

**ADVANCED FIBREOPTIC ENGINEERING LIMITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 30 JUNE 2018**

**ADVANCED FIBROPTIC ENGINEERING LIMITED**  
**REGISTERED NUMBER: 05469396**

**BALANCE SHEET**  
**AS AT 30 JUNE 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	4	126,068	108,210
Tangible assets	5	595,119	366,429
		<hr/>	<hr/>
		721,187	474,639
<b>Current assets</b>			
Stocks	6	567,838	450,158
Debtors	7	1,787,676	1,563,212
Cash at bank and in hand	8	65,557	434,971
		<hr/>	<hr/>
		2,421,071	2,448,341
Creditors: amounts falling due within one year	9	(586,696)	(820,190)
		<hr/>	<hr/>
<b>Net current assets</b>		1,834,375	1,628,151
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		2,555,562	2,102,790
<b>Provisions for liabilities</b>			
Deferred tax	11	(99,251)	(79,989)
Other provisions	12	(167,000)	(167,000)
		<hr/>	<hr/>
		(266,251)	(246,989)
		<hr/>	<hr/>
<b>Net assets</b>		2,289,311	1,855,801
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital		100,000	100,000
Profit and loss account		2,189,311	1,755,801
		<hr/>	<hr/>
		2,289,311	1,855,801
		<hr/>	<hr/>

**ADVANCED FIBREOPTIC ENGINEERING LIMITED**  
**REGISTERED NUMBER: 05469396**

**BALANCE SHEET (CONTINUED)**  
**AS AT 30 JUNE 2018**

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....  
**N Martin**  
Director

Date: 9 January 2019

The notes on pages 3 to 12 form part of these financial statements.

# **ADVANCED FIBREOPTIC ENGINEERING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

### **1. General information**

Advanced Fibreoptic Engineering is a company limited by its shares and incorporated in England and Wales. The registered office is Unit 2 & 3 Glebe Court, West Oxfordshire Business Park, Carterton, OX18 3FX. The principal activity of the business is the manufacturing of electronic components.

### **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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

#### **2.2 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**2. Accounting policies (continued)**

**2.3 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.

**2.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**2.5 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**2. Accounting policies (continued)**

**2.6 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 balance sheet 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 Balance Sheet date, except that:

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

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

**2.7 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.8 Development costs**

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on a straight-line basis over the anticipated life of the benefits arising from the completed product or project which varies from 3-10 years.

**2.9 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**2. Accounting policies (continued)**

**2.10 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Leasehold Improvements	- 10% straight line
Plant & machinery	- 15% reducing balance
Motor vehicles	- 33% straight line
Fixtures & fittings	- 15% reducing balance / 33% straight line

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.

**2.11 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.

**2.12 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.

**2.13 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.

**2.14 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 Balance Sheet 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 Balance Sheet.

**2.15 Financial instruments**

The Company 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**2. Accounting policies (continued)**

**2.15 Financial instruments (continued)**

The Company also enters into forward foreign exchange contracts which are not basic financial instruments. These are initially recognised at fair value on the date a forward contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for foreign exchange derivatives.

**2.16 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.17 Change in accounting estimate**

The company has reassessed the useful economic lives of research and development projects to reflect a more realistic project length. This has had the effect of reducing the amortisation charge in the year by £10,800 in the current year.

**3. Employees**

The average monthly number of employees, including directors, during the year was 35 (2017 - 31).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**4. Intangible assets**

	Know how £	Develop-ment £	Total £
<b>Cost</b>			
At 1 July 2017	20,000	538,467	558,467
Additions	-	70,897	70,897
Disposals	-	(162,360)	(162,360)
	<hr/>	<hr/>	<hr/>
At 30 June 2018	20,000	447,004	467,004
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 July 2017	20,000	430,257	450,257
Charge for the year	-	46,123	46,123
On disposals	-	(162,360)	(162,360)
Impairment charge	-	6,916	6,916
	<hr/>	<hr/>	<hr/>
At 30 June 2018	20,000	320,936	340,936
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 June 2018	<hr/> <hr/> -	<hr/> <hr/> 126,068	<hr/> <hr/> 126,068
At 30 June 2017	<hr/> <hr/> -	<hr/> <hr/> 108,210	<hr/> <hr/> 108,210

ADVANCED FIBREOPTIC ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

5. Tangible fixed assets

	Leasehold improve-ments £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>					
At 1 July 2017	169,708	611,892	21,563	295,028	1,098,191
Additions	253,852	55,647	-	82,804	392,303
Disposals	(5,882)	(121,310)	(2,759)	(123,815)	(253,766)
Transfers between classes	(417,678)	-	-	417,678	-
At 30 June 2018	-	546,229	18,804	671,695	1,236,728
<b>Depreciation</b>					
At 1 July 2017	1,653	448,079	15,404	266,626	731,762
Charge for the year on owned assets	-	29,861	6,159	53,912	89,932
Disposals	(1,653)	(98,145)	(2,759)	(106,402)	(208,959)
Impairment charge	-	27,565	-	1,309	28,874
At 30 June 2018	-	407,360	18,804	215,445	641,609
<b>Net book value</b>					
At 30 June 2018	-	138,869	-	456,250	595,119
At 30 June 2017	168,055	163,813	6,159	28,402	366,429

6. Stocks

	2018 £	2017 £
Raw materials and consumables	397,331	361,089
Work in progress (goods to be sold)	106,757	50,481
Finished goods and goods for resale	63,750	38,588
	<u>567,838</u>	<u>450,158</u>

During the year ended 30 June 2018 finished goods of £63,750 were reclassified from raw materials and consumables for presentational purposes. This has no effect on the net assets of the company. The comparative figure of £38,588 has been reclassified in the prior year.

Included within the above balance is an impairment of £13,306 (2017: £23,772).

**ADVANCED FIBREOPTIC ENGINEERING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**7. Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,291,442</b>	1,019,786
Amounts owed by group undertakings	<b>356,957</b>	352,925
Other debtors	<b>76,208</b>	137,760
Prepayments and accrued income	<b>63,069</b>	46,302
Financial instruments	<b>-</b>	6,439
	<hr/> <b>1,787,676</b> <hr/>	<hr/> <b>1,563,212</b> <hr/>

Amounts owed by group undertakings are repayable on demand and not interest bearing.

**8. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>65,557</b>	434,971
Less: bank overdrafts	<b>(31,588)</b>	(175)
	<hr/> <b>33,969</b> <hr/>	<hr/> <b>434,796</b> <hr/>

**9. Creditors: Amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	<b>31,588</b>	175
Trade creditors	<b>409,456</b>	542,154
Corporation tax	<b>41,306</b>	72,870
Other taxation and social security	<b>41,690</b>	46,254
Other creditors	<b>3,927</b>	9,039
Accruals and deferred income	<b>24,675</b>	149,698
Financial instruments	<b>34,054</b>	-
	<hr/> <b>586,696</b> <hr/>	<hr/> <b>820,190</b> <hr/>

ADVANCED FIBREOPTIC ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

10. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>(34,054)</u>	<u>6,459</u>

Financial assets measured at fair value through profit or loss comprise of the fair value gain on the forward contracts held by the Company at the year end.

As at 30 June 2018, the Company was committed to the sale of foreign currency amounting to £750,260 (2017: £733,805).

11. Deferred taxation

	2018 £
At beginning of year	(79,989)
Charged to profit or loss	(19,262)
<b>At end of year</b>	<u><u>(99,251)</u></u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(91,219)	(72,876)
Short term timing differences	(8,032)	(7,113)
	<u><u>(99,251)</u></u>	<u><u>(79,989)</u></u>

12. Provisions

	Provisions £
At 1 July 2017	<u>167,000</u>
<b>At 30 June 2018</b>	<u><u>167,000</u></u>

The Company has provided for the expected costs of restoration of its leasehold properties following the expiration of this lease.

**ADVANCED FIBREOPTIC ENGINEERING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**13. Capital commitments**

At 30 June 2018 the Company had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<b>2,500</b>	-
	<u><b>2,500</b></u>	<u>-</u>

**14. Pension commitments**

The Company operates a defined contribution scheme at a cost during the year to the Company of £64,708 (2017: £52,611) with £10,425 outstanding at the year end (2017: £17,495).

**15. Related party transactions**

At the year end, the Company was owed £356,957 (2017: £352,925) by its parent company, Adfen Investments Limited.

**16. Controlling party**

The ultimate parent undertaking is Adfen Investments Limited. The registered office is Units 2 & 3 Glebe Court, West Oxfordshire Business Park, Carterton, OX18 3FX. There is no one ultimate controlling party.

**17. Auditor's information**

The auditor's report on the financial statements for the year ended 30 June 2018 was unqualified.

The audit report was signed on 14 January 2019 by Sue Staunton MA FCA CF (Senior Statutory Auditor) on behalf of James Cowper Kreston.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.