately from those of the company. Contributions payable are charged to the profit and loss account.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of transaction. All differences are taken to the profit and loss account.

Aitchee Engineering Limited

Statement of accounting policies

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of those temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except:

- where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or
- where items are recognised in other comprehensive income, in which case the related deferred tax is recognised in other comprehensive income.

Research and development

Research and development expenditure is recognised in the Profit and Loss account as an expense as incurred until it can be demonstrated that the conditions for capitalisation under IAS 38 apply.

The criteria for capitalisation include demonstration that the project is technically and commercially feasible, the company has sufficient resources to complete development and the asset will generate probable future economic benefit.

No research and development expenditure has been capitalised to date.

Provisions for warranty claims

Provisions for warranty claims are recognised when; the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are discounted where the time value of money is material.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Profit and loss account" represents retained profits and losses.

Aitchee Engineering Limited

Note to the financial statements for the year ended 31 December 2015

1 TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounted to £nil (2014: £nil) for the year.

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Staff costs (including directors) | | |
| Wages and salaries | 384,040 | 359,198 |
| Social security costs | 39,092 | 35,732 |
| Other pension costs | 7,852 | 5,512 |
| | <u>430,984</u> | <u>400,442</u> |
| Average number of persons employed: | 2015 | 2014 |
| Directors | 6 | 5 |
| Manufacturing | 9 | 8 |
| Sales and administration | 1 | 3 |
| | <u>16</u> | <u>16</u> |
| Directors' emoluments: | 2015 £ | 2014 £ |
| Emoluments | 55,428 | 26,025 |
| Defined contribution pension scheme contributions | 2,537 | 1,253 |
| | <u>57,965</u> | <u>27,278</u> |

During the year one director participated in a money purchase pension scheme (2014: one).

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES

| | 2015 £ | 2014 £ |
|--|--------------|--------------|
| Profit/(loss) on ordinary activities is stated after charging: | | |
| Depreciation and other amounts written off tangible fixed assets | 16,695 | 18,014 |
| Auditor's remuneration - audit | <u>3,000</u> | <u>3,000</u> |

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of its ultimate parent undertaking, Judges Scientific plc, are required to disclose non audit fees on a consolidated basis.

Aitchee Engineering Limited

Note to the financial statements for the year ended 31 December 2015

| 4 | TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES | 2015 £ | 2014 £ |
|---|---|-----------|-----------|
|---|---|-----------|-----------|

Analysis of charge/(credit) in year:

| | | |
|---|--------|---------|
| United Kingdom corporation tax charge at 20.25% (2014: 21.5%) | 6,176 | (6,101) |
| United Kingdom corporation tax - prior year adjustment | 6,101 | - |
| Total current tax charge | 12,277 | (6,101) |
| Deferred tax | (587) | (280) |
| Tax on profit on ordinary activities | 11,690 | (6,381) |

The tax assessed for the year is different to the weighted average standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained as follows:

| | 2015 £ | 2014 £ |
|--|-----------|-----------|
| Profit/(loss) on ordinary activities before tax | 30,306 | (29,960) |
| Profit/(loss) on ordinary activities multiplied by the weighted average standard rate of corporation tax in the UK of 20.25% (2014: 21.5%) | 6,136 | (6,439) |

Effect of:

| | | |
|--|--------|---------|
| Provisions and expenditure not deductible for tax purposes | 40 | 338 |
| Other timing differences | (587) | (280) |
| Corporation tax - prior period adjustment | 6,101 | - |
| Total tax charge/(credit) | 11,690 | (6,381) |

5 TANGIBLE FIXED ASSETS

| | Plant and machinery £ | Office equipment £ | Motor vehicles £ | Total £ |
|---------------------------|-----------------------------|--------------------------|------------------------|------------|
| Cost / deemed cost | | | | |
| At 1 January 2015 | 145,692 | 6,110 | 6,695 | 158,497 |
| Additions | 3,625 | - | - | 3,625 |
| At 31 December 2015 | 149,317 | 6,110 | 6,695 | 162,122 |
| Depreciation | | | | |
| At 1 January 2015 | 77,715 | 4,032 | 6,695 | 88,442 |
| Charge for the year | 14,679 | 2,016 | - | 16,695 |
| At 31 December 2015 | 92,394 | 6,048 | 6,695 | 105,137 |
| Net book values | | | | |
| At 31 December 2015 | 56,923 | 62 | - | 56,985 |
| At 31 December 2014 | 67,977 | 2,078 | - | 70,055 |

Aitchee Engineering Limited

Note to the financial statements for the year ended 31 December 2015

| 6 STOCKS | 2015 | 2014 |
|------------------|---------------|---------------|
| | £ | £ |
| Raw materials | 53,813 | 58,415 |
| Work in progress | 30,342 | 18,111 |
| | <u>84,155</u> | <u>76,526</u> |

In 2015, a total of £244,222 of inventories was included in the income statement as an expense (2014: £220,070). All inventories form part of the assets pledged as security in respect of bank loans.

| 7 DEBTORS | 2015 | 2014 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Trade debtors | 16,238 | 37,258 |
| Amounts owed by group companies | 75,654 | 43,830 |
| Corporation tax receivable | - | 5,989 |
| Prepayments | 5,166 | 5,053 |
| | <u>97,058</u> | <u>92,130</u> |

| 8 CREDITORS | 2015 | 2014 |
|---|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade creditors | 46,920 | 50,015 |
| Other creditors | 1,370 | - |
| Corporation tax payable | 6,288 | - |
| Amounts owed to group companies | 219,750 | 161,415 |
| Social security and other taxes | 49,598 | 36,218 |
| Accruals and deferred income | 9,690 | 4,000 |
| | <u>333,616</u> | <u>251,648</u> |

| 9 DEFERRED TAX | £ |
|-----------------------|--------------|
| At 1 January 2015 | 2,747 |
| Charge in the year | (587) |
| At 31 December 2015 | <u>2,160</u> |

The amounts provided in respect of deferred taxation are computed at the rate of 20% (2014: 20%) and relate to accelerated capital allowances.

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Amounts falling due after more than one year are wholly in respect of a subordinated loan advanced by the ultimate parent undertaking. The interest charge on this loan for the year ended 31 December 2015 was £13,725 (2013: £nil). The loan is repayable on demand at any time after 30 June 2016 provided that all liabilities to third parties falling due on or before that date have been met.

Aitchee Engineering Limited

Note to the financial statements for the year ended 31 December 2015

11 CALLED UP SHARE CAPITAL

| | 2015 £ | 2014 £ |
|------------------------------------|-----------|-----------|
| Allotted, called up and fully paid | | |
| 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

12 CAPITAL COMMITMENTS

| 2015 £ | 2014 £ |
|-----------|-----------|
|-----------|-----------|

At 31 December 2015 the company had capital commitments as follows:

| | | |
|---|---------------|----------|
| Contracted for but not provided in these financial statements | <u>36,712</u> | <u>-</u> |
|---|---------------|----------|

13 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of this company is Judges Scientific plc, which is incorporated in England and Wales. The only group undertaking for which consolidated accounts are prepared is that headed by Judges Scientific plc. Bank loans advanced to or guaranteed by Judges Scientific plc amounting at 31 December 2015 to £12,390,000 (2014: £12,280,000) are secured on the company's assets.

14 FIRST TIME ADOPTION OF FRS 101

The policies applied under the company's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.