

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017**  
**FOR**  
**APPLICATION SOLUTIONS (ELECTRONICS AND**  
**VISION) LIMITED**

THURSDAY



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COMPANIES HOUSE

**APPLICATION SOLUTIONS (ELECTRONICS AND  
VISION) LIMITED**

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FOR THE YEAR ENDED 31ST DECEMBER 2017**

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**APPLICATION SOLUTIONS (ELECTRONICS AND  
VISION) LIMITED**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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**DIRECTORS:**

C R J Bayley  
Dr I Conlan

**SECRETARY:**

Gravitas Company Secretarial Services Limited

**REGISTERED OFFICE:**

The Riverside Centre  
Railway Lane  
Lewes  
East Sussex  
BN7 2AQ

**REGISTERED NUMBER:**

06437845 (England and Wales)

**AUDITORS:**

KPMG LLP  
1 Forest Gate  
Brighton Rd  
Crawley  
RH11 9PT

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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

**REVIEW OF BUSINESS AND KEY PERFORMANCE INDICATORS**

The Statement of Income as set out on page 8 records the profit for the year.

The company continues to use its established key performance indicators to monitor and measure progress. These include Turnover, Operating Profit, Headcount, Variance against the Budget and prior year and Profit before Tax.

**Turnover**

The company's 3rd parties' turnover decreased by 55% to £0.45 m (2016 £0.99m) in line with the company's strategy of being a part of the world wide team in order to enable the Group to provide integrated solutions to a customer. The company concentrates on the main activity, which is Research and Development (R&D) projects and is being continuously supported by the Group, whose contributions to R&D activities of the company are increased by 8% to £7.8 m (2016 £7.3 m).

**Operating Profit**

The company's operating profit decreased by 42% to £0.35 m (2016 - £0.61 m).

The £0.26 m decrease in operating profit is mainly due to a loss of 0.45 m. on disposal of investment.

**Headcount**

Levels of headcount are monitored against budget and last year.

Average headcount for 2017 was 88 compared to 83 in 2016. The company continues to grow and the forecasted average head count for 2018 is expected to be 97, head count at the year end 2018 is expected to be 110 employees.

**Profit before Tax**

Group profit before taxation decreased by 39% to £0.39m (2016: £0.64 m).

The £0.25 m decrease in profit before tax is mainly due as above to a loss of £0.45 m on disposal of investment. Results are in line with expectation and the directors view the future with confidence.

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

Company as part of the Group is part of the automotive industry. The industry has been shaped over the past 100 years and is in the period of change, which brings some challenges as well as opportunities. Group's and company's business model is based on the three value streams: innovative capability, productivity and profitable growth. In Automotive Group, we are among the leading suppliers when it comes to advanced driver assistance systems, injection systems for low-consumption, supercharged diesel and gasoline engines, electric mobility, keyless access systems, and display solutions in vehicle interiors.

Company is exposed to risks associated with changes in currency exchange rates and hedging. Company could be exposed to significant risks in connection with a global financial and economic crisis.

As part of the automotive supply industry characterized by intense competition, the company could be exposed to the risk of reduced sales or put under continuous pressure on the sales prices.

Company is part to the group's corporation-wide internal control and risk management system, especially in terms of the accounting processes, which helps analyse and manage the company's risk situation. The risk management system serves to identify and evaluate developments that could trigger significant disadvantages and to avoid risks that would jeopardize the continued existence of the company.

The risk management system regulates the identification, recording, assessment, documentation and reporting of risks and is integrated into company's strategy, planning and budgeting processes. By including risk management in the management and reporting systems, Company ensures that risk management is integral component of business processes.

**FINANCIAL RISKS**

**Currency risk**

The company is exposed to translation and foreign exchange risk. These risks are mitigated, where possible, by undertaking transactions with overseas customers and suppliers in £ sterling.

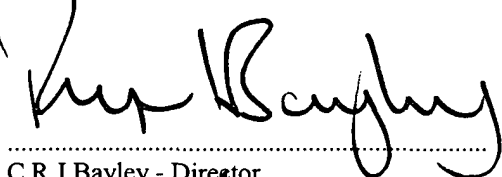
**Liquidity and cashflow risk**

The company seeks to manage liquidity risk by ensuring sufficient cash is available to meet foreseeable needs and to invest cash assets safely and profitably. Financial support is also available from the ultimate parent company.

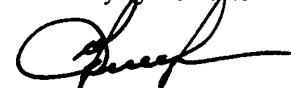
**Credit risk**

The company's principal financial assets are trade debtors from which a credit risk arises. In order to manage credit risk the directors ensure that all new customers undergo third party credit checks and credit limits are set based on a combination of credit checks and payment history. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

**ON BEHALF OF THE BOARD:**



C R J Bayley - Director



Dr I Conlan - Director

Date: 21/09/2018

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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The directors present their report with the financial statements of the company for the year ended 31st December 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of electronic product design and development, predominantly software and image processing for surround view systems.

**DIVIDENDS**

The directors do not recommend the payment of a dividend.

**RESEARCH AND DEVELOPMENT**

In the year under review, our research and development (R&D) focused on products relating to road safety, greater comfort, convenience and driving enjoyment. Expenditure for R&D for the Company rose by 11% in the year under review to £3.55 m.

**DIRECTORS**

C R J Bayley has held office during the whole of the period from 1st January 2017 to the date of this report.

Other changes in directors holding office are as follows:

W Fey - resigned 1st May 2017

Dr I Conlan - appointed 1st May 2017

**POLITICAL DONATIONS AND EXPENDITURE**

The company made no political donations or incurred any political expenditure during the year.

**OTHER INFORMATION**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 2 and 3.

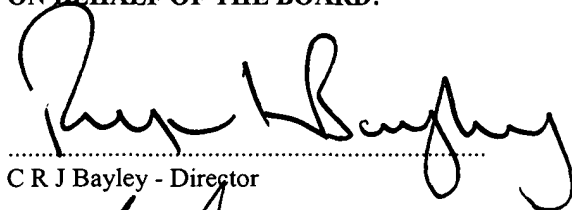
**DISCLOSURE OF INFORMATION TO AUDITOR**

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and he 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 auditor is aware of that information.

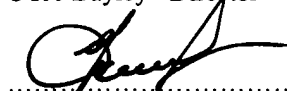
**AUDITORS**

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

**ON BEHALF OF THE BOARD:**



.....  
C R J Bayley - Director



.....  
Dr I Conlan - Director

Date: 21/09/2018

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
APPLICATION SOLUTIONS (ELECTRONICS AND  
VISION) LIMITED**

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**Opinion**

We have audited the financial statements of Application Solutions (Electronics and Vision) Limited ("the company") for the year ended 31st December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash flow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

**Strategic report and directors' report**

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

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

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

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
APPLICATION SOLUTIONS (ELECTRONICS AND  
VISION) LIMITED**

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**Responsibilities of directors**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



Robert Fitzpatrick (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
1 Forest Gate  
Brighton Rd  
Crawley  
RH11 9PT

Date: 26 September 2018

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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	Notes	2017 £	2016 £
<b>TURNOVER</b>	3	447,506	990,632
Cost of sales		<u>(5,304,808)</u>	<u>(5,685,854)</u>
<b>GROSS LOSS</b>		(4,857,302) c	(4,695,222)
Administrative expenses		<u>(3,027,588)</u>	<u>(2,307,208)</u>
		(7,884,890)	(7,002,430)
Other operating income		<u>8,234,784</u>	<u>7,607,826</u>
<b>OPERATING PROFIT</b>		349,894	605,396
Interest receivable and similar income		<u>38,818</u>	<u>31,658</u>
<b>PROFIT BEFORE TAXATION</b>	5	388,712	637,054
Tax on profit	6	<u>(176,920)</u>	<u>(109,280)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		211,792	527,774
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>211,792</u>	<u>527,774</u>

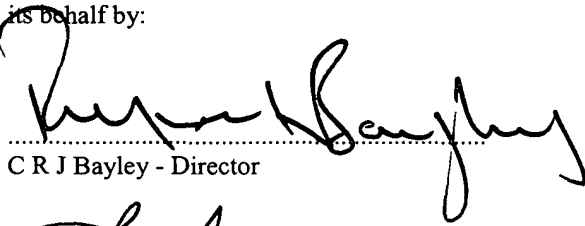
The notes form part of these financial statements


**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED (REGISTERED NUMBER: 06437845)**

**BALANCE SHEET**  
**31ST DECEMBER 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Intangible assets	7	5,531	-
Tangible assets	8	<u>978,802</u>	<u>980,734</u>
		<u>984,333</u>	<u>980,734</u>
<b>CURRENT ASSETS</b>			
Stocks	9	249,891	396,313
Debtors	10	478,894	762,358
Cash at bank and in hand		<u>5,719,209</u>	<u>4,812,145</u>
		6,447,994	5,970,816
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(1,150,437)</u>	<u>(881,452)</u>
<b>NET CURRENT ASSETS</b>		<u>5,297,557</u>	<u>5,089,364</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,281,890</u>	<u>6,070,098</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	125,000	125,000
Share premium	15	87,500	87,500
Other reserves	15	645,052	645,052
Retained earnings	15	<u>5,424,338</u>	<u>5,212,546</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>6,281,890</u>	<u>6,070,098</u>

The financial statements were approved by the Board of Directors on 21/09/2018 and were signed on its behalf by:

  
C R J Bayley - Director

  
Dr I Conlan - Director

The notes form part of these financial statements

**APPLICATION SOLUTIONS (ELECTRONICS AND  
VISION) LIMITED**

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

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	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
<b>Balance at 1st January 2016</b>	125,000	4,684,772	87,500	645,052	5,542,324
<b>Changes in equity</b>					
Total comprehensive income	-	527,774	-	-	527,774
<b>Balance at 31st December 2016</b>	<u>125,000</u>	<u>5,212,546</u>	<u>87,500</u>	<u>645,052</u>	<u>6,070,098</u>
<b>Changes in equity</b>					
Total comprehensive income	-	211,792	-	-	211,792
<b>Balance at 31st December 2017</b>	<u>125,000</u>	<u>5,424,338</u>	<u>87,500</u>	<u>645,052</u>	<u>6,281,890</u>

The notes form part of these financial statements

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,894,763	3,118,082
Tax paid		<u>(186,057)</u>	<u>(419,073)</u>
Net cash from operating activities		<u>1,708,706</u>	<u>2,699,009</u>
 <b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(6,423)	-
Purchase of tangible fixed assets		(393,747)	(505,995)
Sale of tangible fixed assets		12,629	33,427
Sale of fixed asset investments		(452,919)	-
Interest received		<u>38,818</u>	<u>31,658</u>
Net cash from investing activities		<u>(801,642)</u>	<u>(440,910)</u>
 <b>Increase in cash and cash equivalents</b>		<u>907,064</u>	<u>2,258,099</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>4,812,145</u>	<u>2,554,046</u>
 <b>Cash and cash equivalents at end of year</b>	2	<u><u>5,719,209</u></u>	<u><u>4,812,145</u></u>

The notes form part of these financial statements

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	£	£
Profit before taxation	388,712	637,054
Depreciation charges	383,946	305,225
Loss/(profit) on disposal of fixed assets	452,914	(4,500)
Finance income	<u>(38,818)</u>	<u>(31,658)</u>
	1,186,754	906,121
Decrease in stocks	146,422	188,333
Decrease in trade and other debtors	292,602	2,410,356
Increase/(decrease) in trade and other creditors	<u>268,985</u>	<u>(386,728)</u>
<b>Cash generated from operations</b>	<b><u>1,894,763</u></b>	<b><u>3,118,082</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31st December 2017**

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	<u>5,719,209</u>	<u>4,812,145</u>

**Year ended 31st December 2016**

	31/12/16	1/1/16
	£	£
Cash and cash equivalents	<u>4,812,145</u>	<u>2,554,046</u>

The notes form part of these financial statements

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**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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**1. STATUTORY INFORMATION**

Application Solutions (Electronics and Vision) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, CAS UK Holdings Limited includes the Company in its consolidated financial statements which are prepared in accordance with International Financial Reporting Standards as adopted by the EU, are available to the public and may be obtained from the address given in note 13.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group
- Comparative movement tables in relation to property, plant and equipment and intangible assets and;
- Disclosures in respect of the compensation of Key Management Personnel.

The financial statements are presented in Sterling which is the Company's functional currency.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes.

**Going concern**

The Board conclude that it is appropriate to adopt the going concern basis of accounting because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

**Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT.

**Intangible fixed assets**

Amortisation is provided at the following annual rate to write off each asset over its estimated useful life:

Computer software - 33.3% on cost

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 10% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

**Recognition**

Financial assets and financial liabilities are recognised in the Balance Sheet when the company becomes party to the contractual provisions of the instrument on a trade basis.

**Trade Receivables**

Trade receivables are measured on initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Where development activities are undertaken for other group entities, development expenditure is recognised in the profit and loss account as an expense as incurred. Funding received from group in respect of these activities is recognised in the profit and loss account as Other Operating Income.



**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Employee benefit costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

**Related parties**

As the company is a wholly owned subsidiary of CAS UK Holdings Limited, the company has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Continental AG, within which this company is included, can be obtained from Vahrenwalder Strasse 9, 3000 Hanover, Germany.

**Operating leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2017	2016
	£	£
United Kingdom	52,113	377,474
Europe	353,425	603,141
Rest of World	<u>41,968</u>	<u>10,017</u>
	<u>447,506</u>	<u>990,632</u>

**4. EMPLOYEES AND DIRECTORS**

	2017	2016
	£	£
Wages and salaries	4,816,813	4,468,954
Social security costs	577,054	517,793
Other pension costs	<u>171,916</u>	<u>154,410</u>
	<u>5,565,783</u>	<u>5,141,157</u>

The average number of employees during the year was as follows:

	2017	2016
Administration	12	12
Productive/ Research and Development	<u>76</u>	<u>71</u>
	<u>88</u>	<u>83</u>

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

**4. EMPLOYEES AND DIRECTORS - continued**

	2017	2016
	£	£
Directors' remuneration	212,076	28,906
Directors' pension contributions to money purchase schemes	<u>8,457</u>	<u>8,649</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>1</u>
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Information regarding the highest paid director for the year ended 31st December 2017 is as follows:

	2017
	£
Emoluments etc	147,600
Pension contributions to money purchase schemes	<u>6,000</u>

**5. PROFIT BEFORE TAXATION**

The profit before taxation is stated after charging/(crediting):

	2017	2016
	£	£
Cost of inventories recognised as expense	5,304,808	5,685,854
Depreciation - owned assets	383,055	305,224
Loss/(profit) on disposal of fixed assets	452,914	(4,500)
Computer software amortisation	892	-
Foreign exchange differences	4,603	(43,727)
Group contribution to R&D activities	(7,844,056)	(7,254,370)
Audit of these financial statements	<u>25,000</u>	<u>25,000</u>

**6. TAXATION**

**Analysis of tax expense**

	2017	2016
	£	£
Current tax:		
Tax	193,165	148,785
Adjustment for earlier year	<u>-</u>	<u>(3,904)</u>
Total current tax	193,165	144,881
Deferred tax	<u>(16,245)</u>	<u>(35,601)</u>
Total tax expense in statement of comprehensive income	<u>176,920</u>	<u>109,280</u>

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

6. **TAXATION - continued**

**Factors affecting the tax expense**

The tax assessed for the year is higher (2016 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before income tax	<u>388,712</u>	<u>637,054</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	73,855	127,411
Effects of:		
Permanent disallowables	86,845	964
Short term timing differences	29,991	20,410
(Over)/underprovided in prior years	-	(3,904)
Recognition of previously unrecognised tax losses	(16,245)	(35,601)
Tax rate change	<u>2,474</u>	<u>-</u>
Tax expense	<u>176,920</u>	<u>109,280</u>

A change to the UK corporation tax rate was announced in the Budget on 16th March 2016 to reduce the rate to 17% from 1st April 2020. Changes to reduce the UK corporation tax rate to 19% from 1st April 2017 and to 18% from 1st April 2020 has already been substantively enacted on 26th October 2015. As the change to 17% had not been substantively enacted at the balance sheet date, it has not therefore been included in these financial statements. The impact of this reduction on deferred tax balances and future tax liabilities is not expected to be material.

7. **INTANGIBLE FIXED ASSETS**

	Computer software £
<b>COST</b>	
Additions	<u>6,423</u>
At 31st December 2017	<u>6,423</u>
<b>AMORTISATION</b>	
Amortisation for year	<u>892</u>
At 31st December 2017	<u>892</u>
<b>NET BOOK VALUE</b>	
At 31st December 2017	<u>5,531</u>

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

**8. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1st January 2017	251,789	147,177	77,743	1,154,517	1,631,226
Additions	32,083	-	41,928	319,736	393,747
Disposals	-	-	-	(19,417)	(19,417)
Reclassification/transfer	167,469	-	-	(167,469)	-
At 31st December 2017	451,341	147,177	119,671	1,287,367	2,005,556
<b>DEPRECIATION</b>					
At 1st January 2017	55,219	140,362	37,107	417,804	650,492
Charge for year	39,211	5,684	22,931	315,229	383,055
Eliminated on disposal	-	-	-	(6,793)	(6,793)
Transfer to ownership	68,915	-	-	(68,915)	-
At 31st December 2017	163,345	146,046	60,038	657,325	1,026,754
<b>NET BOOK VALUE</b>					
At 31st December 2017	287,996	1,131	59,633	630,042	978,802
At 31st December 2016	196,570	6,815	40,636	736,713	980,734

**9. STOCKS**

	2017 £	2016 £
Stocks	249,891	396,313

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade debtors	39,526	184,127
Amounts owed by group undertakings	-	212,013
Tax	197,563	204,671
VAT	54,462	36,230
Deferred tax asset	51,846	35,601
Prepayments and accrued income	135,497	89,716
	478,894	762,358

**APPLICATION SOLUTIONS (ELECTRONICS AND VISION) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade creditors	148,470	55,837
Amounts owed to group undertakings	13,090	-
Social security and other taxes	215,510	196,854
Other creditors	25,300	38,415
Accrued expenses	748,067	590,346
	<u>1,150,437</u>	<u>881,452</u>

**12. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Between one and five years	<u>284,746</u>	<u>387,006</u>

The Company leases two office facilities under operating leases, both of which expire in 2019. Land and buildings have been considered separately for lease classification.

During the year £144,401 was recognised as an expense in the profit and loss account in respect of operating leases (2016 :£122,583) .

**13. DEFERRED TAX**

	£
Balance at 1st January 2017	(35,601)
Provided during year	<u>(16,245)</u>
Balance at 31st December 2017	<u>(51,846)</u>

Deferred tax is represented by £49,476 Fixed Assets and £2,370 Temporary Trading Differences.

**14. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2017	2016
Number:	Class:	Nominal value:	£	£
125,000	Ordinary	£1	<u>125,000</u>	<u>125,000</u>

**APPLICATION SOLUTIONS (ELECTRONICS AND  
VISION) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

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**15. RESERVES**

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1st January 2017	5,212,546	87,500	645,052	5,945,098
Profit for the year	<u>211,792</u>			<u>211,792</u>
At 31st December 2017	<u>5,424,338</u>	<u>87,500</u>	<u>645,052</u>	<u>6,156,890</u>

Other reserves are pre formation reserves arising on the demerger of the company from Applications Solutions Limited and are not considered to be distributable.

**16. ULTIMATE PARENT COMPANY**

Continental AG (incorporated in Germany) is regarded by the directors as being the company's ultimate parent company.

The company is a subsidiary undertaking of Continental AG which is the ultimate parent company incorporated in Germany. The company's immediate parent company is CAS UK Holdings Limited incorporated in the UK. The largest group in which the results of the company are consolidated is that headed by Continental AG, incorporated in Germany. No other group financial statements include the results of the company. The consolidated financial statements of Continental AG are available to the public and may be obtained from Continental AG, Vahrenwalder Strasse 9, 3000 Hanover, Germany.