

Company Registration No. 06997763

**ELECTRONIC MOTION SYSTEMS
HOLDINGS LIMITED**

Annual Report and Financial Statements

Year ended 31 December 2016



ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

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ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Dahlmanns
G M de Liberato (resigned 31 March 2016)
E Kanters (appointed 31 March 2016)
R T Nunn

SECRETARY

E Kanters

REGISTERED NUMBER

06997763

REGISTERED OFFICE

Heol y Ddraig
Penllergaer Business Park
Swansea
Wales
SA4 9HL

BANKERS

Wells Fargo Bank
London Branch
1 Plantation Place
30 Fenchurch Street
London
EC3M 3BD

AUDITOR

Deloitte LLP
Cardiff

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

STRATEGIC REPORT

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity continued to be that of a holding company.

On 1 January 2015, Electronic Motion Systems Canada Limited was sold to KSR International Co.

On 1 September 2015, Electronic Motion Systems GmbH was sold to Automotive Technical Advisory Services GmbH.

KEY PERFORMANCE INDICATORS

The management of the business use a range of performance indicators, both financial and non-financial, to measure the delivery of the company's strategic objective. The most important of these measures are considering key performance indicators (KPIs) and their targets are determined annually during the business planning process. The KPIs are used by management to compare actual performance during the financial period, and the latest monthly forecasts, against the annual budgeted targets. The KPIs, both financial and non-financial, are outlined in the group accounts of KSR EMS Holdings Limited.


PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the company's strategy are subject to a number of risks which are outlined in the group accounts of KSR EMS Holdings Limited. The directors have ensured the processes are in place to assess, monitor and mitigate these risks.

FUTURE STRATEGY AND DEVELOPMENT

The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year. The company's principal activity will continue to be that of a holding company.

Approved by the Board of Directors
and signed on behalf of the Board



E Kanter
Director

Date: June 15, 2017

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is KSR Industrial Corporation, a company incorporated in Canada.

RESULTS AND DIVIDENDS

The company's loss after taxation for the financial year amounted to £119,000 (2015: restated profit after taxation of £215,000). The directors do not recommend the payment of a dividend (2015: £nil).

DIRECTORS

The directors of the company, who served throughout the financial year and subsequently unless otherwise stated, are as shown on page 1.

PRIOR PERIOD MISSTATEMENT

The Income Statement and Statement of Financial Position have been restated for a prior period misstatement. Further information is provided within note 16 of the financial statements.

DIRECTORS' INDEMNITY INSURANCE

Directors' indemnity insurance is provided with the cost incurred by KSR Electronic Systems Limited.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment of going concern, the directors have considered the company's forecasts and projections and the net current liability position of the company at the year-end. As this net current liability position is mainly driven by the amounts due to group undertakings, the directors have obtained confirmation from KSR International Co. (ULC) that the inter-company liabilities will not be called for repayment within the next 12 months unless the company is able to fulfil all liabilities in an orderly manner. KSR International Co. (ULC) has confirmed that it will support KSR EMS Holdings Limited and its subsidiaries financially for the next 12 months.

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have been appointed the company's auditor during the financial year. They have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



E Kanter
Director

Date: June 15, 2017

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

We have audited the financial statements of Electronic Motion Systems Holdings Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's member 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

David Hedditch

David Hedditch (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom

5 July 2017

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

INCOME STATEMENT Year ended 31 December 2016

	Note	2016 £'000	Restated 2015 £'000
Other operating income		-	57
Other operating expenses		(118)	(77)
OPERATING LOSS	4	(118)	(20)
Profit on disposal of subsidiary undertakings	4, 13	-	235
Finance costs		(1)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(119)	215
Tax on (loss)/profit on ordinary activities	6	-	-
(LOSS)/PROFIT AFTER TAXATION		(119)	215

All amounts derive from continuing operations.

There have been no recognised gains or losses in either year other than the (loss)/profit for each year. Accordingly, no separate statement of comprehensive income has been presented.

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2014	2	(2)	-
Restated for prior period error (note 16)	-	(443)	(443)
Restated balance at 31 December 2014	2	(445)	(443)
Profit for the year	-	215	215
Restated balance at 31 December 2015	2	(230)	(228)
Loss for the year	-	(119)	(119)
Balance at 31 December 2016	2	(349)	(347)

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

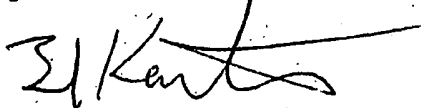
STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 £'000	Restated 2015 £'000
NON-CURRENT ASSETS			
Investments	13	-	-
CURRENT ASSETS			
Trade and other receivables	8	217	218
TOTAL ASSETS		<u>217</u>	<u>218</u>
CURRENT LIABILITIES			
Trade and other payables	10	564	446
TOTAL LIABILITIES		<u>564</u>	<u>446</u>
NET CURRENT LIABILITIES		<u>(347)</u>	<u>(228)</u>
NET LIABILITIES		<u>(347)</u>	<u>(228)</u>
EQUITY			
Share capital	11	2	2
Retained earnings		(349)	(230)
SHAREHOLDER'S DEFICIT		<u>(347)</u>	<u>(228)</u>

The financial statements of Electronic Motion Systems Holdings Limited, registered number 06997763, were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors



E Kanter
Director

June 15, 2017

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

CASH FLOW STATEMENT Year ended 31 December 2016

	Note	2016 £'000	Restated 2015 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	12	-	(892)
INVESTING ACTIVITIES			
Proceeds on disposal of intangible assets		-	651
Proceeds on disposal of subsidiary undertakings		-	235
NET CASH FROM INVESTING ACTIVITIES		-	886
NET DECREASE IN CASH AND CASH EQUIVALENTS		-	(6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		-	6
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	-	-

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2016**

1. GENERAL INFORMATION

Electronic Motion Systems Holdings Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, since it is included in the group accounts of KSR EMS Holdings Limited. The group accounts of KSR EMS Holdings Limited are available for public use and can be obtained as set out in note 17.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRSs that has been issued but is not yet effective and in some cases has not yet been adopted by the EU:

IFRS 9 Financial Instruments (effective 1 January 2018)

The directors do not expect that the adoption of the Standard listed above will have a material impact on the values within the financial statements of the company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Operating loss

Operating loss is stated before the profit on disposal of subsidiary undertakings.

Going concern

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

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency).

In preparing the financial statements of the individual companies, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the relevant instrument. Financial assets are derecognised when the rights to receive benefits have expired or been transferred, and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation is extinguished.

Financial assets are classified as either loans and receivables or cash and cash equivalents. They are stated at amortised cost using the effective interest method, subject to reduction for allowances for estimated irrecoverable amounts. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of those receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the income statement. For interest-bearing assets, their carrying value includes accrued interest receivable.

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Cash and cash equivalents include cash in hand and deposits held on call, together with other short-term highly liquid investments. Financial liabilities (classified as other payables) are stated at amortised cost using the effective interest method. For borrowings, their carrying value includes accrued interest payable, as well as any unamortised issue costs.

Pensions

The company operates a defined contribution scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Management have not identified any key sources of estimation uncertainty.

Judgements

Recoverability of deferred tax assets

The recognition of deferred tax assets on tax losses incurred during previous years are recognised to the extent that it is probable that taxable income will be available in the future against which they can be utilised. Given the tax loss for the year, the Board has decided that the deferred tax asset should not be recognised until there is certainty over the future profitability of the company at which point a deferred tax asset will be recognised to the extent that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. OPERATING LOSS

	2016 £'000	2015 £'000
This has been arrived at after charging/(crediting)		
Amortisation of intangible assets	-	57
Foreign exchange loss/(gain)	73	(22)
Recharge of intangible asset amortisation to group undertakings	-	(57)
Profit on disposal of subsidiary	-	(235)

Auditor's remuneration and non-audit fees for both financial years was paid by another group company and not recharged.

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2016

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no staff costs for the year ended 31 December 2016 nor for the year ended 31 December 2015.

The following directors are also directors or employees of another group company.

R Dahlmanns
R T Nunn
E Kanfers

They are remunerated by KSR Industrial Corporation. It is not practicable to allocate their remuneration between their services as directors of this company and as directors or employees of other group companies.

The company has been recharged pension costs in relation to a pension scheme held by Automotive Technical Advisory Services GmbH of £45,820 in 2016 (2015: £24,878). The recharged costs relate to pension contributions made on behalf of a director of the company.

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2016 £'000	Restated 2015 £'000
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 20% (2015: 20.25%)	-	-
Total tax for the year	-	-

The taxation for the year can be reconciled to the (loss)/profit per the income statement as follows:

	£'000	Restated £'000
(Loss)/ profit on ordinary activities before tax	(119)	215
Tax on (loss)/profit on ordinary activities before tax at 20% (2015: 20.25%)	(24)	44
Factors affecting taxation for the year		
Non-taxable income	-	(47)
Expenses not deductible for tax purposes	-	2
Change in unrecognised deferred tax assets	24	1
Total taxation for the year	-	-

The company has losses carried forward against future taxable profits. As a result, the company has an unrecognised deferred tax asset of £176,000 (2015: £208,000). The recognition of deferred tax assets on tax losses incurred during previous years are recognised to the extent that it is probable that taxable income will be available in the future against which they can be utilised. Given the tax loss for the year, the Board has decided that the deferred tax asset should not be recognised until there is certainty over the future profitability of the company at which point a deferred tax asset will be recognised to the extent that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

In September 2016, it was substantively enacted that, as well as the planned reduction in corporation tax rate to 19% from 1 April 2017, there would be a further reduction to 17% from 1 April 2020. This will reduce the company's future current tax charge accordingly. As the changes have been substantively enacted at the statement of financial position date their effects are included in these financial statements.

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2016

7. FINANCIAL ASSETS

	2016 £'000	2015 £'000
Amounts owed by group undertakings	<u>217</u>	<u>218</u>

8. TRADE AND OTHER RECEIVABLES

	2016 £'000	2015 £'000
Amounts owed by group undertakings	<u>217</u>	<u>218</u>

No provision has been made for doubtful debts in respect of the amounts owed by group undertakings in either period. The amounts outstanding accrue no interest and are repayable on demand.

9. FINANCIAL LIABILITIES

	2016 £'000	Restated 2015 £'000
Amounts owed to group undertakings	<u>564</u>	<u>446</u>

10. TRADE AND OTHER PAYABLES

	2016 £'000	Restated 2015 £'000
Amounts owed to group undertaking	<u>564</u>	<u>446</u>

11. SHARE CAPITAL AND RESERVES

	2016 £'000	2015 £'000
Authorised		
2,000 ordinary shares of £1 each	<u>2</u>	<u>2</u>
Issued and fully paid		
2,000 ordinary shares of £1 each	<u>2</u>	<u>2</u>

The company has one class of ordinary shares which carry no right to fixed income.

Additionally the company has authorised, issued and fully paid 220 redeemable cumulative preference shares of £1 each classified as liabilities. These shares do not carry voting rights.

Retained earnings

This reserve relates to the cumulative retained profits and losses and other comprehensive income less amounts distributed to the shareholder.

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2016

12. NOTES TO THE CASH FLOW STATEMENT

	2016	Restated 2015
	£'000	£'000
(Loss)/profit for the financial year	(119)	215
Adjustment for:		
Amortisation of intangible assets	-	57
Profit on sale of subsidiary undertakings	-	(235)
Operating cash flows before movements in working capital	(119)	37
Increase in trade and other receivables	-	(18)
Increase/(decrease) in trade and other payables	118	(911)
Finance costs	1	-
Cash used in operations	-	(892)
Net cash outflow from operating activities	-	(892)
Cash and cash equivalents		
	£'000	£'000
Cash and bank balances	-	-

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2016

13. INVESTMENTS IN SUBSIDIARIES

Total
£'000

Cost and carrying amount

At 31 December 2015 and 31 December 2016

Details of the company's subsidiaries at 31 December 2016 are as follows:

Company name	Country	Percentage shareholding	Description
KSR Electronic Systems Limited	England and Wales	100	Ordinary
Electronic Motion Systems (Asia/Pacific) Pte. Limited	Singapore	100	Ordinary

The investments in subsidiaries are all stated at cost less provision for impairment.

On 1 January 2015, Electronic Motion Systems Canada Limited was sold to KSR International Co for £235,000. The carrying value of the investment held in Electronic Motion Systems Canada Limited at this date was £1.

On 1 September 2015, Electronic Motion Systems GmbH was sold to Automotive Technical Advisory Services GmbH for £1. The carrying value of the investment held in Electronic Motion Systems GmbH at this date was £1.

14. RELATED PARTY TRANSACTIONS

Transactions with related parties

During the year, the company entered into the following transactions with related parties:

	Recharge expense/(income)		Amounts owed by related parties		Amounts owed to related parties	
	2016	Restated 2015	2016	2015	2016	Restated 2015
	£'000	£'000	£'000	£'000	£'000	£'000
KSR Electronic Systems Limited	1	(57)	217	218	-	-
Automotive Technical Advisory Services GmbH	46	25	-	-	(564)	(446)
	<u>47</u>	<u>(32)</u>	<u>217</u>	<u>218</u>	<u>(564)</u>	<u>(446)</u>

No provision has been made for doubtful debts in respect of the amounts owed by related parties in either period. The amounts outstanding are unsecured and will be settled in cash.

On 1 January 2015, Electronic Motion Systems Canada Limited was sold to KSR International Co for £235,000. The carrying value of the investment held in Electronic Motion Systems Canada Limited at this date was £1.

On 1 September 2015, Electronic Motion Systems GmbH was sold to Automotive Technical Advisory Services GmbH for £1. The carrying value of the investment held in Electronic Motion Systems GmbH at this date was £1.

On 28 October 2015, the intangible asset in relation to development costs with a net book value of £651,000 was transferred to KSR Electronics Systems Limited for consideration of £651,000.

The company incurred recharged costs in relation to a pension scheme held by Automotive Technical Advisory Services GmbH of £45,820 in 2016 (2015: £24,878). The recharged costs relate to pension contributions made on behalf of a director of the company.

ELECTRONIC MOTION SYSTEMS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2016**

15. FINANCIAL INSTRUMENTS

The information set out below provides information about how the company determines fair values of various financial assets and financial liabilities.

Fair value of the company's financial assets and financial liabilities that are measured at fair value on a recurring basis

The company does not hold any financial assets and financial liabilities that are measured at fair value at the end of each reporting period.

Fair value of the company's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximate to their fair values.

16. PRIOR PERIOD MISSTATEMENT

The directors have identified a liability owed to Automotive Technical Advisory Service (ATAS) which amounted to £445,930 at 31 December 2015. ATAS is a fellow subsidiary of KSR International Co which acquired EMS Germany GmbH on 1 September 2015 from EMS Holdings Limited, the liability was originally owed to EMS Germany GmbH, and an amount of £443,000 was due at 31 December 2014. This has resulted in a liability being recognised within the financial statements of EMS Holdings Limited of £445,930 at the 31 December 2015, reduced the retained earnings at 1 January 2015 by £443,000, increased the pension expense by £24,878 and resulted in a foreign exchange gain of £21,948 during the year ended 31 December 2015.

17. ULTIMATE PARENT AND CONTROLLING PARTY

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is KSR Industrial Corporation, a company incorporated in Canada. The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is KSR EMS Holdings Limited, a company incorporated in Great Britain. Copies of the group financial statements of KSR EMS Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.