

Hicks (1) Limited

Registered number: 06649310

Annual report and financial statements

For the year ended 31 October 2017



HICKS (1) LIMITED

COMPANY INFORMATION

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 2017

Principal activity

The principal activity of the group continued to be the design and manufacture of application specified integrated circuits, discrete semi-conductor devices and foundry processing for the MEM's industry, and research into assembly processes for high power semiconductors.

Hicks (1) Limited remains a dormant holding company.

Business review

2017 saw considerable growth on revenue of 18.8%, with strong trends expected to continue within the semiconductor market. Gross margin percentage increased by 5.3 points and profit after tax percentage increased by 2.2 points on the previous year. During 2017, the Group has achieved record profit performance and revenue per capita exceeds a £100k, and 15 - 18% growth expected for 2018. The Board continue to believe the financial position of the Group to be strong, particularly with net current assets and shareholders' funds of £2,854,73 and £6,220,209 respectively at the year end.

Business in China remains buoyant and the Closed Circuit Television Camera market where our CMOS light sensor is employed and the Passive Infrared Motion detector market, where our JFET is employed are significantly outperforming the China economy generally.

The Group continues to be involved in development activities in Gas and Blood Analysis Sensors. We continue to attract a significant number of enquiries for prospective new business in the security, automotive and bio/medical sensor fields.

Principal risks and uncertainties

The director has assessed key risks facing the group, as development to production timescale, increases in the cost of raw materials, utilities and 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.

With the semiconductor industry outlook being so strong we are seeing silicon lead times extending whilst at the same time some consolidation is occurring between silicon start material manufacturers requiring considerable care in forecasting and scheduling.

The Group continues to assess and implement methods to minimise risks and maximise opportunity as far as commercially possible.

Financial risk management objectives and policies

The Group makes little use of financial instruments other than operational bank accounts and loans. The Director believes 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.

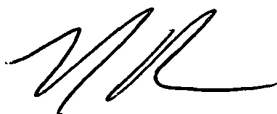
HICKS (1) LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2017**

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.

This report was approved and signed by the director on 12 July 2018 .



**K G Persin
Director**

HICKS (1) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

The director presents his report and the financial statements for the year ended 31 October 2017.

Director's responsibilities statement

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgements 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 to 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.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £844,441 (2016 - £502,381).

The director has not proposed a dividend for the year ended 31 October 2017.

Director

The director who served during the year was:

K G Persin

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the group strategic report on page 1.

HICKS (1) LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2017**

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.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

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 12 July 2018 and signed on its behalf.



**K G Persin
Director**

HICKS (1) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HICKS (1) LIMITED

Opinion

We have audited the financial statements of Hicks (1) Limited (the 'Company') for the year ended 31 October 2017 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2017 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.

Basis for opinion

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

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

HICKS (1) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HICKS (1) LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's report.

We have nothing to report in respect of the following matters in relation to which 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 director's remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

HICKS (1) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HICKS (1) LIMITED

Responsibilities of Directors

As explained more fully in the director's responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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

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

12 July 2018

HICKS (1) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Note	2017 £	2016 £
Turnover	4	11,199,124	9,430,776
Cost of sales		(6,615,845)	(6,073,397)
Gross profit		<u>4,583,279</u>	<u>3,357,379</u>
Administrative expenses		(4,134,419)	(3,180,921)
Other operating income	5	<u>506,571</u>	<u>291,874</u>
Operating profit	6	955,431	468,332
Interest receivable and similar income	9	1,269	479
Interest payable and expenses	10	<u>(85,828)</u>	<u>(95,735)</u>
Profit before tax		870,872	373,076
Tax on profit	11	<u>(26,431)</u>	<u>129,305</u>
Profit after tax for the year		<u>844,441</u>	<u>502,381</u>
Total comprehensive income for the year		<u>844,441</u>	<u>502,381</u>
Profit for the year attributable to:			
Non-controlling interests		464,928	266,259
Owners of the parent Company		<u>379,513</u>	<u>236,122</u>
		<u>844,441</u>	<u>502,381</u>

The notes on pages 14 to 33 form part of these financial statements.

HICKS (1) LIMITED
REGISTERED NUMBER: 06649310

CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	9,473,353	9,327,326
		<u>9,473,353</u>	<u>9,327,326</u>
Current assets			
Stocks	16	1,012,038	1,030,007
Debtors	17	2,021,688	1,724,159
Cash at bank and in hand	18	3,001,890	2,106,312
		<u>6,035,616</u>	<u>4,860,478</u>
Creditors: amounts falling due within one year	19	(3,180,833)	(2,541,128)
Net current assets		<u>2,854,783</u>	<u>2,319,350</u>
Total assets less current liabilities		<u>12,328,136</u>	<u>11,646,676</u>
Creditors: amounts falling due after more than one year	20	(2,233,555)	(1,999,925)
Provisions for liabilities			
Deferred taxation	24	(1,209,254)	(1,183,069)
Deferred income		<u>(2,665,118)</u>	<u>(3,087,914)</u>
		<u>(3,874,372)</u>	<u>(4,270,983)</u>
Net assets		<u>6,220,209</u>	<u>5,375,768</u>
Capital and reserves			
Called up share capital	26	2	2
Share premium account		2,705,875	2,705,875
Profit and loss account		1,292,335	912,822
Equity attributable to owners of the parent Company		<u>3,998,212</u>	<u>3,618,699</u>
Non-controlling interests		<u>2,221,997</u>	<u>1,757,069</u>
		<u>6,220,209</u>	<u>5,375,768</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf 12 July 2018.


K G Persin
Director

The notes on pages 14 to 33 form part of these financial statements.

HICKS (1) LIMITED
REGISTERED NUMBER: 06649310

COMPANY BALANCE SHEET
AS AT 31 OCTOBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	15	2,705,976	2,705,976
		<u>2,705,976</u>	<u>2,705,976</u>
Current assets			
Debtors	17	110,940	110,940
Total assets less current liabilities		<u>2,816,916</u>	<u>2,816,916</u>
Net assets		<u>2,816,916</u>	<u>2,816,916</u>
Capital and reserves			
Called up share capital	26	2	2
Share premium account		2,705,875	2,705,875
Profit and loss account		111,039	111,039
		<u>2,816,916</u>	<u>2,816,916</u>

The company did not trade during the current or previous year and therefore did not record a profit or loss.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 July 2018.



K G Persin
Director

The notes on pages 13 to 32 form part of these financial statements.

HICKS (1) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of the parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 November 2015	2	2,705,875	676,700	3,382,577	1,490,810	4,873,387
Comprehensive income for the year						
Profit for the year	-	-	236,122	236,122	266,259	502,381
At 1 November 2016	2	2,705,875	912,822	3,618,699	1,757,069	5,375,768
Comprehensive income for the year						
Profit for the year	-	-	379,513	379,513	464,928	844,441
At 31 October 2017	2	2,705,875	1,292,335	3,998,212	2,221,997	6,220,209

The notes on pages 13 to 32 form part of these financial statements.

HICKS (1) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2015	2	2,705,875	111,039	2,816,916
Comprehensive income for the year				
Profit for the year	-	-	-	-
At 1 November 2016	2	2,705,875	111,039	2,816,916
Comprehensive income for the year				
Profit for the year	-	-	-	-
At 31 October 2017	2	2,705,875	111,039	2,816,916

The notes on pages 13 to 32 form part of these financial statements.

HICKS (1) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the year	844,441	502,381
Adjustments for:		
Depreciation	1,067,133	1,038,991
Interest paid	85,828	95,735
Interest received	(1,269)	(479)
Taxation charge	26,431	(129,305)
Decrease in stocks	17,968	176,278
(Increase)/decrease in debtors	(297,528)	438,946
Increase in creditors	638,656	104,661
Amortisation	(552,796)	(551,274)
Corporation tax received	-	347,724
Net cash generated from operating activities	<u>1,828,864</u>	<u>2,023,658</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(875,914)	(313,996)
Grants received	130,000	-
Interest received	1,269	479
Net cash outflow from investing activities	<u>(744,645)</u>	<u>(313,517)</u>
Cash flows from financing activities		
New other loans	1,975,000	-
Repayment of bank loans	(2,066,572)	(88,544)
Repayment of capital element of hire purchase	(11,241)	-
Interest paid	(85,828)	(95,735)
Net cash used in financing activities	<u>(188,641)</u>	<u>(184,279)</u>
Net increase in cash and cash equivalents	895,578	1,525,862
Cash and cash equivalents at beginning of year	2,106,312	580,450
Cash and cash equivalents at the end of year	<u>3,001,890</u>	<u>2,106,312</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,001,890	2,106,312
	<u>3,001,890</u>	<u>2,106,312</u>

The notes on pages 14 to 33 form part of these financial statements.

HICKS (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1. General information

Hicks (1) Limited is a private company limited by shares and is registered in England. The registered office of the company is Unit 2, Bruntingthorpe Industrial Estate, Lutterworth, Leicestershire, LE17 5QZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), 'the Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

HICKS (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

HICKS (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is provided on the following annual basis:

Freehold land and buildings	- 4%
Plant & machinery	- 10% - 20%

Depreciation is not charged on land.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

2.5 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the consolidated Profit and loss account.

2.6 Investments

Investments in subsidiary undertakings are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans from related parties.

HICKS (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

2.11 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.

2.12 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

2.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Pound Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated profit and loss account within administration expenses.

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

2. Accounting policies (continued)**2.14 Sale and leaseback**

Where a sale and leaseback transaction results in a hire purchase contract, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

Assets obtained under hire purchase contracts are capitalised and disclosed under tangible fixed assets and are depreciated in accordance with the above depreciation policies.

2.15 Operating leases

Rentals paid under operating leases are charged to the Consolidated profit and loss account on a straight line basis over the lease term.

2.16 Pensions**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds

2.17 Interest income

Interest income is recognised in the Consolidated profit and loss account using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated profit and loss account in the year in which they are incurred.

HICKS (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated Profit and loss account.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.20 Research and development

It is not possible to distinguish between the research phase and the development phase of an internal project, therefore all research and development expenditure is treated as if it were all incurred in the research phase only and is recognised as an expense when it is incurred.

2.21 Employee benefit trust ("EBT")

The Group has established a trust for the benefit of employees, former employees and certain of their dependants. Monies contributed to this 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 Consolidated 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 Consolidated profit and loss account in the period to which they relate.

HICKS (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the preparation of the financial statements, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. In preparing these financial statements, management have made the following judgements:

Determine whether leases entered into by the Group, either as a lessor, or lessee, are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor the lessee on a lease by lease basis.

Determine whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Determine the fair value of investment property based on the last valuation reviewed and local market conditions.

Key sources of estimation uncertainty are:

(a) Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider such issues such as future market conditions, the remaining life of the assets and projected disposal values.

(b) Stock provision

Management make estimates of the impaired value of slow moving stock. These estimates are included in cost of sales and stock.

4. Turnover

Turnover is wholly attributable to the principal activity of the Group.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	1,643,347	1,825,659
Rest of Europe	3,616,966	2,727,934
USA	2,436,042	2,220,164
Rest of world	3,502,769	2,657,019
	<u>11,199,124</u>	<u>9,430,776</u>

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

5. Other operating income

	2017	2016
	£	£
Income from research and development	394,479	253,667
Grants receivable	7,919	30,112
Miscellaneous income	104,173	8,095
	<u>506,571</u>	<u>291,874</u>

6. Operating profit

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

	2017	2016
	£	£
Depreciation of tangible fixed assets	1,062,222	1,038,991
Depreciation of assets held under hire purchase	4,910	-
Amortisation of capital grants	(552,796)	(551,274)
Research & development	344,209	234,400
Operating lease payments	6,212	4,160
Foreign currency retranslation gains	(78,123)	(73,916)
Provision for unrecoverable debt (note 29)	243,372	-
	<u>243,372</u>	<u>-</u>

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>14,340</u>	<u>11,210</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>5,340</u>	<u>7,285</u>

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

8. Employees

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	3,234,676	2,980,340	-	-
Social security costs	320,620	287,264	-	-
Cost of defined contribution scheme	88,931	77,099	-	-
	<u>3,644,227</u>	<u>3,344,703</u>	<u>-</u>	<u>-</u>

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

	2017 No.	2016 No.
Production	91	91
Administration	9	10
	<u>100</u>	<u>101</u>

The Company has no employees other than the director, who did not receive any remuneration (2016 - £NIL)

9. Interest receivable

	2017 £	2016 £
Other interest receivable	1,269	479
	<u>1,269</u>	<u>479</u>

10. Interest payable and similar charges

	2017 £	2016 £
Loan interest	81,668	92,695
Other interest	-	3,040
Hire purchase interest	4,160	-
	<u>85,828</u>	<u>95,735</u>

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	246	-
Adjustments in respect of previous periods	-	(263,724)
	<u>246</u>	<u>(263,724)</u>
Total current tax	<u>246</u>	<u>(263,724)</u>
Deferred tax		
Origination and reversal of timing differences	26,185	134,419
Total deferred tax	<u>26,185</u>	<u>134,419</u>
Taxation on profit/(loss) on ordinary activities	<u>26,431</u>	<u>(129,305)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the expected standard rate of corporation tax in the UK of 19.41% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>870,872</u>	<u>373,076</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.41% (2016 - 20%)	169,036	74,615
Effects of:		
Expenses not deductible for tax purposes	3,142	2,278
Capital allowances for the year in excess of depreciation	130,540	387,494
Other timing differences	6,392	57,108
Utilisation of tax losses	(176,898)	(276,630)
Research and development tax credit	-	(263,915)
Amortisation of deferred grant	(105,781)	(110,255)
Total tax charge for the year	<u>26,431</u>	<u>(129,305)</u>

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

11. 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 £1,331,805 (2016 - £2,227,129) available to utilise against future trading profits.

12. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was £NIL (2016 - £NIL)

13. Intangible assets**Group and Company**

	Goodwill £
Cost	
At 1 November 2016 and 31 October 2017	1,904,183
Amortisation	
At 1 November 2016 and 31 October 2017	1,904,183
At 31 October 2017	1,904,183
Net book value	
At 31 October 2017	-
At 31 October 2016	-

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

14. Tangible fixed assets

Group

	Freehold property £	Plant & machinery £	Total £
Cost or valuation			
At 1 November 2016	6,543,883	13,352,727	19,896,610
Additions	-	1,213,159	1,213,159
Disposals	-	(40,951)	(40,951)
At 31 October 2017	<u>6,543,883</u>	<u>14,524,935</u>	<u>21,068,818</u>
Depreciation			
At 1 November 2016	1,745,901	8,823,383	10,569,284
Charge for the year on owned assets	250,071	817,061	1,067,132
Disposals	-	(40,951)	(40,951)
At 31 October 2017	<u>1,995,972</u>	<u>9,599,493</u>	<u>11,595,465</u>
Net book value			
At 31 October 2017	<u>4,547,911</u>	<u>4,925,442</u>	<u>9,473,353</u>
At 31 October 2016	<u>4,797,982</u>	<u>4,529,344</u>	<u>9,327,326</u>

Included in the net book value of freehold property at 31 October 2017 is an investment property with an open market value of £145,526 (2016 - £145,526).

The net book value of assets held under hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	<u>469,696</u>	<u>-</u>
	<u>469,696</u>	<u>-</u>

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. 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	Principal activity
Hicks (2) Limited	Ordinary	100 %	Development of semiconductors and semiconductor manufacturing processes
Hicks (3) Limited	Ordinary	100 %	Dormant
Semefab Limited	Ordinary	60 %	Manufacture of application specific integrated circuits

Company**Investments in
subsidiary
undertakings
£****Cost**

At 1 November 2016 and 31 October 2017 2,705,976

Net book value

At 31 October 2017 2,705,976

At 31 October 2016 2,705,976

16. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials	226,877	294,966	-	-
Work in progress	785,161	735,041	-	-
	<u>1,012,038</u>	<u>1,030,007</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £708,133 (2016 - £502,535).

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

17. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Due after more than one year				
Other debtors	-	243,372	-	-
Due within one year				
Trade debtors	1,492,570	1,190,603	-	-
Amounts owed by group undertakings	-	-	110,938	110,938
Other debtors	150,116	127,547	2	2
Prepayments and accrued income	379,002	162,637	-	-
	<u>2,021,688</u>	<u>1,724,159</u>	<u>110,940</u>	<u>110,940</u>

18. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank	2,999,420	2,103,842	-	-
EBT cash	2,470	2,470	-	-
	<u>3,001,890</u>	<u>2,106,312</u>	<u>-</u>	<u>-</u>

19. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans (notes 20 and 21)	-	66,647	-	-
Trade creditors	1,278,975	986,884	-	-
Corporation tax	246	-	-	-
Other taxation and social security	88,796	75,062	-	-
Obligations under hire purchase contracts (notes 20 and 22)	67,449	-	-	-
Other creditors	652,127	494,159	-	-
Accruals and deferred income	1,093,240	918,376	-	-
	<u>3,180,833</u>	<u>2,541,128</u>	<u>-</u>	<u>-</u>

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

20. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other loans (note 21)	1,975,000	-	-	-
Bank loans (note 21)	-	1,999,925	-	-
Obligations under hire purchase contracts (note 22)	258,555	-	-	-
	<u>2,233,555</u>	<u>1,999,925</u>	<u>-</u>	<u>-</u>

Bank loans falling due after more than one year accrue interest at 4.5% per annum and were secured by a bond and a floating charge over the assets of the Group and a personal guarantee by S R Sverdloff, the controlling party.

Other loans amounting to £1,975,000 (2016 - £Nil) are repayable in full or in part any time up to 2027, at the Group's discretion, are unsecured and attract interest at 3% over the UK base rate.

Hire purchase contracts are secured on the assets to which they relate.

21. Loans

Analysis of the maturity of bank and other loans is given below:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans falling due within one year	-	66,647	-	-
Bank loans falling due within 2-5 years	-	1,999,925	-	-
Other loans falling due after 5 years	1,975,000	-	-	-
	<u>1,975,000</u>	<u>2,066,572</u>	<u>-</u>	<u>-</u>

22. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £
Amounts falling due within one year	67,449	-
Amounts falling due within 2-5 years	258,555	-
	<u>326,004</u>	<u>-</u>

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

23. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	3,001,890	2,106,312	-	-
Financial assets that are debt instruments measured at amortised cost	1,642,686	1,561,522	110,940	110,940
	<u>4,644,576</u>	<u>3,667,834</u>	<u>110,940</u>	<u>110,940</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(4,232,106)	(3,547,615)	-	-
	<u>(4,232,106)</u>	<u>(3,547,615)</u>	<u>-</u>	<u>-</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans, other creditors and obligations under hire purchase contracts.

24. Deferred taxation**Group**

	2017 £	2016 £
At 1 November	(1,183,069)	(1,048,650)
Charged to profit or loss	(26,185)	(134,419)
At 31 October	<u>(1,209,254)</u>	<u>(1,183,069)</u>

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

24. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £
Accelerated capital allowances	(677,068)	(556,419)
Losses carried forward	60,487	-
Short term timing differences	33,977	-
Rolled over capital gains	(626,650)	(626,650)
	<u>(1,209,254)</u>	<u>(1,183,069)</u>

No deferred taxation provision has been provided for in respect of the company.

25. Deferred income**Capital grants**

	2017 £	2016 £
Received and receivable		
Balance brought forward	7,267,502	7,267,502
Additions	130,000	-
Balance carried forward	<u>7,397,502</u>	<u>7,267,502</u>

Amortisation

Balance brought forward	4,179,588	3,628,314
Credit to the profit and loss account during the year	552,796	551,274
Balance carried forward	<u>4,732,384</u>	<u>4,179,588</u>

	2017 £	2016 £
Net book value		
At 31 October 2017/2016	<u>2,665,118</u>	<u>3,087,914</u>

HICKS (1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

26. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,600,000 Ordinary shares of £0.000001 each	2	2
	<u>2</u>	<u>2</u>

27. Pension commitments

The Group operates a defined contribution 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 £88,931 (2016 - £77,099). There were accrued pension contributions of £13,451 (2016 - £11,212) included within creditors at the year end.

28. Commitments under operating leases

At 31 October 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	1,895	1,679
Later than 1 year and not later than 5 years	4,896	-
	<u>6,791</u>	<u>1,679</u>

HICKS (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

29. Related party transactions

The Group has taken advantage of the exemption conferred by FRS 102 Section 33 not to disclose transactions between group entities whose voting rights are 100% controlled within the group.

An unsecured loan of £1,000,000 continues to be outstanding from Hicks (2) Limited to Semefab Limited. This loan has no fixed repayment date and bears interest at 2% above the bank base rate. Interest charged during the year amounted to £22,551 (2016 - £24,833).

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

a) Ecotec Systems Limited

In the current and prior years, loans 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 of £243,372 has been provided for in full.

b) Barcelona Semiconductors S.L.U

In the current and prior years, the Group incurred costs relating to subcontracted research and development services from Barcelona Semiconductors S.L.U, a company in which S R Sverdlhoff, the ultimate controlling party, has a controlling interest, of £94,762 (2016 - £105,121).

29. Related party transactions (continued)

c) Advanced Eco Technology Limited

The Group entered into the following transactions during the year with Advanced Eco Technology Limited, a company in which S R Sverdlhoff, the ultimate controlling party, has an equity interest:

	2017 £	2016 £
Consultancy fees payable	77,147	58,560
Management fees payable	35,000	35,000
Creditor at year end	518,893	504,377

d) Profusion plc

The Group entered into the following transactions during the year with Profusion plc, a company in which K G Persin is also a director:

	2017 £	2016 £
Sales	45,009	29,694
Debtor at year end	4,179	20,879