

# Hicks (1) Limited

Registered number: 06649310

## Director's report and financial statements

For the year ended 31 October 2015

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# HICKS (1) LIMITED

## COMPANY INFORMATION

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**Director** K G Persin

**Registered number** 06649310

**Registered office** Unit 2  
Bruntingthorpe Industrial Estate  
Lutterworth  
Leicestershire  
LE17 5QZ

**Independent auditor** Mazars LLP  
Chartered Accountants & Statutory Auditor  
6 Dominus Way  
Meridian Business Park  
Leicester  
LE19 1RP

# **HICKS (1) LIMITED**

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# **HICKS (1) LIMITED**

## **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2015**

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### **Principal activity**

The Hicks (1) Group ("the Group" and/or "Hicks 1") is principally engaged in the design and manufacture of application specific integrated circuits, discrete semi-conductor devices and foundry processing for the MEM's industry. The Group is also engaged in the development of semiconductors, and semiconductor manufacturing processes.

The company is an investment holding company and has not traded during the current or previous financial year.

### **Business review**

2015 saw continued growth in orders with confidence having returned to our markets, particularly in Europe, UK and China. Revenue increased once again in the year by 15% on that achieved in 2014 and gross margins improved by 6 points on the previous year.

The Board continue to believe the financial position of the Group to be strong, particularly with net current assets and net assets of £1,575,501 and £5,500,036 respectively at the year end.

The CMOS Light sensor business in China continues to be strong and the Closed Circuit Television Camera market where our sensor is employed is significantly outperforming the China economy generally.

The process of transferring volume 4 inch silicon base products to 6 inch wafers is ongoing and photo consolidation into Fab 3 at Semfab has been completed, enabling the Fab 1 photo area to be shut down which will result in cost savings in electricity and fab consumables.

The Group continues to be involved in development activities in the Pressure Sensors for the European automotive sector and has been awarded a TSB grant to collaborate with Swansea University and a commercial partner to develop a generic platform point of care diagnostic sensor.

We continue to attract a significant number of enquiries for prospective new business in the security, automotive and bio/medical sensor fields.

Hicks (2) has continued to invest in semiconductor technologies that will be used in high power components. The technical advancements to date have been encouraging although little return is expected in the foreseeable future.

### **Key risks**

The director has assessed the key risks facing the Group, as shortening development to production timescale and energy costs which continue to rise at a higher rate than inflation. To mitigate these pressures the group has reviewed its approach to product development and remains at a competitive cost base with low financial gearing and significant reserve manufacturing capacity.

### **Financial risk management objectives and policies**

The Group makes little use of financial instruments other than operational bank accounts and loans. The director believes that the Group's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the group.

### **Research and development**

The main focus of research and development continues to be in new technology areas such as MEM's, ASIC, JFET products and state of the art power switch semiconductor devices. The markets served are based in medical, industrial, automotive and energy saving applications.

## **HICKS (1) LIMITED**

### **GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 OCTOBER 2015**

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This report was approved by the board on 10 June 2016 and signed on its behalf.

K Persin  
Director

A handwritten signature in black ink, appearing to be 'K Persin', written in a cursive style.

# HICKS (1) LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 OCTOBER 2015

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The director presents his report and the audited financial statements for the year ended 31 October 2015.

### Director's responsibilities statement

The director is responsible for preparing the group strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is 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 the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Director

The director who served during the year was:

K G Persin

### Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

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

### Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 June 2016 and signed on its behalf.



K G Persin  
Director

# **HICKS (1) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HICKS (1) LIMITED**

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We have audited the financial statements of Hicks (1) Limited for the year ended 31 October 2015 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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).

### **Respective responsibilities of director and auditor**

As explained more fully in the director's responsibilities statement set out on page 3, the director is 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 Ethical Standards for Auditors. 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.

### **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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2015 and of the group's 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 the other matter prescribed by the Companies Act 2006**

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

## **HICKS (1) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HICKS (1) LIMITED**

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

Stephen English (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Dominus Way  
Meridian Business Park  
Leicester  
LE19 1RP

10 June 2016



## HICKS (1) LIMITED

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2015

	Note	2015 £	2014 £
<b>Turnover</b>	<b>1,2</b>	10,384,715	9,056,814
Cost of sales		(6,729,890)	(6,423,369)
<b>Gross profit</b>		3,654,825	2,633,445
Administrative expenses		(3,544,073)	(3,509,396)
Other operating income	<b>3</b>	96,841	283,595
<b>Operating profit/(loss)</b>	<b>4</b>	207,593	(592,356)
Interest receivable and similar income		-	21
Interest payable and similar charges	<b>6</b>	(98,583)	(104,382)
<b>Profit/(loss) on ordinary activities before taxation</b>		109,010	(696,717)
Tax on profit/(loss) on ordinary activities	<b>7</b>	-	217,000
<b>Profit/(loss) on ordinary activities after taxation</b>		109,010	(479,717)
Minority interests	<b>21</b>	(120,075)	146,372
<b>Loss for the financial year</b>	<b>19</b>	(11,065)	(333,345)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

The notes on pages 10 to 23 form part of these financial statements.

**HICKS (1) LIMITED**

Registered number: 06649310

**CONSOLIDATED BALANCE SHEET  
AS AT 31 OCTOBER 2015**

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Intangible assets	8		-		-
Tangible assets	9		10,052,321		10,833,304
			<u>10,052,321</u>		<u>10,833,304</u>
<b>Current assets</b>					
Stocks	11	1,206,285		1,086,422	
Debtors	12	2,247,105		1,968,428	
Cash at bank	13	580,450		365,426	
		<u>4,033,840</u>		<u>3,420,276</u>	
<b>Creditors:</b> amounts falling due within one year	14	(2,458,339)		(2,183,139)	
<b>Net current assets</b>			<u>1,575,501</u>		<u>1,237,137</u>
<b>Total assets less current liabilities</b>			<u>11,627,822</u>		<u>12,070,441</u>
<b>Creditors:</b> amounts falling due after more than one year	15		(2,066,598)		(2,155,131)
<b>Provisions for liabilities</b>					
Deferred tax	16		(422,000)		(338,000)
<b>Accruals and deferred income</b>	17		<u>(3,639,188)</u>		<u>(4,186,284)</u>
<b>Net assets</b>			<u><u>5,500,036</u></u>		<u><u>5,391,026</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		2		2
Share premium account	19		2,705,875		2,705,875
Profit and loss account	19		<u>1,052,689</u>		<u>1,063,754</u>
<b>Shareholders' funds</b>	20		<u>3,758,566</u>		<u>3,769,631</u>
<b>Minority interests</b>	21		<u>1,741,470</u>		<u>1,621,395</u>
			<u><u>5,500,036</u></u>		<u><u>5,391,026</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2016.



K G Persin  
Director

The notes on pages 10 to 23 form part of these financial statements.

**HICKS (1) LIMITED**

Registered number: 06649310

**COMPANY BALANCE SHEET  
AS AT 31 OCTOBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Investments	10	2,705,976	2,705,976
<b>Current assets</b>			
Debtors	12	110,940	110,940
<b>Total assets less current liabilities</b>		<u>2,816,916</u>	<u>2,816,916</u>
<b>Capital and reserves</b>			
Called up share capital	18	2	2
Share premium account	19	2,705,875	2,705,875
Profit and loss account	19	111,039	111,039
<b>Shareholders' funds</b>	20	<u>2,816,916</u>	<u>2,816,916</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2016.

K G Persin  
Director



The notes on pages 10 to 23 form part of these financial statements.

## HICKS (1) LIMITED

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	22	730,314	337,141
Returns on investments and servicing of finance	23	(98,583)	(104,361)
Taxation		122,000	37,433
Capital expenditure and financial investment	23	(373,367)	(340,832)
<b>Cash inflow/(outflow) before financing</b>		<b>380,364</b>	<b>(70,619)</b>
Financing	23	(86,779)	(85,031)
<b>Increase/(decrease) in cash in the year</b>		<b>293,585</b>	<b>(155,650)</b>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 31 OCTOBER 2015

	2015 £	2014 £
Increase/(decrease) in cash in the year	293,585	(155,650)
Cash outflow from decrease in financing	86,779	85,031
<b>Movement in net debt in the year</b>	<b>380,364</b>	<b>(70,619)</b>
Net debt brought forward	(1,955,030)	(1,884,411)
<b>Net debt carried forward</b>	<b>(1,574,666)</b>	<b>(1,955,030)</b>

The notes on pages 10 to 23 form part of these financial statements.

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### 1.2 Basis of consolidation

The group's financial statements consolidate the accounts of Hicks (1) Limited and all of its subsidiary undertakings, Hicks (2) Limited, Hicks (3) Limited and Semefab Limited, using acquisition accounting.

#### 1.3 Turnover

Turnover shown in the profit and loss account represents the value of all goods and services sold during the year, exclusive of Value Added Tax and trade discounts. Sales are recognised at the point at which the group has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

#### 1.4 Research and development

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

#### 1.5 Negative goodwill

Negative goodwill arising on the acquisition of a subsidiary undertaking represents the excess of the fair value of the identifiable net assets acquired over the fair value of consideration receivable. Negative goodwill arising on consolidation is capitalised within fixed assets and released to the profit and loss account over the period that the assets in the group to which it relates are consumed by the business.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following annual bases::

Freehold property	-	2% - 4% straight line
Plant & machinery	-	10% - 20% straight line

Depreciation is not charged on land.

#### 1.7 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the director, necessary in order to give a true and fair view of the financial position of the company and the group.

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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### 1. Accounting policies (continued)

#### 1.8 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes all direct costs and an appropriate production of fixed and variable overheads. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Work in progress is valued on the basis of direct costs plus attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### 1.9 Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### 1.10 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risk of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### 1.11 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group. Contributions to the group's defined contribution scheme are charged to the profit and loss account in the year in which they become payable.

#### 1.12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### 1.13 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 the translation. Exchange differences are taken into account in arriving at the operating profit.

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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### 1. Accounting policies (continued)

#### 1.14 Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### 1.15 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

#### 1.16 Employee benefit trust ("EBT")

The group has established a trust for the benefit of employees, former employees and certain of their dependents. Monies contributed to his trust are held by independent trustees and managed at their discretion.

Under UITF 32 "Employee Benefit Trusts and Other Intermediate Payment Arrangements", the assets and liabilities of the trust are accounted for as assets and liabilities of the group until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared, or the date that assets of the trust vest unconditionally in identified individuals. Any impairment in the value of such assets is recognised in the profit and loss account in the period to which it relates.

Where the group determines payments to a trust on the basis of employee's past services to the business and the group can obtain no future economic benefit from these contributions, such contributions payable by the group to the trust are charged to the profit and loss account in the period to which they relate.

#### 1.17 Deferred government grants

Deferred government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual installments over the expected useful lives of the relevant assets.

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

### 2. Turnover

Turnover is wholly attributable to the principal activity of the the group and geographical analysis of turnover is as follows:

	2015 £	2014 £
United Kingdom	1,606,296	2,136,125
Europe (excluding United Kingdom)	4,499,461	3,332,811
USA and Canada	1,807,653	1,366,811
Asia	2,471,305	2,221,067
	<u>10,384,715</u>	<u>9,056,814</u>

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 3. Other operating income

	2015 £	2014 £
Income from research and development	53,561	266,829
Grants receivable	18,090	-
Miscellaneous income	25,190	16,766
	<u>96,841</u>	<u>283,595</u>

### 4. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the group	1,007,769	971,326
Impairment of investment property	146,581	-
Auditor's remuneration	11,210	10,885
Auditor's remuneration - non-audit	7,285	7,065
Operating lease rentals:		
- other operating leases	6,725	7,357
Foreign exchange gains	(26,882)	(17,362)
Amortisation of deferred income	(547,096)	(551,342)
Research and development	108,320	189,756
	<u></u>	<u></u>

During the year the director of the company received no remuneration (2014 - £Nil)

### 5. Staff costs

Staff costs, including director's remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	2,933,924	2,927,791
Social security costs	288,929	290,576
Other pension costs	79,104	68,510
	<u>3,301,957</u>	<u>3,286,877</u>

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

	2015 No.	2014 No.
Production	92	87
Administrative and finance	8	9
Sales and marketing	1	1
	<u>101</u>	<u>97</u>



# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 6. Interest payable

	2015 £	2014 £
Bank	95,475	96,134
Other interest charges	3,108	8,248
	<u>98,583</u>	<u>104,382</u>

### 7. Taxation

	2015 £	2014 £
<b>Analysis of tax credit in the year</b>		
<b>Current tax</b>		
Adjustments in respect of prior periods	(84,000)	(122,000)
	<u></u>	<u></u>
<b>Deferred tax</b> (see note 16)		
Origination and reversal of timing differences	84,000	(95,000)
	<u></u>	<u></u>
<b>Tax on profit/loss on ordinary activities</b>	<u>-</u>	<u>(217,000)</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is different to the expected corporation tax charge/(credit). The differences are explained below:

	2015 £	2014 £
Profit/(loss) on ordinary activities before tax	<u>109,010</u>	<u>(696,717)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21%)	21,802	(146,311)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	31,089	12,528
Difference between capital allowances and depreciation	62,825	64,542
Adjustments in respect of prior periods	(84,000)	(122,000)
Non-taxable income	(113,893)	(120,343)
Other timing differences	4,646	11,423
Tax losses carried forward	(6,469)	178,161
	<u></u>	<u></u>
<b>Current tax credit for the year</b>	<u>(84,000)</u>	<u>(122,000)</u>

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 7. Taxation (continued)

#### Factors that may affect future tax charges

It is anticipated that the group will continue to claim research and development allowances in the future.

The group has trading losses of approximately £2,917,000 (2014 - £3,264,000) available to utilise against future trading profits.

The group rolled over a capital gain on the disposal of freehold property in 2008. This gain will only become taxable in the event the group disposes of its current freehold property, and would give rise to an additional tax obligation of approximately £737,000 at that point. The Group has no intention to sell the freehold property in the foreseeable future and hence, this potential obligation has not been provided for in these accounts.

### 8. Intangible fixed assets

	Goodwill £
<b>Group</b>	
<b>Cost</b>	
At 1 November 2014 and 31 October 2015	(1,904,183)
<b>Amortisation</b>	
At 1 November 2014 and 31 October 2015	(1,904,183)
<b>Net book value</b>	
At 31 October 2015 and 31 October 2014	-

### 9. Tangible fixed assets

	Freehold property £	Plant & machinery £	Total £
<b>Group</b>			
<b>Cost or revaluation</b>			
At 1 November 2014	6,543,883	12,745,907	19,289,790
Additions	-	373,367	373,367
At 31 October 2015	6,543,883	13,119,274	19,663,157
<b>Depreciation</b>			
At 1 November 2014	1,099,178	7,357,308	8,456,486
Charge for the year	250,071	757,698	1,007,769
Impairment charge	146,581	-	146,581
At 31 October 2015	1,495,830	8,115,006	9,610,836
<b>Net book value</b>			
At 31 October 2015	5,048,053	5,004,268	10,052,321
At 31 October 2014	5,444,705	5,388,599	10,833,304

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 9. Tangible fixed assets (continued)

Included in the net book value of freehold property at 31 October 2015 is an investment property with an open market value of £145,526 (2014 - £292,107)

### 10. Fixed asset investments

#### Subsidiary undertakings

The following were subsidiary undertakings of the company all of which are incorporated in the United Kingdom:

Name	Class of shares	Holding
Hicks (2) Limited	Ordinary	100%
Hicks (3) Limited	Ordinary	100%
Semefab Limited	Ordinary	60%

Name	Business
Hicks (2) Limited	Development of semiconductors and semiconductor manufacturing processes
Hicks (3) Limited	Dormant
Semefab Limited	Manufacture of application specific integrated circuits

The aggregate of the share capital and reserves as at 31 October 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Hicks (2) Limited	2,038,109	(191,177)
Hicks (3) Limited	-	-
Semefab Limited	4,351,588	300,187

Company	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 November 2014 and 31 October 2015	2,705,976
<b>Net book value</b>	
At 31 October 2015	2,705,976
At 31 October 2014	2,705,976

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 11. Stocks

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Raw materials	122,358	199,849	-	-
Work in progress	1,083,927	886,573	-	-
	<u>1,206,285</u>	<u>1,086,422</u>	<u>-</u>	<u>-</u>

### 12. Debtors

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
<b>Due after more than one year</b>				
Other debtors	243,372	243,372	-	-
<b>Due within one year</b>				
Trade debtors	1,648,179	1,397,211	-	-
Amounts owed by group undertakings	-	-	110,938	110,938
Corporation tax recoverable	84,000	122,000	-	-
Other debtors	117,532	79,618	2	2
Prepayments and accrued income	154,022	126,227	-	-
	<u>2,247,105</u>	<u>1,968,428</u>	<u>110,940</u>	<u>110,940</u>

### 13. Cash at bank and in hand

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Cash at bank	577,980	362,956	-	-
EBT cash	2,470	2,470	-	-
Total	<u>580,450</u>	<u>365,426</u>	<u>-</u>	<u>-</u>

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 14. Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdraft	88,518	165,325	-	-
Trade creditors	1,124,067	1,033,563	-	-
Taxation and social security	73,989	78,401	-	-
Other creditors	324,018	261,925	-	-
Accruals and deferred income	847,747	643,925	-	-
	<u>2,458,339</u>	<u>2,183,139</u>	<u>-</u>	<u>-</u>

The bank loan and overdraft are secured by a bond and a floating charge over the assets of the group.

### 15. Creditors: Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	<u>2,066,598</u>	<u>2,155,131</u>	<u>-</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
<b>Between one and two years</b>				
Bank loans	<u>66,673</u>	<u>88,517</u>	<u>-</u>	<u>-</u>
<b>Between two and five years</b>				
Bank loans	<u>1,999,925</u>	<u>2,066,614</u>	<u>-</u>	<u>-</u>

A bank loan of £155,191 (2014 - £241,970) is repayable by monthly installments on or before 30 August 2017, bears interest at 1.5% over bank base rate, and is secured over the group's freehold properties.

Bank loans falling due after more than one year includes a loan of £1,999,925 (2014 - £1,999,925, included within creditors falling due within one year) secured by a personal guarantee from the ultimate controlling party S R Sverdloff. This loan bears interest at 4.5% per annum.

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 16. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
At beginning of year	338,000	433,000	-	-
Movement during the year	84,000	(95,000)	-	-
At end of year	<u>422,000</u>	<u>338,000</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Accelerated capital allowances	<u>422,000</u>	<u>338,000</u>	<u>-</u>	<u>-</u>

### 17. Deferred income

	<u>Capital grants</u>	
<u>Group</u>	2015 £	2014 £
<b>Received and receivable</b>		
31 October 2015 and 2014	<u>7,267,502</u>	<u>7,267,502</u>
<b>Amortisation:</b>		
Brought forward	(3,081,218)	(2,529,876)
Credit to the profit and loss account	(547,096)	(551,342)
Net book value carried forward	<u>3,639,188</u>	<u>4,186,284</u>

### 18. Share capital

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
1,600,000 Ordinary shares of £0.000001 each	<u>2</u>	<u>2</u>

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 19. Reserves

<b>Group</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>
At 1 November 2014	2,705,875	1,063,754
Loss for the financial year	-	(11,065)
At 31 October 2015	<u>2,705,875</u>	<u>1,052,689</u>

<b>Company</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>
At 1 November 2014 and 31 October 2015	<u>2,705,875</u>	<u>111,039</u>

### 20. Reconciliation of movement in shareholders' funds

<b>Group</b>	<b>2015 £</b>	<b>2014 £</b>
Opening shareholders' funds	3,769,631	4,102,976
Loss for the financial year	(11,065)	(333,345)
Closing shareholders' funds	<u>3,758,566</u>	<u>3,769,631</u>

<b>Company</b>	<b>2015 £</b>	<b>2014 £</b>
Shareholders' funds at 1 November 2014 and 31 October 2015	<u>2,816,916</u>	<u>2,816,916</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £NIL (2014 - £NIL).

# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 21. Equity minority interests

#### Group

At 1 November 2014	£
Proportion of profit after taxation for the year	1,621,395
	120,075
At 31 October 2015	1,741,470

### 22. Net cash flow from operating activities

	2015 £	2014 £
Operating profit/(loss)	207,593	(592,356)
Depreciation of tangible fixed assets	1,007,769	971,326
Impairment of fixed assets	146,581	-
(Increase)/decrease in stocks	(119,863)	149,570
Increase in debtors	(316,677)	(95)
Increase in creditors	352,007	360,038
Amortisation of deferred income	(547,096)	(551,342)
<b>Net cash inflow from operating activities</b>	<b>730,314</b>	<b>337,141</b>

### 23. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	-	21
Interest paid	(98,583)	(104,382)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(98,583)</b>	<b>(104,361)</b>
	<b>2015 £</b>	<b>2014 £</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(373,367)	(340,832)
	<b>2015 £</b>	<b>2014 £</b>
<b>Financing</b>		
Repayment of bank loans	(86,779)	(85,031)



# HICKS (1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 24. Analysis of changes in net debt

	1 November 2014 £	Cash flow £	Other non-cash changes £	31 October 2015 £
Cash at bank and in hand	365,426	215,024	-	580,450
Bank overdraft	(78,561)	78,561	-	-
	<u>286,865</u>	<u>293,585</u>	<u>-</u>	<u>580,450</u>
<b>Debt:</b>				
Debts due within one year	(86,764)	86,779	(88,533)	(88,518)
Debts falling due after more than one year	(2,155,131)	-	88,533	(2,066,598)
	<u>(1,955,030)</u>	<u>380,364</u>	<u>-</u>	<u>(1,574,666)</u>
<b>Net debt</b>	<u>(1,955,030)</u>	<u>380,364</u>	<u>-</u>	<u>(1,574,666)</u>

Other non-cash changes relate to changes in the ageing of debt.

### 25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to these funds and amounted to £79,104 (2014 - £68,510). There were accrued pension contributions of £10,360 (2014 - £10,202) included within creditors at the year end.

### 26. Operating lease commitments

At 31 October 2015 the group had annual commitments under non-cancellable operating leases as follows:

Group	2015 £	2014 £
<b>Expiry date:</b>		
Between 2 and 5 years	<u>2,878</u>	<u>2,878</u>

### 27. Related party transactions

The group has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions between group entities whose voting rights are 100% controlled within the group.

During the year the group entered into the following transactions with related parties:

#### a) Ecotec Systems Limited

In the current and prior years, loans and funding have been provided to Ecotec Systems Limited, a company in which S R Sverdlhoff, the ultimate controlling party of the group, has an interest. At the year end, the balances outstanding and included within other debtors due after more than one year amounted to £243,372 (2014 - £243,372).

## HICKS (1) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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#### 27. Related party transactions (continued)

##### b) Barcelona Semiconductors S.L.U.

In the current and prior years, the group incurred costs relating to subcontracted research and development services from this entity to Barcelona Semiconductors S.L.U., a company in which S R Sverdloff, the ultimate controlling party of the company, has an controlling interest, of £78,573 (2014 - £74,348).

##### c) Advanced Eco Technology Limited

In the current and prior years, the group incurred costs relating to consultancy fees and management charges from Advanced Eco Technology Limited, a company in which S R Sverdloff has an interest, amounting to £68,596 (2014 - £43,225) and £35,000 (2014 - £35,000) respectively. At the year end, the balance due to Advanced Eco Technology Limited included within creditors amounting to £488,061 (2014 - £233,765).

##### d) Shareholder loan

At 31 October 2015 the group owed £267,143 (2014 - £209,928) to S R Sverdloff, the ultimate controlling party. The loan is interest free and has no fixed repayment date.

S R Sverdloff has also guaranteed a bank loan facility of £2,000,000, of which £1,999,925 (2014: £1,999,925) has been drawn down at the year end and is included within creditors.

##### e) Detector and Sensor Technologies Limited

In the current and prior years, the group made sales to Detector and Sensor Technologies Limited, a company in which J M Bruce and A D L James (directors of Semefab Limited, a subsidiary undertaking) are directors, of £158,031 (2014 - £72,166). At the year end, the balance included within trade debtors due within one year amounted to £35,658 (2014 - £12,113).

f) Included in debtors is an EBT debtor balance due from A D L James of £36,309 (2014: £36,309), which bears interest of 5% per annum and is repayable on demand.

#### 28. Controlling party

S R Sverdloff is considered to be the ultimate controlling party by virtue of his controlling interest in the company's issued equity share capital.