Registered No: 02736925

Variohm-Eurosensor Limited

Report and Financial Statements

For the year ended 31 March 2019

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FOR THE YEAR ENDED 31 MARCH 2019

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COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019

DIRECTORS:	C Donoghue G Pattison S M Gibbins
SECRETARY:	G Davidson
REGISTERED OFFICE:	2 Chancellor Court Occam Road Surrey Research Park Guildford Surrey GU2 7AH
REGISTERED NUMBER:	02736925 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Statutory Auditors 1 Embankment Place London WC2N 6RH

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The directors present their strategic report for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company in the year under review was that of the sale of electronic sensors. The company is a private limited company and is incorporated and domiciled in the United Kingdom.

The company's key financial and other performance indicators, as used by management in reviewing the performance of the business for the period, are as follows:

	2019	*2018*	*Change*
Turnover (£000)	15,223	14,113	7.9%
Gross margin	32.5%	32.1%	0.4ppt
Operating profit (£000)	1,348	1,362	(1%)
Average monthly number of employees	59	54	9.2%
Net assets (£000)	3,002	3,703	(23.3%)

The directors do not anticipate any change in the principal activity of the company in the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressures in the market produce risks for both the company and the customers of the company and this could lead to further price pressure and the loss of customers. The company manages these risks by constantly reviewing costs and ensuring rapid responses to any changes in market and customer needs.

Financial risk

The company has purchases and sales in Europe and the US and therefore has some exposure to currency risk. Exposure is minimised through trading in those currencies and using forward contracts entered in to by other group undertakings.

Aside from working capital, the company does not have any other financial instruments. The financial risk management policies and procedures are centred on price risk, credit risk, liquidity risk and cash flow risk. In the view of the directors, these are held to minimise risks, which are managed by:
- hedging of foreign exchange exposures by use of forward exchange rate contracts;
- effective credit control procedure in place which limit exposure to credit risk;
- regular monitoring of cash flow against forecast and expected liquidity; and
- availability of short term finance through group resources if needed.

SIGNED ON BEHALF OF THE BOARD:

....
G Pattison - Director

Date: 20 DECEMBER 2019

The directors present their report with the audited financial statements of the company for the year ended 31 March 2019.

RESULTS AND DIVIDENDS

The profit for the financial year after taxation amounted to £999,000 (2018 - £1,090,000). A dividend of £1,700,000 was paid during the year (2018: £Nil). As at 31 March 2019, shareholders' funds total £3,002,000 (31 March 2018: £3,703,000).

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, financial performance and position are described in the Strategic Report on page 2. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the company continues to adopt the going concern basis in preparing the financial statements.

FUTURE DEVELOPMENTS

The directors do not anticipate any change in the principal activity of the company in the foreseeable future.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

C Donoghue
G Pattison
S M Gibbins

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

Pursuant to section 487 of the companies Act 2006, the auditors will be deemed reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

SIGNED ON BEHALF OF THE BOARD:

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G Pattison - Director

Date: 20 DECEMBER 2019

Report on the audit of the financial statements

Opinion

In our opinion, Variohm-Eurosensor Limited's 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the profit & loss account, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities. With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

Richard Porter

Richard Porter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 December 2019

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
TURNOVER	3	15,223	14,113
Cost of sales		(10,278)	(9,577)
GROSS PROFIT		4,945	4,536
Distribution costs		(83)	(92)
Administrative expenses		(3,514)	(3,082)
OPERATING PROFIT and PROFIT BEFORE TAXATION	5	1,348	1,362
Tax on profit	7	(349)	(272)
PROFIT FOR THE FINANCIAL YEAR		999	1,090

The notes form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £'000	2018 £'000
PROFIT FOR THE FINANCIAL YEAR	999	1,090
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	999	1,090

The notes form part of these financial statements

BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £'000	2018 £'000
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	90	52
		90	52
CURRENT ASSETS			
Stocks	11	1,730	1,598
Debtors: amounts falling due within one year	12	3,666	3,467
Cash at bank and in hand		982	906
		6,378	5,971
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(3,466)	(2,320)
NET CURRENT ASSETS		2,912	3,651
NET ASSETS		3,002	3,703
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Retained earnings	18	3,002	3,703
TOTAL SHAREHOLDERS' FUNDS		3,002	3,703

The financial statements on pages 8 to 21 were approved by the Board of Directors on

20 DECEMBER 2019 ..... and were signed on its behalf by:

....

G Pattison - Director

The notes form part of these financial statements

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017	-	2,613	2,613
Changes in equity			
Profit and Total comprehensive income for the year	-	1,090	1,090
Balance at 31 March 2018	-	3,703	3,703
Changes in equity			
Dividends	-	(1,700)	(1,700)
Profit and Total comprehensive income for the year	-	999	999
Balance at 31 March 2019	-	3,002	3,002

The notes form part of these financial statements

1. STATUTORY INFORMATION

Variohm-Eurosensor Limited is a private company, limited by shares, incorporated and registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. The company's usual place of business is Williams Barn, Tiffield Road, Towcester, Northamptonshire, NN12 6HP.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1; and
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f) and 39(c) of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is a party to the transactions is wholly owned by such a member.

The company's ultimate parent undertaking, discoverIE Group plc, includes the company in its consolidated financial statements. The consolidated financial statements of discoverIE Group plc are prepared in accordance with International Financial Reporting Standard and are available to be publicly and may be obtained from 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey GU2 7AH.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the company continues to adopt the going concern basis in preparing the financial statements.

Impact of new international reporting standards, amendments and interpretations

IFRS 9

The Company has adopted IFRS 9 Financial Instruments from 1 April 2018. IFRS 9 replaces IAS 39 "Financial instruments: recognition and measurement" for annual periods beginning on or after 1 January 2018, which covers the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The company has applied IFRS 9 retrospectively.

The impact of the application of IFRS 9 was not material to the net assets or profit for the period or prior period.

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2. **ACCOUNTING POLICIES - continued**

IFRS 15

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018. IFRS 15 provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. It replaces the separate models for goods, services and construction contracts previously included in IAS 11 Construction Contracts and IAS 18 Revenue. Performance obligations are clear and transaction prices are even over the period to which they relate. This does not represent a change to the company's accounting policy and therefore, the adoption of IFRS 15 does not have an impact on the timing of revenue recognition.

Revenue recognition

In accordance with IFRS 15, a five-step approach is taken for recognising revenue from contracts with customers. The amount of revenue recorded represents the fair value of the consideration received or receivable, after deducting discounts, VAT and similar taxes levied overseas. Revenue is recognised in line with the performance of the contractual obligations by the company as follows:

a) Revenue from the sale of products is recognised upon transfer of control to the customer upon completion of specified performance obligations. This is generally when goods are dispatched to customers;

b) Revenue from rendering of services, which primarily comprise maintenance and outsourcing contracts, is recognised over the life of the contract reflecting performance of the contractual obligations to the customer;

c) Interest income is recognised as the interest accrues using the effective interest method;

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings - 25% on cost

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each Balance Sheet date. The selection of these residual values and estimated lives requires the exercise of judgement. The directors are required to assess whether there is an indication of impairment to the carrying value of assets. In making that assessment, judgements are made in estimating value in use. The directors consider that the individual carrying values of assets are supportable by their value in use.

Financial instruments

Derivative financial instruments

The company uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. It principally employs forward foreign exchange contracts to hedge the risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. The company does not enter into speculative derivative contracts. The company does not apply hedge accounting and reports movement in derivatives at fair value through profit and loss.

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2. ACCOUNTING POLICIES - continued

Financial assets
Beginning 1 April 2018, the company classifies its financial assets in the following measurement categories:

1. those to be measured at amortised cost; and
2. those to be measured subsequently at fair value through profit or loss.

The classification depends on the company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.
For assets measured at fair values, gains or losses will either be recorded in profit or loss or other comprehensive income.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement
Financial assets mainly comprise of "trade debtors", "other current assets (excluding prepayments and VAT receivables", and "cash at bank and in hand" in the balance sheet.

Financial assets are subsequently measured based on the classification as follows:
Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

FVTPL: Derivative financial instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income that is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. The company applies the IFRS 9 simplified approach and uses a provision matrix to measure expected credit loss which uses a lifetime expected loss allowance for all trade receivables.
Prior to 1 April 2018, the company classified non-derivative financial assets with fixed or determinable payments as Loans and receivables. They were included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables were presented in debtors in the balance sheet.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and the liability simultaneously

Financial liabilities
Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

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2. **ACCOUNTING POLICIES - continued**

Trade and other debtors
Trade receivables are assessed for impairment in accordance with IFRS 9 'Financial instruments'. This requires consideration of both historical and forward looking information when considering potential impairment of trade receivables. The company has opted to use the simplified approach allowed under IFRS9, which requires the calculation of a lifetime expected credit loss. A provision matrix has been created to calculate an expected credit loss. This matrix is based upon historical observed default rates adjusted for forward looking information to create an adjusted default rate. This adjusted default rate is used to calculate an expected credit loss and is compared with the bad debts written off during the previous 36 months. In addition to the expected credit loss, provision is made where there is objective evidence that a receivable balance may be impaired. Such evidence may include a significant change in the credit risk profile of a customer, debt that has become significantly overdue or contract default. Trade receivables are written off where there is no reasonable expectation of recovery, such as bankruptcy proceedings.

Creditors
Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the Balance Sheet date.

Deferred Tax
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

continued...

2. ACCOUNTING POLICIES - continued

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Employee benefit costs
The company pays pension contributions to the defined contribution scheme of certain employees. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions payable for the period are charged in the Profit and Loss account.

Significant judgements and estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The significant estimates and assumptions are made in relation to inventory provisioning and impairment of trade debtors and are reviewed on an on-going basis and are based on historical experience and various other factors that are considered reasonable under the circumstances.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019	2018
	£'000	£'000
UK	6,314	6,067
Europe	7,728	6,862
North America	608	669
Middle East	228	160
Asia Pan-Pacific	309	305
South Africa	23	27
ROW	13	23
	15,223	14,113

continued...

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£'000	£'000
Wages and salaries	2,027	1,762
Social security costs	244	208
Other pension costs	95	84
	2,366	2,054

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

	2019	2018
	No.	No.
Staff	39	39
Production	20	16
	59	54

	2019	2018
	£	£
Directors' remuneration	282,410	202,418
Directors' pension contributions to money purchase schemes	49,975	19,499

The number of directors to whom retirement benefits were accruing was as follows:

	2019	2018
Money purchase schemes	2	2

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Remuneration	168,363	141,600
Pension contributions to money purchase schemes	43,150	12,417

5. OPERATING PROFIT AND PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2019	2018
	£'000	£'000
Cost of inventories recognised as expense	10,278	9,577
Depreciation - owned assets	52	52
Depreciation - assets on hire purchase contracts	5	4

continued...

6. INDEPENDENT AUDITORS' REMUNERATION

	2019 £'000	2018 £'000
Fees payable to the company's auditors for the audit of the company's financial statements	33	14

7. TAX ON PROFIT

Analysis of tax on profit

	2019 £'000	2018 £'000
Current tax:		
Tax	263	250
Under provision in prior year	92	32
Total current tax	355	282
Deferred tax	(6)	(10)
Total tax expense on profit	349	272

Factors affecting the tax expense
The tax assessed for the year is higher (2018 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £'000	2018 £'000
Profit before income tax	1,348	1,362
Profit before income tax multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	256	259
Effects of:		
Disallowable expenses	(6)	(19)
Under provision in prior year	92	32
Other factors	7	-
Tax expense	349	272

Factors affecting future tax charges
A reduction in the UK corporation tax rate to 17% had been substantively enacted at 1 April 2017 but, before this becomes effective from 1 April 2020, a rate of 19% will be applicable.

continued...

8. DIVIDENDS

	2019	2018
	£'000	£'000
Interim	1,700	-

An interim dividend of £850,000 per share was declared during the year (No dividends were declared in year ended 31 March 2018

9. INTANGIBLE ASSETS

	Goodwill
	£'000
COST	
At 1 April 2018 and 31 March 2019	963
ACCUMULATED AMORTISATION	
At 1 April 2018 and 31 March 2019	963
NET BOOK VALUE	
At 31 March 2019	-
At 31 March 2018	-

10. TANGIBLE ASSETS

	Fixtures and fittings
	£'000
COST	
At 1 April 2018	402
Additions	95
At 31 March 2019	497
ACCUMULATED DEPRECIATION	
At 1 April 2018	350
Charge for year	57
At 31 March 2019	407
NET BOOK VALUE	
At 31 March 2019	90
At 31 March 2018	52

The net book value of tangible assets includes £2,936 (2018 - £7,339) in respect of assets held under hire purchase contracts.

All assets held under hire purchase contracts are contained within the Fixtures and Fittings asset class.

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11. STOCKS

	2019	2018
	£'000	£'000
Finished goods	1,730	1,598

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Trade debtors	2,448	2,331
Amounts owed by group undertakings	1,054	1,054
Other debtors	84	-
Deferred tax asset	9	3
Prepayments and accrued income	71	79
	3,666	3,467

Amounts from group undertakings are unsecured, repayable on demand, and bear no interest.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Hire purchase contracts (see note 15)	1	1
Trade creditors	2,593	1,580
Tax	356	255
Social security and other taxes	213	273
Other creditors	69	33
Accruals and deferred income	234	178
	3,466	2,320

14. FINANCIAL LIABILITIES - BORROWINGS

	2019	2018
	£'000	£'000
Current:		
Hire purchase (see note 17)	1	1

Terms and debt repayment schedule

	2019 1 year or less £'000
Hire purchase	1

15. HIRE PURCHASE AND LEASING COMMITMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£'000	£'000
Net obligations repayable:		
Within one year	1	1

continued...

15. HIRE PURCHASE AND LEASING COMMITMENTS – continued

	Non-cancellable operating leases	
	2019	2018
	£'000	£'000
Within one year	99	2
Between one and five years	353	-
In more than five years	241	-
	693	0

16. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£'000	£'000
Hire purchase contracts	1	1

Borrowing under Hire purchase contracts are secured on the related assets.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
2 (2018: 2)	Ordinary	£1	2	2

As set out in the Articles of Association, the shares of the company shall rank pari-passu in all respects.

continued...

18. RETAINED EARNINGS

	Retained earnings £'000
At 1 April 2018	3,703
Profit for the financial year	999
Dividends	(1,700)
At 31 March 2019	3,002

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charged represents contributions payable by the company to the fund and amounted to £95,000 (2018 - £84,000).

20. GUARANTEES

The Company is a guarantor to the Group's £180m Revolving Credit Facility which is provided by a syndicate of banks.

21. PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The immediate parent is Variohm Holdings Limited, a company registered in England and Wales.

The ultimate controlling party and parent undertaking of the smallest and largest group that prepares group financial statements and of which the company is a member is discoverIE Group plc. Copies of the group financial statements of discoverIE Group plc can be obtained from 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey GU2 7AH.