

Oxley Developments Company Limited

Annual Report and Financial Statements

Registered number: 376071

Year ended 24 September 2017



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Strategic Report

The Directors present their Strategic Report, Directors' Report and Financial Statements for the year ended 24 September 2017.

Principal activities

The Company's activities consist of the design, development and manufacture of components, systems and technologies for the electronics and avionics industries.

Business review

The company continues to focus on innovative and state of the art technology while recognising the increasing complexity in the products and services we offer to our customers. Major aerospace OEMs continue to demand increasing levels of technical data in support of development and production contracts with significant challenges in performance criteria of products and delivery timelines.

Continued recovery in the traditional markets has been augmented by opportunities in South East Asia notable with a complete lighting system on a new fast jet program. The decrease in revenue reflects timing differences with a significant order of £1.4m for Night Vision products being delivered in October 2017. The improvement in market conditions is expected to continue in the future year with anticipated growth in sales of 23% in 2018. Margins have deteriorated due to product mix and material cost inflation. The relocation of the EMI operation to Priory Park was concluded in March 2017. Oxley Development Company have been accepted on to a Regional Growth Program providing funding for training and process improvements across the business to deliver a change program over the next four years.

Oxley Development Company has reported a profit of £1,320 (2016: £507,900) which is a weaker performance on the previous year. Next year looks set to see a significant improvement in trading with defence funding growth leading to some significant contracts expected to be awarded.

The Middle East and South Asia have growing Defence and Aerospace markets and key strategic sales opportunities have been developed either directly or through in-country representation. Opportunities in the commercial sector will also contribute to growth and spread the business risk across both sectors.

Target and key performance indicators

The directors monitor key performance indicators at a company level to review the development, performance or position of the business. These include:

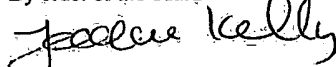
- Sales growth
- Gross margin
- Cash balance position
- Head count evolution

Risks and uncertainties

The principal risks and uncertainties facing the business relate to changes in government defence spending policies in key markets, including the USA. The partial approval of the US Government budget in 2017 unlocked funding to the market in the year. The Company has a broad customer base across many countries throughout the World, which provides a degree of protection against the risk of dependence on the US market. Brexit is not expected to impact the business due to the nature of the products being sold to European customers and the long term nature of the contracts.

The company is making progress selling variants of existing and new products into commercial aerospace applications. Growth in this sector is forecast over the coming decade due to high demand, particularly in developing markets.

By order of the board



J Kelly
Director

Priory Park
Ulverston
Cumbria
LA12 9QG

26 June 2018

Directors' Report

Research and development

The Directors recognise that to retain the Company's competitive advantage in the industries that it operates, investment in research and development is essential. Equipment and people in the Company's design and development team is one of the key areas benefitting from the recent investment in the business. Support through regional development funds has been actively pursued and awards achieved.

There has been a significant growth in the level of customer funded contracts this year that has contributed to the product development activities and expansion of the Company's product portfolio; this is anticipated to continue.

Financial instruments

The Company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through retained reserves and through borrowings at prevailing market interest rates, and to fix the sterling cost of imported components by entering into forward exchange contracts at the time of ordering. The Company does not use hedge accounting.

The Company's exposure to the price risk of financial instruments is therefore minimal. As the counterparty to all financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments. Its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms, matching the maturity of the currency purchases.

The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Funding

The Principal Investors provided £500,000, the balance of the approved funding of one million pounds, towards the investment in the consolidation of the UK sites in the year. The funding for the consolidation loan is not repayable before a period of three years commencing November 2019. The £1,300,000 line of credit with HSBC, through an invoice finance facility was no longer required and was terminated in January 2018.

Proposed dividend

The Directors do not recommend the payment of a dividend. (2016: nil)

Directors

The Directors who held office during the year were as follows:

ME Sloan (resigned 22 January 2017)
DM Cavan
W Henderson (appointed 22 January 2017)

MF Blakstad
J Kelly

Environmental Management Standard

The Company has successfully maintained its ISO 14001 certification, the Environmental Management Standard.

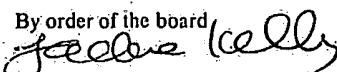
Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the board


J Kelly
Director

Priory Park
Ulverston
Cumbria
LA12 9QG
26 June 2018

Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements

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

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



KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

United Kingdom

Independent auditor's report to the members of Oxley Developments Company Limited

Opinion

We have audited the financial statements of Oxley Developments Company Limited ("the company") for the year ended 24 September 2017 which comprise the Profit and loss account and other comprehensive income, balance sheet, statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 24 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Independent auditor's report to the members of Oxley Developments Company Limited (continued)

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

We have nothing to report in these respects.

Directors' responsibilities

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

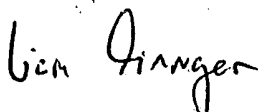
Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Manchester

^u
27 June 2018

Profit and Loss Account and Other Comprehensive Income
for the year ended 24 September 2017

	<i>Note</i>	2017 £	2016 £
Turnover	2	9,074,592	10,031,303
Cost of sales		(5,697,480)	(5,362,074)
Gross profit		3,377,112	4,669,229
Selling and distribution costs		(424,962)	(646,468)
Administrative expenses		(3,351,929)	(3,681,127)
Other operating income	4	253,035	181,998
Exceptional costs	1	-	(234,914)
Operating (loss)/profit		(146,744)	288,718
Interest payable	7	(112,966)	(103,220)
(Loss)/Profit on ordinary activities before taxation		(259,710)	185,498
Tax on (loss)/profit on ordinary activities	8	261,030	322,402
Profit on ordinary activities after taxation		1,320	507,900
Other comprehensive income		-	-
Total comprehensive income for the year		1,320	507,900

The notes on pages 9 to 18 form part of these Financial Statements.

All amounts relate to continuing operations.

There was no material difference between the reported result and the result calculated on an historical cost basis.

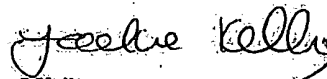
Balance Sheet
as at 24 September 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible fixed assets	9	965,776	1,065,776
Tangible fixed assets	10	1,250,190	709,478
		<u>2,215,966</u>	<u>1,775,254</u>
Current assets			
Stocks	11	3,499,923	2,586,390
Debtors	12	2,349,549	2,527,288
Cash at bank		696,073	1,168,942
		<u>6,545,545</u>	<u>6,282,620</u>
Creditors: amounts falling due within one year	13	<u>(5,269,421)</u>	<u>(5,092,708)</u>
Net current assets		<u>1,276,124</u>	<u>1,189,912</u>
Total assets less current liabilities		<u>3,492,090</u>	<u>2,965,166</u>
Creditors: amounts falling due after more than one year	14	<u>(1,447,763)</u>	<u>(922,159)</u>
Net assets		<u>2,044,327</u>	<u>2,043,007</u>
Capital and reserves			
Called up share capital	16	4,200,451	4,200,451
Profit and loss account		<u>(2,156,124)</u>	<u>(2,157,444)</u>
Shareholders' funds		<u>2,044,327</u>	<u>2,043,007</u>

The notes on pages 9 to 18 form part of these Financial Statements.

These Financial Statements were approved by the board of Directors on 26 June 2018 and were signed on its behalf by:


M Blakstad
Director


J Kelly
Director

Registered number 376071

Statement of Changes in Equity
as at the 24 September 2017

	Called up share capital £	Profit and loss account £	Shareholders' funds £
Balance at 27 September 2015	4,200,451	(2,665,344)	1,535,107
Total comprehensive income for the period	-	507,900	507,900
Balance at 25 September 2016	4,200,451	(2,157,444)	2,043,007
Balance at 25 September 2016	4,200,451	(2,157,444)	2,043,007
Total comprehensive income for the period	-	1,320	1,320
Balance at 24 September 2017	4,200,451	2,156,124	2,044,327

The notes on pages 9 to 18 form part of these Financial Statements.

Notes

(forming part of the Financial Statements)

1 Accounting policies

Oxley Developments Company Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 376071 and the registered address is Priory Park, Ulverston, Cumbria, LA12 9QG.

These Financial Statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these Financial Statements is sterling.

The Company's ultimate parent undertaking, Oxley Group Limited, includes the Company in its consolidated Financial Statements. The consolidated Financial Statements of Oxley Group Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Companies House at Crown Way, Maindy, Cardiff. In these Financial Statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

Measurement convention

The Financial Statements are prepared on the historical cost basis.

Going Concern

During the year the business was funded by a combination of loans from the principal shareholders and an invoice financing facility. Post year-end the invoice financing facility was discontinued as the Company no longer had a requirement. The Directors have prepared a three year business plan for the Company based on the remaining facilities which show that they expect the Company to be profitable over this period and remain with its facilities. For this reason, the Directors continue to prepare the Company Financial Statements on a Going Concern basis.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Basis of preparation

The financial statements have been prepared based upon the company's trading cycle of a 52 week period ending 24 September 2017 (52 weeks ended 25th September 2016) within seven days of the end of the accounting reference period of 30 September 2017 as permitted by the Companies Act 2006. Statements are prepared on a going concern basis.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts. Title of goods passes when the items are ready for despatch per contracts with customers.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Buildings	3-7 years
Plant and machinery	5 years
Fixtures, fittings, tools and equipment	3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stocks. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Notes (continued)

1 Accounting policies (continued)

Exceptional costs

The exceptional costs for prior year in the Statement of Profit and Loss and Other Comprehensive Income relate to dilapidation costs arising from the termination of two property leases that production were operating from in Barrow in Furness. The directors believe these costs to be "one-off" items in nature and not part of the underlying costs of the business.

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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

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

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Research and development

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

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

Notes (continued)

1 Accounting policies (continued)

Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

The value of expenditure deferred in the year was £nil (2016: £7,660) while the value of research & development expenditure charged to the profit and loss account in the year was £671,015 (2016: £923,624).

2 Turnover

The geographical of turnover is as follows:

	2017 £	2016 £
United Kingdom	2,464,463	2,259,324
Rest of European Union	2,955,414	4,034,630
Rest of world	3,654,715	3,737,349
	<u>9,074,592</u>	<u>10,031,303</u>

3 Expenses and auditor's remuneration

Included in profit/(loss) are the following:

	2017 £	2016 £
Restructuring costs expensed as incurred	-	234,914
Research and development expensed as incurred	<u>671,015</u>	<u>923,624</u>

Auditor's remuneration:

	2017 £	2016 £
Audit of these Financial Statements	21,200	10,800
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	3,650	3,650
All other services	<u>4,000</u>	<u>11,000</u>

4 Other Operating Income

	2017 £	2016 £
Royalties receivable	50,219	47,090
Research & development tax credits	75,332	63,999
Grant received	99,378	18,345
Other scrap sales	28,106	52,564
	<u>253,035</u>	<u>181,998</u>

Notes (continued)

5 Staff costs

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

	2017 £	2016 £
Wages and salaries	3,582,504	3,705,707
Social security costs	307,742	308,461
Other pension costs	175,647	248,269
	<u>4,065,893</u>	<u>4,262,437</u>

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

	2017 No	2016 No
Office and management	21	25
Manufacturing	128	131
	<u>149</u>	<u>156</u>

6 Directors' remuneration

	2017 £	2016 £
Emoluments	<u>221,219</u>	<u>219,153</u>
Company pension contributions to money purchase pension schemes	<u>11,219</u>	<u>20,977</u>

The highest paid Director received remuneration of £90,671 (2016: £91,685).

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid Director amounted to £6,347 (2016: £12,444). Retirement benefits are accruing to two Directors under money purchase schemes (2016: two). In 2016 pension costs reflect disclosure due to salary sacrifice incorporating employee and employers contribution. In 2017 the pension costs excludes the salary sacrifice employee element.

7 Interest payable

	2017 £	2016 £
On bank loans and overdrafts	111,381	102,080
On finance leases and hire purchase contracts	1,585	1,140
	<u>112,966</u>	<u>103,220</u>

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017 £000	2017 £000	2016 £000	2016 £000
<i>Current tax</i>				
Current tax on income for the period	(269,923)		(167,752)	
Adjustments in respect of prior periods	8,893		(154,650)	
Total current tax		(261,030)		(322,402)
<i>Deferred tax (see note 15)</i>				
Origination and reversal of timing differences				
Change in tax rate				
Total deferred tax				
Total tax		(261,030)		(322,402)

Reconciliation of effective tax rate

	2017 £	2016 £
Profit on ordinary activities after taxation	1,320	507,900
Total Tax Credit	(261,030)	(322,402)
(Loss)/Profit excluding taxation	(259,710)	185,498
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 2017: 19.5% (2016: 20%)	(50,643)	37,099
Effects of:		
Capital allowances in excess of depreciation	24,683	35,784
Expenses not deductible for tax purposes	1,011	5,828
Additional deduction for R&D expenditure	(254,101)	(315,416)
Surrender of tax losses for R&D tax credit refund	-	14,512
Surrender of group tax losses	-	45,555
Other short term timing differences	9,126	8,886
Under/(over) provision in prior years	8,894	(154,650)
Current tax credit for the year (see note above)	(261,030)	(322,402)

Factors that may affect future tax charges

The company has tax losses of £3,693,555 (2016: £3,693,555) carried forward which will reduce tax payments in future years if suitable taxable profits arise. A deferred tax asset has not been recognised in respect of these losses.

Please note that from 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 24 September 2017 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

Notes (continued)

9 Intangible fixed assets

	Development costs £
<i>Cost</i>	
At 25 September 2016	1,278,394
Additions	-
At 24 September 2017	1,278,394
<i>Amortisation</i>	
At 25 September 2016	212,618
Charge for the year	100,000
At 24 September 2017	312,618
<i>Net book value</i>	965,776
At 24 September 2017	965,776
At 25 September 2016	1,065,776

10 Tangible fixed assets

	Leasehold Improvements	Plant and machinery	Fixtures, fittings, tools and equipment	Assets in the course of construction	Total
	£	£	£	£	£
<i>Cost</i>					
At 25 September 2016	-	7,469,887	1,482,334	338,539	9,290,760
Additions	493,745	133,717	56,899	-	684,361
Transfers	151,293	187,246	-	(338,539)	-
At 24 September 2017	645,038	7,790,850	1,539,233	-	9,975,121
<i>Depreciation</i>					
At 25 September 2016	-	7,170,609	1,410,673	-	8,581,282
Charge for the year	-	96,733	46,916	-	143,649
At 24 September 2017	-	7,267,342	1,457,589	-	8,724,931
<i>Net book value</i>					
At 24 September 2017	645,038	523,508	81,644	-	1,250,190
At 25 September 2016	-	299,278	71,661	338,539	709,478

Notes (continued)

10 Tangible fixed assets (continued)

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

	2017 £	2016 £
Plant and machinery	38,009	56,831
	<u>38,009</u>	<u>56,831</u>

11 Stocks

	2017 £	2016 £
Raw materials	917,138	752,675
Work in progress	2,107,826	1,514,850
Finished goods and goods on sale	474,959	318,865
	<u>3,499,923</u>	<u>2,586,390</u>

12 Debtors

	2017 £	2016 £
Trade debtors	1,298,519	1,594,517
Amounts owed by group undertakings	170,332	404,298
Other debtors	136,155	73,697
Prepayments and accrued income	106,159	108,060
Social security and other taxes VAT	177,354	178,964
Corporation Tax	461,030	167,752
	<u>2,349,549</u>	<u>2,527,288</u>

13 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	-	88,167
Net obligations under finance leases and hire purchase contracts	11,456	11,116
Trade creditors	1,470,353	894,518
Amounts owed to group undertakings	2,825,261	2,855,244
Social security and other taxes	82,182	84,134
Accruals and deferred income	880,169	1,159,529
	<u>5,269,421</u>	<u>5,092,708</u>

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other Creditors	1,436,731	899,636
Net obligations under finance leases and hire purchase contracts	11,032	22,523
	<u>1,447,763</u>	<u>922,159</u>

Obligations under finance leases and hire purchase contracts included above are payable as follows:

	2017 £	2016 £
Between one and five years	11,032	22,523

Obligations under finance leases are secured on the relevant asset. Payments are made by monthly instalment until August 2019. Interest rate applied to the lease at 2.67% (2016: 2.67%)

15 Deferred taxation

No deferred tax was provided at the start and the end of the year, as it was not considered appropriate to provide for a deferred tax asset in respect of trading losses (see note 8).

16 Share capital

	2017 £	2016 £
Authorised, allotted, called up and fully paid 42,004,510 Ordinary shares of £0.10 each	4,200,451	4,200,451

17 Pension commitments

During the year, the company made contributions of £176,728 (2016: £259,287) to defined contribution schemes

The assets of the pension schemes are held separately from those of the company in independently administered funds.

18 Operating leases commitment

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings	
	2017 £	2016 £
Less than one year	37,653	69,523
Between one and five years	46,656	26,556
More than five years	-	-
	<u>84,309</u>	<u>96,079</u>

19 Related party transactions

The Company occupies premises, the freehold of which is owned by TRAD Limited, a company under common control. The lease agreement has expired new terms are in the process of being agreed the rental charge is being maintained at £105,400 per annum (2016: £105,400). The amount outstanding as at 24 September 2017 was £nil (2016: £nil).

Notes (continued)

19 Related party transactions (continued)

Oxley Developments Company Limited is a wholly owed subsidiary of Oxley Group Limited and therefore the exemption has been taken to not present intercompany trade in these Financial Statements as permitted by FRS 102 section 33.7.

20 Ultimate parent undertaking and controlling party

The company is controlled by Oxley Group Limited.

In the opinion of the Directors the ultimate parent company is Oxley International Inc, a company incorporated in Panama.

Consolidated Financial Statements are not prepared by Oxley International Inc and therefore Oxley Group Limited's Financial Statements are the consolidated Financial Statements of the largest and smallest Group of which the company is a member. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.

21 Accounting estimates and judgements

Key sources of estimation uncertainty

The Directors consider the key judgements and uncertainties relevant to the Financial Statements to be in respect to the carrying value of stock and debtors. In both cases, the Directors apply their experience and knowledge of the industry to determine whether the carrying values are appropriate, and where necessary make provisions to reduce the carrying value.