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**PLEXTEK SERVICES LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**



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**PLEXTEK SERVICES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	C R Smithers I A Murphy T Jackson N Hill
<b>Company secretary</b>	S Seacombe
<b>Registered number</b>	09826669
<b>Registered office</b>	The Plextek Building London Road Great Chesterford Saffron Walden United Kingdom CB10 1NY
<b>Independent auditors</b>	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY
<b>Bankers</b>	Lloyds Bank plc Chivers Way Histon Cambridgeshire CB24 9ZR

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**PLEXTEK SERVICES LIMITED**

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## **PLEXTEK SERVICES LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Introduction**

Plextek Services Limited ("Plextek") is a premier provider of bespoke design and engineering services for advanced sensing, communications and data exploitation products and systems. We give our customers a decisive edge by building exceptional technology into their products and services. We have the flexibility of pace and process to support the needs of customers across markets from consumer to healthcare to defence and aerospace.

#### **Business review**

2018/19 was the most profitable year to date for Plextek, with a large number of projects and very high utilisation throughout the year. For several months we supplemented our staff with external contractors in order to manage demand for resources. The 95 projects implemented ranged in size from a few thousand pounds to over £1M, reflecting our ability to deliver both fast 'look see' investigations and complex, multi-disciplinary, critical systems. Our strong performance allowed us to make a substantial ex gratia bonus distribution to our staff.

Our ability to win business depends on our excellence in technology and innovation, so recruitment and training are critical to ensuring that we maintain a technical lead on our competitors. We started a major recruitment drive towards the end of the FY with the aim of further building our capacity in the following year. Our ability to recruit has been aided by an initiative in 2018 to improve our approach to diversity and inclusion and also by an increased company profile, especially on social media.

We continue to see strong performance in our 'design and supply' business, which primarily services the needs of manufacturing high performance, aerospace technology.

Early 2019 also saw the launch of our new Strategic Innovation and Design business unit, Ignite Exponential. This business has been two years in planning, and will allow us to greatly expand the range of services that we can offer to clients and, in time, the range of markets that we can access. We anticipate that in the long term Ignite Exponential will not only generate profits in its own right but will also drive revenue into traditional Plextek projects.

#### **Principal risks and uncertainties**

The principal risks of the business relate to the maintenance of Plextek's position in the market as a leading supplier of technology and innovation services. This risk is managed through consistent investment in business development, technical staff and research and engineering facilities.

The launch of Ignite Exponential will reduce risk in the long term due to a significant expansion of the range of services that we offer.

We are continuing to see strong demand for our services in spite of the wider uncertainty created by the absence of any agreed direction on Brexit.

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**PLEXTEK SERVICES LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Financial key performance indicators**

The key performance indicators on which the business is assessed are turnover and operating profit. In the current year, the business has performed extremely well, with turnover of £11.3m (2018 - £9.3m) and operating profit of £1.4m (2018 - £0.6m).

This report was approved by the board on 24 September 2019 and signed on its behalf.

**N Hill**  
Director



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## PLEXTEK SERVICES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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The directors present their report and the financial statements for the year ended 31 March 2019.

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company'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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,265,228 (2018 - £495,799).

The directors have not recommended a dividend.

#### **Directors**

The directors who served during the year were:

C R Smithers  
I A Murphy  
T Jackson  
N Hill

#### **Future developments**

We will continue to pursue the existing strategies for growing the business and increasing profitability. We will also be putting into place plans for an expansion of the types of services that we offer, with a view to capturing business in additional market sectors.

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**PLEXTEK SERVICES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director 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's auditors are aware of that information.

**Post balance sheet events**

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

**Auditors**

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 September 2019 and signed on its behalf.

N Hill  
Director



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## PLEXTEK SERVICES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PLEXTEK SERVICES LIMITED

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#### Opinion

We have audited the financial statements of Plextek Services Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity 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 Financial Reporting Standard 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 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 directors' 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.



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## PLEXTEK SERVICES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PLEXTEK SERVICES LIMITED (CONTINUED)

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#### 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 Auditors' 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.

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 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.

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

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 material misstatements in the Strategic report or the Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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## PLEXTEK SERVICES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PLEXTEK SERVICES LIMITED (CONTINUED)

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#### Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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 either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

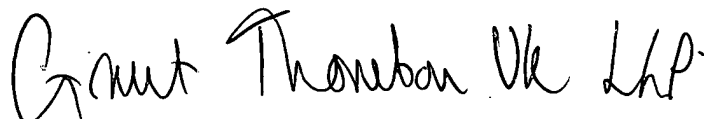
#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### Who we are reporting to

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 Auditors' 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.



Graham Mummery (Senior statutory auditor)

for and on behalf of  
**Grant Thornton UK LLP**

101 Cambridge Science Park  
Milton Road  
Cambridge  
Cambridgeshire  
CB4 0FY

Date:

2 October 2019

**PLEXTEK SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	11,340,232	9,258,188
Cost of sales		(5,431,138)	(4,881,277)
<b>Gross profit</b>		<b>5,909,094</b>	<b>4,376,911</b>
Administrative expenses		(4,510,170)	(3,783,426)
<b>Operating profit</b>	5	<b>1,398,924</b>	<b>593,485</b>
Interest receivable and similar income		31,049	-
Interest payable and expenses		(112)	(1)
<b>Profit before tax</b>		<b>1,429,861</b>	<b>593,484</b>
Tax on profit	10	(164,633)	(97,685)
<b>Profit for the financial year</b>		<b>1,265,228</b>	<b>495,799</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>1,265,228</b>	<b>495,799</b>

The notes on pages 13 to 30 form part of these financial statements.

**PLEXTEK SERVICES LIMITED**  
**REGISTERED NUMBER: 09826669**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	117,125	95,628
		<u>117,125</u>	<u>95,628</u>
<b>Current assets</b>			
Stocks	12	1,448,885	1,150,379
Debtors: amounts falling due after more than one year	13	785,000	-
Debtors: amounts falling due within one year	13	3,167,095	4,485,117
Cash at bank and in hand	14	2,507,085	892,977
		<u>7,908,065</u>	<u>6,528,473</u>
Creditors: amounts falling due within one year	15	(4,398,290)	(4,380,106)
<b>Net current assets</b>		<u>3,509,775</u>	<u>2,148,367</u>
<b>Total assets less current liabilities</b>		<u>3,626,900</u>	<u>2,243,995</u>
<b>Provisions for liabilities</b>			
Other provisions	18	(109,513)	(75,054)
		<u>(109,513)</u>	<u>(75,054)</u>
<b>Net assets</b>		<u><u>3,517,387</u></u>	<u><u>2,168,941</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	3,853	3,853
Share premium account	20	455,631	455,631
Other reserves	20	212,743	129,525
Profit and loss account	20	2,845,160	1,579,932
		<u><u>3,517,387</u></u>	<u><u>2,168,941</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2019.



**N Hill**  
Director

The notes on pages 13 to 30 form part of these financial statements.

**PLEXTEK SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Share based payment reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2018	3,853	455,631	129,525	1,579,932	2,168,941
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,265,228	1,265,228
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	1,265,228	1,265,228
Share based payment	-	-	83,218	-	83,218
<b>Total transactions with owners</b>	-	-	83,218	-	83,218
<b>At 31 March 2019</b>	<b>3,853</b>	<b>455,631</b>	<b>212,743</b>	<b>2,845,160</b>	<b>3,517,387</b>

The notes on pages 13 to 30 form part of these financial statements.

**PLEXTEK SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2017	3,853	455,631	-	1,084,133	1,543,617
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	495,799	495,799
<b>Other comprehensive income for the year</b>					
	-	-	-	-	-
<b>Total comprehensive income for the year</b>					
	-	-	-	495,799	495,799
Shared based payment	-	-	110,691	-	110,691
Shared based payment - deferred tax taken directly to equity	-	-	18,834	-	18,834
<b>Total transactions with owners</b>					
	-	-	129,525	-	129,525
<b>At 31 March 2018</b>	<b>3,853</b>	<b>455,631</b>	<b>129,525</b>	<b>1,579,932</b>	<b>2,168,941</b>

The notes on pages 13 to 30 form part of these financial statements.

**PLEXTEK SERVICES LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,265,228	495,799
<b>Adjustments for:</b>		
Depreciation of tangible assets	74,111	79,698
Interest paid	112	1
Interest received	(31,049)	-
Taxation charge	164,633	97,685
(Increase)/decrease in stocks	(298,506)	121,998
Decrease/(increase) in debtors	480,949	(556,802)
Decrease in amounts owed by associates	28,077	256,735
Increase/(decrease) in creditors	21,624	(160,192)
Corporation tax (paid)	(109,618)	(40,790)
Adjustment for share based payment	83,218	110,691
<b>Net cash generated from operating activities</b>	<b>1,678,779</b>	<b>404,823</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(95,608)	(77,727)
Interest received	31,049	-
<b>Net cash from investing activities</b>	<b>(64,559)</b>	<b>(77,727)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(112)	(1)
<b>Net cash used in financing activities</b>	<b>(112)</b>	<b>(1)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,614,108</b>	<b>327,095</b>
Cash and cash equivalents at beginning of year	892,977	565,882
<b>Cash and cash equivalents at the end of year</b>	<b>2,507,085</b>	<b>892,977</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,507,085	892,977
	<b>2,507,085</b>	<b>892,977</b>

The notes on pages 13 to 30 form part of these financial statements.

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## PLEXTEK SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 1. General information

Plextek Services Limited is a limited liability company incorporated and registered in England and Wales.

The Company's principal activity is the provision of radio and communications technology design.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 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 Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

The company is profitable and cash generative and forecasts indicate that it will continue to be so for the foreseeable future. The directors therefore consider that the adoption of the going concern basis is appropriate.

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### 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 Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.



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## PLEXTEK SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

##### Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company 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

Revenue 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 revenue can be measured reliably;
- it is probable that the Company 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.

##### 2.5 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### 2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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## PLEXTEK SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. - Accounting policies (continued)

##### 2.7 Pensions

###### Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.8 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

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## PLEXTEK SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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## 2. Accounting policies (continued)

### 2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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 reporting date.

### 2.10 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.

Depreciation is provided on the following basis:

Plant and machinery	-	33%
Computer equipment	-	33%

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 Statement of comprehensive income.

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## PLEXTEK SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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## 2. Accounting policies (continued)

### 2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

### 2.12 Debtors

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

### 2.13 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

### 2.14 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.

### 2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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## PLEXTEK SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Accounting policies (continued)

##### 2.17 Financial instruments

The Company only enters into basic financial instrument 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, loans to related parties and investments in non-puttable ordinary shares.

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 Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

The most significant judgements made in these financial statements relate to the recognition of revenue recoverable on long term contracts and the recoverability of debts.

Estimates relating to contract completion are based on detailed project-by-project forecasts. Based on these forecasts, the directors are satisfied that revenue is appropriately recognised.

The business assesses the recoverability of their debtors on a regular basis and the directors are satisfied that the amounts disclosed in the accounts are recoverable. During the year, £NIL was provided for (2018 - £50,000 written back) against bad or slow-paying debts, leaving a provision of £NIL (2018 - £4,167) at the year end.

A provision has been made in relation to warranties on product sold. The calculation of this provision requires the directors to make judgements relating to potential value and likelihood of the future costs relating to these warranties. An amount of £34,459 (2018 - £27,292) has been recognised in the Statement of comprehensive income during the year, which is considered to be a reasonable estimate of potential costs in relation to the goods sold in the year ended 31st March 2019. No warranty costs have been incurred during the year.

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**PLEXTEK SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Design and consultancy	<b>9,215,274</b>	7,250,112
Manufacturing Services	<b>2,124,958</b>	2,008,076
	<b>11,340,232</b>	<b>9,258,188</b>

Analysis of turnover by country of destination:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b>9,961,893</b>	7,536,082
Rest of world	<b>113,311</b>	119,353
Asia Pacific	<b>1,265,028</b>	1,602,753
	<b>11,340,232</b>	<b>9,258,188</b>

**5. Operating profit**

The operating profit is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Research & development charged as an expense	<b>8,217</b>	12,760
Exchange differences	<b>1,635</b>	2,722

**PLEXTEK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**6. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>20,500</u>	<u>19,750</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	4,275	2,275
All other services	200	-
	<u>4,475</u>	<u>2,275</u>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	4,075,919	3,300,950
Social security costs	419,551	399,150
Cost of defined contribution scheme	587,806	616,720
Share based payment	53,986	27,978
	<u>5,137,262</u>	<u>4,344,798</u>

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

	2019 No.	2018 No.
Engineering, design and consultancy	57	57
Management and administration	7	7
Sales and Marketing	8	8
	<u>72</u>	<u>72</u>

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**PLEXTEK SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**8. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	197,437	163,602
Company contributions to defined contribution pension schemes	24,568	110,026
	<u>222,005</u>	<u>273,628</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,568 (2018 - £110,026).

During the year 1 director received shares under the long term incentive schemes (2018 -1)

**9. Interest receivable**

	2019 £	2018 £
Other interest receivable	31,049	-
	<u>31,049</u>	<u>-</u>



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PLEXTEK SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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10. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	261,803	115,505
Adjustments in respect of previous periods	(121,167)	(25,008)
	<u>140,636</u>	<u>90,497</u>
<b>Total current tax</b>	<u>140,636</u>	<u>90,497</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	11,019	(1,492)
Adjustments in respect of prior periods	12,978	8,680
	<u>23,997</u>	<u>7,188</u>
<b>Total deferred tax</b>	<u>23,997</u>	<u>7,188</u>
<b>Taxation on profit on ordinary activities</b>	<u>164,633</u>	<u>97,685</u>

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PLEXTEK SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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10. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,429,861</u>	<u>593,484</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	271,674	112,762
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2,445	22,108
Tax rate adjustment	(1,297)	2,392
Other tax adjustments, reliefs and transfers	(108,189)	(58,411)
Deferred tax taken direct to equity	-	18,834
<b>Total tax charge for the year</b>	<u>164,633</u>	<u>97,685</u>

**Factors that may affect future tax charges**

£103,274 (2018 - £116,000) of the deferred tax asset is expected to reverse in the year ended 31 March 2019. The remaining £8,463 (2018 - £18,834) is expected to reverse in 2-5 years.

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**PLEXTEK SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**11. Tangible fixed assets**

	Plant and machinery £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 April 2018	207,860	45,127	252,987
Additions	95,608	-	95,608
At 31 March 2019	<u>303,468</u>	<u>45,127</u>	<u>348,595</u>
<b>Depreciation</b>			
At 1 April 2018	135,124	22,235	157,359
Charge for the year on owned assets	61,577	12,534	74,111
At 31 March 2019	<u>196,701</u>	<u>34,769</u>	<u>231,470</u>
<b>Net book value</b>			
At 31 March 2019	<u>106,767</u>	<u>10,358</u>	<u>117,125</u>
At 31 March 2018	<u>72,736</u>	<u>22,892</u>	<u>95,628</u>

**PLEXTEK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**12. Stocks**

	2019 £	2018 £
Raw materials and consumables	1,152,055	938,967
Work in progress (goods to be sold)	208,624	177,616
Finished goods and goods for resale	88,206	33,796
	<u>1,448,885</u>	<u>1,150,379</u>

Stock recognised in cost of sales during the year as an expense was £786,151 (2018 - £738,422) .

An impairment loss of £20,741 (2018 - £114,385) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**13. Debtors**

	2019 £	2018 £
<b>Due after more than one year</b>		
Other debtors	785,000	-
	<u>785,000</u>	<u>-</u>
	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	1,561,490	1,953,097
Amounts owed by associated undertakings	628,112	1,441,188
Other debtors	60	12,014
Prepayments and accrued income	59,542	27,936
Amounts recoverable on long term contracts	806,154	915,148
Deferred taxation	111,737	135,734
	<u>3,167,095</u>	<u>4,485,117</u>

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PLEXTEK SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,507,085	892,977
	<u>2,507,085</u>	<u>892,977</u>

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	122,534	377,841
Corporation tax	144,490	113,472
Other taxation and social security	378,840	489,595
Other creditors	248,502	253,684
Accruals and deferred income	3,503,924	3,145,514
	<u>4,398,290</u>	<u>4,380,106</u>

16. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>6,287,901</u>	<u>5,214,424</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,553,879)</u>	<u>(1,423,704)</u>

Financial assets that are measured at amortised cost comprise all debtors and cash, excluding prepayments and deferred tax.

Financial liabilities measured at amortised cost comprise all creditors and overdraft excluding tax and social security creditors and deferred income.

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PLEXTEK SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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17. Deferred taxation

	2019 £
At beginning of year	135,734
Charged to profit or loss	(23,997)
<b>At end of year</b>	<b>111,737</b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(3,836)	16,325
Short term timing differences	115,573	119,409
	<b>111,737</b>	<b>135,734</b>

18. Provisions

	Warranty Provision £
At 1 April 2018	75,054
Charged to profit or loss	34,459
<b>At 31 March 2019</b>	<b>109,513</b>

19. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
36,000,000 (2018 - 36,000,000) Ordinary "A" shares of £0.0001 each	3,600	3,600
2,313,928 (2018 - 2,313,928) Ordinary "B" shares of £0.0001 each	231	231
217,907 (2018 - 217,907) Ordinary "C" shares of £0.0001 each	22	22
	<b>3,853</b>	<b>3,853</b>

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**PLEXTEK SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**20. Reserves**

**Share premium account**

The share premium represents the excess value over and above the nominal value of the share capital of the trade and assets acquired on the transfer of the business into Plextek Services Limited.

**Other reserves**

The share based payment reserve is for movements in respect of share options granted. Please see note 21 for details of share options granted in the year and outstanding at the year end.

**Profit and loss account**

Amounts charged to profit and loss represent an estimate of future warranty costs for manufacturing services, relating to products shipped by 31 March 2019. This provision is expected to be used, if required, over the next 12 months.

**PLEXTEK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**21. Share based payments**

During the year ended 31 March 2018, Plextek Services Limited issued 5,798,191 share options to employees and non-employees. Of these, 2,770,651 options vested immediately, with the remaining 3,027,540 options vesting throughout the following four years (all of which were unvested at 31 March 2019). Based on the assumptions detailed below, a share based payment charge of £83,218 (2018 - £110,691) has been recognised in operating expenses in the current year, of which £53,986 (2018 - £27,978) has been recognised in employee costs.

	<b>Weighted average exercise price (pence) 2019</b>	<b>Number 2019</b>	<i>Weighted average exercise price (pence) 2018</i>	<i>Number 2018</i>
Granted during the year	<b>0</b>	<b>-</b>	<i>0.01</i>	<i>5,798,191</i>
<b>Outstanding at the end of the year</b>		<b>-</b>		<i>5,798,191</i>

	<b>2019 Black Scholes</b>	<i>2018 Black Scholes</i>
Option pricing model used		
Weighted average share price (pence)	<b>8.6</b>	<i>8.6</i>
Exercise price (pence)	<b>0.01</b>	<i>0.01</i>
Weighted average contractual life (days)	<b>476</b>	<i>476</i>
Expected volatility	<b>20%</b>	<i>20%</i>
Expected dividend growth rate	<b>0%</b>	<i>0%</i>
Risk-free interest rate	<b>5%</b>	<i>5%</i>



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## PLEXTEK SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 22. Pension commitments

The company operated a defined contribution pension scheme for employees. Company contributions in the period amounted to £587,806 (2018 - £616,720). An amount of £62,553 (2018 - £52,611) is included in creditors, which represents the excess of the accumulated pension costs over the payment of contributions to employees' pensions.

#### 23. Related party transactions

CR Smithers, T Jackson and IA Murphy, directors of Plextek Services Limited ("PSL") are also directors of Plextek Limited ("Plextek"). During the period, expenses totalling £284,184 (2018: £404,938) were borne on behalf of PSL by Plextek and recharged at cost. PSL also made recharges of goods and services incurred on behalf of all associated companies to Plextek with a value of £267,448 (2018: £321,539). Purchase of goods and services were made from Plextek with a value of £1,539,810 (2018: £1,183,470). During the year, PSL made short-term cashflow loans to Plextek with an aggregate value of £1,862,236 (2018: £1,662,729).

At 31 March 2019, Plextek owed PSL £270,225 (2018: £1,055,261) in relation to these transactions.

CR Smithers, T Jackson and IA Murphy are also directors of Plextek RFI Limited ("RFI"). Sales of goods and services were made to RFI with a value of £NIL (2018: £26,165). Purchases of goods and services were made from RFI with a value of £NIL (2018: £2,226).

At 31 March 2019, RFI owed PSL £NIL (2018: £1,528) in relation to these transactions.

CR Smithers, T Jackson and IA Murphy are also directors of Blighter Surveillance Systems Limited ("BSS"). Sales of goods and services were made to BSS with a value of £301,495 (2018: £86,830).

At 31 March 2019, BSS owed PSL £12,137 (2018: £36,175) in relation to these transactions.

T Jackson is also a director of Telensa Ltd ("Telensa"). Sales of goods and service were made to Telensa with a value of £812,227 (2018: £1,060,399).

At 31 March 2019, Telensa owed PSL £74,434 (2018: £184,431) in relation to these transactions.

CR Smithers and IA Murphy are also directors of Redtail Telematics Limited ("Redtail"). Sales of goods and services were made to Redtail with a value of £619,162 (2018: £554,476).

At 31 March 2019, Redtail owed PSL £151,316 (2018: £163,793) in relation to these transactions.

During the period, amounts owing to PSL by Plextek totalling £925,000 (2018: £NIL) were reclassified into a formal loan between those companies, carrying interest at base rate plus 3%. Of this loan, £458,000 was subsequently reassigned from Plextek to Blighter during the year.

At 31 March 2019, the balance owed by Plextek to PSL in respect of this loan amounted to £467,000 (2018: £NIL). After the year end, this loan balance was reassigned from Plextek to Redtail. At 31 March 2019, the balance owed by Blighter to PSL in respect of their loan amounted to £438,000 (2018: £NIL).

#### 24. Controlling party

The ultimate controlling parties are the owner-directors of Plextek Services Limited.