

14 October 2019

Romax Technology Limited

**Annual report and consolidated
financial statements**
Registered number 02345696
31 March 2019

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Strategic report

The principal activity of the Group is to provide technical solutions in the form of software and engineering consultancy services, specifically in drivetrain and electro-mechanical drive systems on both a national and international basis.

The key performance indicators used by management to assess the development of the business are analysed below:

Turnover for the year ended 31 March 2019 was £19.2m (2018: £16.0m).

The operating loss for the year ended 31 March 2019 was £0.1m (2018: £0.4m loss).

Operating cash inflow before tax for the year ended 31 March 2019 was £2.3m (2018: £1.0m inflow).

The group has net current assets of £3.2m (2018: £3.0m), including £6.3m (2018: £3.8m) of cash at bank and in hand.

Average headcount, one of the Group's key non-financial measures increased from 220 at 31 March 2018 to 230 at 31 March 2019.

During the year £0.3m (2018: £0.3m) of government grants, which are presented within Other operating income and expenses, were received to support some of our specific research and development activities.

The directors remain confident of continued development and growth within the existing business, both in the UK and overseas operations.

Key performance indicators

The Directors monitor a number of financial key performance indicators including invoicing contract backlog, revenue and sales pipeline growth, operating profit and cash generated from operations. The directors also monitor non-financial key performance indicators including customer satisfaction levels, headcount, pipeline growth, staff utilisation and retention.

Principal risks and uncertainties

The following are the principal risks to the achievement of the Group's strategic objectives. The Group has risk management processes in place for risks across the business.

Brexit

The directors do not currently anticipate any significant impact on the Company's trading following the UK referendum on Brexit, given that trade between the UK and the EU is limited.

Customers and markets

The Group is dependent on a dynamic market place exposed to many external pressures and macroeconomic factors, which could result in delayed orders or loss of business. These risks are mitigated by a broad diversification across a variety of sectors and regions.

Technology and innovation

The business has to continually innovate and develop new technologies to meet customer needs and to maintain its market position. To manage this risk, the business invests in conjunction with key customers and partners, a substantial amount of resources on research and technology development.

People

Attracting and retaining the best talent is essential to delivering the strategy. This risk is managed via proactive recruitment and internal talent management.

Contract performance

A significant proportion of the Group's revenue arises from fixed price consultancy contracts exposed to reduced margins if costs and liabilities to complete these contracts increase from their initial estimates. These risks are proactively managed by clearly defined bid controls and project management processes.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

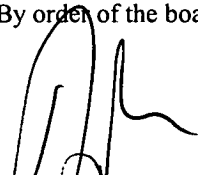
Compliance with laws and regulations

The Group's activities are subject to a wide range of international laws and regulations, and third parties may obtain patent or other proprietary rights that could restrict our ability to sell our products or services. To mitigate these risks, the Group takes external professional advice where considered necessary and actively certifies the origins of its products and services through patent searches and protections

Financial risks

The principal financial risks are disclosed in the directors' report.

By order of the board



Mr A Peon
Director

14 October 2019

Directors' report

Principal activities

The principal activity of the Group is to provide technical solutions in the form of software and engineering consultancy services, specifically in drivetrain and electro-mechanical drive systems on both a national and international basis.

The subsidiary and associated undertakings of the Group in the year are listed in note 11 to the financial statements.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of the signing of this report.

The Group's forecast and projections are based on current performance conditions where the business is trading in line with expectations. Future available cash has been determined by applying conservative assumptions to the Group's forecasts and projections, taking account of downside risks of future trading performance. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 1 of the financial statements.

Financial risk management

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Group does not use derivative financial instruments.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign exchange forward contracts are not used to hedge these risks and net exchange rate risk is reviewed after natural hedging on a contract basis.

Credit risk

The Group's principal financial assets are bank balances, cash and trade receivables.

The principal credit risk is in respect of its trade receivables. Contract cash flow is actively monitored and terms include upfront payments to ensure projects remain cash positive over the delivery period wherever possible.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long and short term finance which is made available from finance companies, investors and its bankers. Further details regarding the liquidity risk can be found in the statement of accounting policies in the financial statements.

Dividends

The directors recommend that no dividend be paid on the ordinary shares (2018: £nil).

Directors' report *(continued)*

Directors

The directors, who served throughout the year and subsequently, were as follows:

Dr SY Poon
Mr A Poon
Mr D Poon
Mr J Behrendt
Mr M Wells (resigned 1 March 2019)
Mr J Lowther
Dr X Hu
Mr R Poon

Company Secretary: Eight Roads Services (UK) Limited

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. This is achieved through regular formal and informal communication meetings, along with the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

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.


Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

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



Mr A Poon
Director

Romax Technology Limited
Romax Technology Centre
University of Nottingham Innovation Park
Nottingham
NG7 2TU

14 October 2019

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Romax Technology Limited

Opinion

We have audited the financial statements of Romax Technology Limited ("the company") for the year ended 31 March 2019 which comprise the consolidated profit and loss account and other comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement 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 group's and of the parent company's affairs as at 31 March 2019 and of the group's loss 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 group 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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:



Independent auditor's report to the members of Romax Technology Limited *(continued)*

- 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 5, 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 group and parent 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 group or the parent 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 Financial Reporting Council'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.

Anthony Hambleton *(Senior Statutory Auditor)*

*for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ*

Dated: 14 October 2019

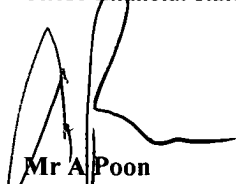
Consolidated profit and loss account and other comprehensive income
for the year ended 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	2	19,208	16,035
Cost of sales		(7,513)	(5,917)
Gross profit		11,695	10,118
Administrative expenses		(12,071)	(10,782)
Other operating income and expense	3	256	309
Group operating loss		(120)	(355)
Other interest receivable and similar income	7	7	4
Loss before taxation		(113)	(351)
Tax on loss	8	70	27
Loss for the financial year		(43)	(324)
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		10	(113)
Other comprehensive income for the year, net of income tax		10	(113)
Total comprehensive deficit for the year		(33)	(437)

Consolidated balance sheet
at 31 March 2019

	<i>Note</i>	2019		2018	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	<i>9</i>	16		170	
Tangible assets	<i>10</i>	455		596	
Investments	<i>11</i>	1		1	
		<hr/>		<hr/>	
			472		767
Current assets					
Debtors	<i>12</i>	8,679		7,216	
Cash at bank and in hand	<i>13</i>	6,306		3,794	
		<hr/>		<hr/>	
		14,985		11,010	
Creditors: amounts falling due within one year	<i>14</i>	(11,769)		(8,056)	
		<hr/>		<hr/>	
Net current assets			3,216		2,954
			<hr/>		<hr/>
Net assets			3,688		3,721
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	<i>17</i>		31		31
Capital redemption reserve			71		71
Profit and loss account			3,586		3,619
			<hr/>		<hr/>
Shareholders' funds			3,688		3,721
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the board of directors on 14 October 2019 and were signed on its behalf by:


Mr A Poon
Director

Company registered number: 02345696

Company balance sheet
at 31 March 2019

	<i>Note</i>	2019		2018	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9	11		153	
Tangible assets	10	301		373	
Investments	11	193		192	
		<hr/>		<hr/>	
			505		718
Current assets					
Debtors	12	9,613		7,273	
Cash at bank and in hand		2,678		2,114	
		<hr/>		<hr/>	
		12,291		9,387	
Creditors: amounts falling due within one year	14	(7,891)		(5,734)	
		<hr/>		<hr/>	
Net current assets			4,400		3,653
			<hr/>		<hr/>
Net assets			4,905		4,371
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	17		31		31
Capital redemption reserve			71		71
Profit and loss account			4,803		4,269
			<hr/>		<hr/>
Shareholders' funds			4,905		4,371
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the board of directors on 14 October 2019 and were signed on its behalf by:


Mr A Poon
Director

Company registered number: 02345696

Consolidated statement of changes in equity

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	31	71	4,056	4,158
Total comprehensive income for the year				
Loss for the year	-	-	(324)	(324)
<i>Other comprehensive income</i>				
Foreign exchange differences on translation of foreign operations	-	-	(113)	(113)
	-----	-----	-----	-----
Total comprehensive income for the year	-	-	(437)	(437)
	-----	-----	-----	-----
Balance at 31 March 2018	31	71	3,619	3,721
	=====	=====	=====	=====
	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2018	31	71	3,619	3,721
Total comprehensive income for the year				
Loss for the year	-	-	(43)	(43)
<i>Other comprehensive income</i>				
Foreign exchange differences on translation of foreign operations	-	-	10	10
	-----	-----	-----	-----
Total comprehensive income for the year	-	-	(33)	(33)
	-----	-----	-----	-----
Balance at 31 March 2019	31	71	3,586	3,688
	=====	=====	=====	=====

Company statement of changes in equity

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	31	71	3,534	3,636
Total comprehensive income for the year				
Profit for the year	-	-	735	735
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	735	735
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	31	71	4,269	4,371
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2018	31	71	4,269	4,371
Total comprehensive income for the year				
Profit for the year	-	-	534	534
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	534	534
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	31	71	4,803	4,905
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Consolidated cash flow statement
for year ended 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Cash flows from operating activities			
Loss for the year		(43)	(324)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	9,10	490	475
Interest receivable and similar income	7	(7)	(4)
Loss on disposal of tangible fixed assets	10	34	-
Taxation		(70)	(27)
		404	120
(Increase)/decrease in trade and other debtors		(1,697)	2,701
Increase/(decrease) in trade and other creditors		3,616	(1,869)
		2,323	952
Tax refund/(paid)		317	(360)
		2,640	592
Net cash inflow from operating activities			
Cash flows from investing activities			
Interest received	7	7	4
Acquisition of tangible fixed assets		(220)	(277)
Acquisition of other intangible assets		(2)	(9)
Acquisition of investments		-	-
		(215)	(282)
Net cash from investing activities			
Cash flows from financing activities			
Interest paid		-	-
Dividend paid		-	-
		-	-
Net cash from financing activities			
Net increase in cash and cash equivalents		2,425	310
Cash and cash equivalents at 1 April		3,794	3,645
Effect of exchange rate fluctuations on cash held		87	(161)
		6,306	3,794
Cash and cash equivalents at 31 March	<i>13</i>	6,306	3,794

Notes

(forming part of the financial statements)

1 Accounting policies

Romax Technology Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK. The registered number is 02345696 and the registered address is Romax Technology Centre, University of Nottingham Innovation Park, Nottingham, NG7 2TU

These Group and parent company 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”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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 23.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The strategic report and the directors' report on pages 1 to 4 describe the financial position of the group; its cash flows, liquidity position, the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the financial statements. The group also has a large cash balance and is unlikely to consume this in the next twelve months. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors holds between 20% and 50% of the equity voting rights.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4. Foreign currency

Transactions in foreign currencies are translated to the Group companies' 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. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.5. Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

1.6. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The company assesses at each reporting date whether tangible fixed assets 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:

Leasehold land and buildings	- 20 years' straight line
Computer equipment	- straight line 3 to 5 years
Motor vehicles	- straight line over 5 years
Leasehold improvements	- straight line 5 to 7 years
Office equipment	- straight line over 5 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.

1.8. Intangible fixed assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- computer software 5 years

The basis for choosing these useful lives is technology advancements.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

1.9. Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Notes (continued)

1 Accounting policies (continued)

1.10. Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11. Employee benefits

Defined contribution plans

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12. Turnover

Turnover is stated net of VAT and trade discounts.

Supply of services

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Any loss is immediately recognised.

Supply of goods

Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Where a sale transaction is for goods and services (typically the sale of a perpetual software licence with a support package), the sale transaction is unbundled using the residual fair value method. Under this method, the fair value of the support package is initially deferred and recognised over the period of the contract. The remaining revenue is allocated to the sale of the software licence and recognised at the point that a customer is provided with a licence.

1.13. Expenses

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.

Interest receivable and interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14. 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 provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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.

Notes (continued)

1 Accounting policies (continued)

1.15. Taxation (continued)

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.

2 Turnover

	2019 £000	2018 £000
Sale of software licenses and support packages	14,063	12,512
Rendering of services	5,145	3,523
	19,208	16,035
	19,208	16,035
	2019 £000	2018 £000
UK	2,367	927
Asia	8,638	7,435
Rest of World	8,203	7,673
	19,208	16,035
	19,208	16,035

3 Other operating income and expense

	2019 £000	2018 £000
Government grants	257	314
Other	(1)	(5)
	256	309
	256	309

Government grants have been received to support a number of research and development activities.

4 Auditor's remuneration

Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	45	44
Amounts receivable by the company's auditor and its associates in respect of:		
Audit-related assurance services	2	1
Taxation compliance services	26	23
Other tax advisory services	79	25
	111	93
	111	93

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Technical	136	131
Sales and marketing	37	36
Administration	57	53
	230	220
	230	220

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	11,158	9,621
Social security costs	1,000	923
Contributions to defined contribution plans (note 16)	910	819
	13,068	11,363
	13,068	11,363

6 Directors' remuneration

	2019	2018
	£000	£000
Directors' remuneration	534	561
Company contributions to money purchase pension plans	22	23
	556	584
	556	584

The aggregate of remuneration of the highest paid director was £161,000 (2018: £172,000), and company pension contributions of £9,000 (2018: £9,000) were made to a money purchase scheme on his behalf.

	Number of directors	
	2019	2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	4	4
	4	4
	4	4

7 Other interest receivable and similar income

	2019	2018
	£000	£000
Interest receivable on financial assets at amortised cost	7	4
	7	4
Total interest receivable and similar income	7	4

Notes (continued)

8 Taxation

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

	2019		2018	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the period		(11)		14
Adjustments in respect of prior periods		(59)		(41)
		<u>(70)</u>		<u>(27)</u>
<i>Deferred tax (see note 15)</i>				
Origination and reversal of timing differences	-		-	
Change in tax rate	-		-	
		<u>-</u>		<u>-</u>
Total deferred tax		-		-
Total tax		<u>(70)</u>		<u>(27)</u>

	£000	2019 £000	£000	£000	2018 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	(70)	-	(70)	(27)	-	(27)
Recognised in other comprehensive income	-	-	-	-	-	-
	<u>(70)</u>	<u>-</u>	<u>(70)</u>	<u>(27)</u>	<u>-</u>	<u>(27)</u>
Total tax	<u>(70)</u>	<u>-</u>	<u>(70)</u>	<u>(27)</u>	<u>-</u>	<u>(27)</u>

Analysis of current tax recognised in profit and loss

	2019 £000	2018 £000
UK corporation tax	(348)	(355)
Foreign tax	278	328
	<u>(70)</u>	<u>(27)</u>
Total current tax recognised in profit and loss	<u>(70)</u>	<u>(27)</u>

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit/(loss) for the year	(43)	(324)
Total tax	70	27
	<hr/>	<hr/>
Loss excluding tax	(113)	(351)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2018: 19%)	(21)	(67)
Tax on overseas earnings – net	55	225
Difference in tax rates and other overseas differences	245	246
Non-deductible expenses	47	8
Research and development enhanced deduction	(408)	(425)
Current year losses for which no deferred tax asset was recognised	71	27
Over provided in prior years	(59)	(41)
Non-taxable income	-	-
	<hr/>	<hr/>
Total tax credit included in profit or loss	(70)	(27)
	<hr/>	<hr/>

9 Intangible fixed assets

	Group Computer Software £000	Company Computer Software £000
Cost		
Balance at 1 April 2018	1,198	1,073
Additions	2	2
Disposals	-	-
Effect of movements in foreign exchange	1	-
	<hr/>	<hr/>
Balance at 31 March 2019	1,201	1,075
	<hr/>	<hr/>
Amortisation and impairment		
Balance at 1 April 2018	1,028	920
Amortisation for the year	156	144
Disposals	-	-
Effect of movements in foreign exchange	1	-
	<hr/>	<hr/>
Balance at 31 March 2019	1,185	1,064
	<hr/>	<hr/>
Net book value		
At 31 March 2019	16	11
	<hr/>	<hr/>
At 31 March 2018	170	153
	<hr/>	<hr/>

Notes (continued)

9 Intangible fixed assets (continued)

Amortisation charge

The amortisation charge is recognised in the following line items in the profit and loss account:

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Administrative expenses	156	178	144	161
	<u>156</u>	<u>178</u>	<u>144</u>	<u>161</u>

10 Tangible fixed assets

Group	Land and buildings £000	Computer equipment £000	Office equipment £000	Leasehold improvements £000	Total £000
Cost					
Balance at 1 April 2018	263	1,666	433	219	2,581
Additions	-	195	25	-	220
Disposals	-	(95)	(87)	(175)	(357)
Effect of movements in foreign exchange	-	11	9	5	25
Balance at 31 March 2019	<u>263</u>	<u>1,777</u>	<u>380</u>	<u>49</u>	<u>2,469</u>
Depreciation and impairment					
Balance at 1 April 2018	134	1,350	337	164	1,985
Depreciation charge for the year	28	217	57	32	334
Disposals	-	(92)	(65)	(166)	(323)
Effect of movements in foreign exchange	-	8	7	3	18
Balance at 31 March 2019	<u>162</u>	<u>1,483</u>	<u>336</u>	<u>33</u>	<u>2,014</u>
Net book value					
At 31 March 2019	<u>101</u>	<u>294</u>	<u>44</u>	<u>16</u>	<u>455</u>
At 31 March 2018	<u>129</u>	<u>316</u>	<u>96</u>	<u>55</u>	<u>596</u>

Land and buildings

The net book value of land and buildings comprises:

	2019 £000	2018 £000
Freehold	54	59
Short leasehold	47	70
	<u>101</u>	<u>129</u>

Notes (continued)

10 Tangible fixed assets (continued)

<i>Company</i>	Land and buildings £000	Computer equipment £000	Office equipment £000	Leasehold improvements £000	Total £000
Cost					
Balance at 1 April 2018	263	1,264	194	129	1,850
Additions	-	133	5	-	138
Disposals	-	(2)	-	(117)	(119)
Balance at 31 March 2019	<u>263</u>	<u>1,395</u>	<u>199</u>	<u>12</u>	<u>1,869</u>
Depreciation and impairment					
Balance at 1 April 2018	134	1,051	170	122	1,477
Depreciation charge for the year	28	164	16	2	210
Disposals	-	(2)	-	(117)	(119)
Balance at 31 March 2019	<u>162</u>	<u>1,213</u>	<u>186</u>	<u>7</u>	<u>1,568</u>
Net book value					
At 31 March 2019	<u>101</u>	<u>182</u>	<u>13</u>	<u>5</u>	<u>301</u>
At 31 March 2018	<u>129</u>	<u>213</u>	<u>24</u>	<u>7</u>	<u>373</u>

Land and buildings

The net book value of land and buildings comprises:

	2019 £000	2018 £000
Freehold	54	59
Short leasehold	47	70
	<u>101</u>	<u>129</u>

Notes (continued)

11 Fixed asset investments

	Group Shares in associates £000	Company Shares in group undertakings £000	Company Shares in associates £000	Company Total £000
Cost				
At beginning of year	1	395	1	396
Additions	-	1	-	1
Disposals	-	-	-	-
	-----	-----	-----	-----
At end of year	1	396	1	397
	=====	=====	=====	=====
Provisions				
At beginning of year	-	204	-	204
Impairment losses	-	-	-	-
	-----	-----	-----	-----
At end of year	-	204	-	204
	=====	=====	=====	=====
Net book value				
At 31 March 2019	1	192	1	193
	=====	=====	=====	=====
At 31 March 2018	1	191	1	192
	=====	=====	=====	=====

The undertakings in which the Group and Company had an interest in is as follows at the year-end:

Group and Company	Country of incorporation	Principal activity	Class and percentage of shares held Company
Subsidiary undertakings			
Romax Technology Japan Ltd	Japan	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Technology Korea Co Ltd	Korea	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Solutions Pvt Ltd	India	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Technology Inc.	USA	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Technology (Hangzhou) Ltd	China	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Technology GmbH	Germany	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Design Solutions Ltd.	UK	Transmission software, sales & consultancy	Ordinary Shares 100%
Registered office			
Romax Technology Japan Ltd	5F Oomori YS Building, 3-22-7 Minamiooi, Shinagawa-ku, Tokyo, Japan		
Romax Technology Korea Co Ltd	10, Baumoe-ro 21-gil, Seocho-gu, Seoul, 06752, Republic of Korea		
Romax Solutions Pvt Ltd	302, Sai Capital, 3 rd floor, Senapati Bapat Road, Pune, 411016, India		
Romax Technology Inc.	1050 Wilshire Drive, Suite 280, Troy, MI 48084, USA		
Romax Technology (Hangzhou) Ltd	1038 Jincheng Road, Xiaoshan District, Hangzhou, Zhejiang 311215, China		
Romax Technology GmbH	MonreposstraBe 57, 71634 Ludwigsburg, Germany		
Romax Design Solutions Ltd.	Romax Technology Centre, University of Nottingham Innovation Park, Triumph Road, Nottingham, NG7 2TU, England		

All holdings are directly held by the Company.

Associate undertakings

Insight Analytics Solutions Holdings Ltd	UK	Predictive maintenance & analytics software, sales & consultancy	Ordinary Shares 25.5%
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Registered office

Insight Analytics Solutions Holdings Ltd	Romax Technology Centre, University of Nottingham Innovation Park, Triumph Road, Nottingham, NG7 2TU, England
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Notes (continued)

12 Debtors

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade debtors	4,949	3,519	2,304	1,809
Amounts recoverable on contracts	1,234	821	609	532
Amounts owed by group undertakings	-	-	4,978	2,757
Amounts recoverable on government grants	-	-	-	-
Corporation tax	975	1,125	939	1,125
Prepayments and accrued income	1,521	1,751	783	1,050
	8,679	7,216	9,613	7,273
	8,679	7,216	9,613	7,273

13 Cash and cash equivalents/ bank overdrafts

Group	2019 £000	2018 £000
Cash at bank and in hand	5,232	2,726
Short-term investment	1,074	1,068
	6,306	3,794
	6,306	3,794

The short-term investment of £1,074,000 (2018: £1,068,000) are funds held in an account that is readily converted to cash on demand and earns interest at market rates.

14 Creditors: amounts falling due within one year

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	503	611	457	579
Amounts owed to group undertakings	-	-	1,791	831
Tax and social security	384	354	170	178
Corporation tax	311	214	-	73
Accruals and deferred income	10,571	6,877	5,473	4,073
	11,769	8,056	7,891	5,734
	11,769	8,056	7,891	5,734

Notes (continued)

15 Deferred tax assets and liabilities

The Group & Company has an unrecognised deferred tax asset.

Deferred tax assets and liabilities are attributable to the following:

Group and Company	Liabilities		Assets		Net	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Accelerated capital allowances	-	(20)	-	-	-	(20)
Unused tax losses	-	-	-	17	-	17
Other	-	-	-	3	-	3
Total deferred tax assets / (liabilities)	-	(20)	-	20	-	-

The Deferred tax assets of £472,000 (2018: £442,000) relating to taxable losses carried forward in the Group (mainly in relation to Romax Technology Limited) have not been recognised as the directors are not certain there will be sufficient taxable profits for this to be utilised against.

16 Employee benefits

Defined contribution plans

Group

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £910,000 (2018: £819,000).

17 Capital and reserves

Share capital

<i>Allotted, called up and fully paid</i>		£000
At 31 March 2019	3,148,887 ordinary shares of £0.01 each	31
At 31 March 2018	3,148,887 ordinary shares of £0.01 each	31

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

After the balance sheet date total dividends of £nil (2018: £nil) were proposed by the directors.

18 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2019 £000	2018 £000
Assets measured at amortised cost	6,306	3,794
Assets measured at cost less impairment	6,183	4,340
Liabilities measured at amortised cost	503	611

Notes (continued)

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Less than one year	952	1,010	644	578
Between one and five years	2,717	2,660	2,485	2,300
More than five years	51	623	51	623
	<u>3,720</u>	<u>4,293</u>	<u>3,180</u>	<u>3,501</u>

During the year £1,083,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £1,087,000). (Company: £625,000 (2018: £618,000)).

20 Commitments

Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £nil (2018: £nil) (Company: £nil (2018: £nil)).

21 Related parties

The remuneration of key management personnel (the directors) is disclosed in note 6. In line with section 33.1A of FRS 102 “related party disclosures”, the company has applied the exemption from disclosing related party transactions with wholly owned subsidiaries.

22 Ultimate parent company and parent company of larger group

Romax Technology Limited is the ultimate parent company and is the largest group in which the results of the Company and its group are consolidated.

At the year-end date Dr SY Poon, a director of the company and family members, directly held 50.1 percent of the issued share capital of the company, with Dr SY Poon considered the controlling party.

23 Accounting estimates and judgements

Key sources of estimation uncertainty

Recoverability of trade debtors

Trade debtors are reviewed for impairment where there is uncertainty regarding their recoverability. Ageing of trade debtors and the specific commercial position is used to assess the key sources of uncertainty at the balance sheet date and need for impairment.

Long term contracts

The key accounting judgement is considered to be the stage of completion of each contract, including the estimation of the future costs to complete the contract. The Directors carefully consider the likelihood of profits arising for contracts and any further unforeseen costs that may be required to complete the work before the recognition of revenue. Where there are loss making contracts, the directors write off the loss on the contract immediately to the profit and loss account.