

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 June 2023
for
Oxford Technical Solutions Limited

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for the Year Ended 30 June 2023

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DIRECTORS:

Dr A L Nairac
B L R Watts
T K Hobbs
Ms A J Smith
Dr M-Y T Ying
M B Wells

SECRETARY:

T K Hobbs

REGISTERED OFFICE:

30 Bankside Court
Stationfields
Kidlington
Oxfordshire
OX5 1JE

REGISTERED NUMBER:

03534778 (England and Wales)

AUDITORS:

Shaw Gibbs (Audit) Limited
Chartered Certified Accountants
Statutory Auditor
264 Banbury Road
Summertown
Oxford
OX2 7DY

ACCOUNTANTS:

Chapman Robinson & Moore
30 Bankside
Stationfields
Kidlington
Oxford
OX5 1JE

Strategic Report
for the Year Ended 30 June 2023

The directors present their strategic report for the year ended 30 June 2023.

REVIEW OF BUSINESS

OxTS designs and manufactures world leading products combining the best of inertial navigation and GNSS. The primary market is in the automotive industry, with additional applications under review. The market is international with new geographical areas explored as part of the company's strategy. OxTS is dedicated to designing simple to use products that deliver reliable results, backed up with first class support.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through a governance framework of policies, procedures and internal controls. All policies are subject to board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the company, and is subject to strict monitoring and review.

Business risk is analysed and monitored through a series of review processes and, the potential impact on the business reviewed. The main business risks relate to competition in the market, changes in technology, and the inherent uncertainties of international trade. These factors are constantly under review by the board. Stress testing on the key performance indicators monitored by the company is regularly undertaken, and scenario planning performed to assess the potential impact on the company of these uncertainties.

RESULTS AND PERFORMANCE

The results for the company for the year, as set out on page 11, show a profit on ordinary activities before tax of £2,606,686 (2022: £5,351,892). Shareholders funds total £15,095,207 (2022: £14,231,480).

Considerable investment continues to be made in new products and markets.

BUSINESS ENVIRONMENT

Global markets continue to be uncertain, with mixed economic outlooks and forecasts across all business sectors. Markets remain highly competitive.

STRATEGY

The company remains focussed on maintaining its competitive advantage through strong customer service and support, and innovation in both markets and products. The current business plan continues to place great emphasis on the research and development of new products and markets, building on previous developments.

KEY PERFORMANCE INDICATORS (KPIs)

| | 2023 | 2022 |
|--------------------------------------|------|------|
| Gross profit margin | 66% | 68% |
| Net profit margin (pre-tax) | 15% | 29% |
| Return on capital employed (pre-tax) | 17% | 38% |

Strategic Report
for the Year Ended 30 June 2023

FUTURE DEVELOPMENTS

The company has allocated considerable resources to the pursuit of new products and markets. This is embodied within its business plan, and specific KPIs have been set up to monitor progress.

ON BEHALF OF THE BOARD:

T K Hobbs - Director

28 November 2023

Report of the Directors
for the Year Ended 30 June 2023

The directors present their report with the financial statements of the company for the year ended 30 June 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the design of specialised navigation equipment.

DIVIDENDS

Ordinary dividends were paid amounting to £1,600,000 the year (2022: £2,900,000). The directors do not recommend payment of a further dividend.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2022 to the date of this report.

Dr A L Nairac
B L R Watts
T K Hobbs
Ms A J Smith
Dr M-Y T Ying
M B Wells

Other changes in directors holding office are as follows:

C K T Hocking - resigned 2 October 2022
T R Hurley - resigned 30 April 2023

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.

AUDITORS

The auditors, Shaw Gibbs (Audit) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

T K Hobbs - Director

28 November 2023

Statement of Directors' Responsibilities
for the Year Ended 30 June 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Oxford Technical Solutions Limited (the 'company') for the year ended 30 June 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

1. At the planning stage of the audit we gain an understanding of the laws and regulations which apply to the company and how the management seek to comply with those laws regulations. This helps us to plan appropriate risk assessments.
2. During the audit we focused on relevant risk areas and review the compliance with the laws and regulations by making relevant enquiries and undertaking corroboration, for example by reviewing Board Minutes and other documentation.
3. We assessed the risk of material misstatement in the financial statements including as a result of fraud and undertook procedures including:
 - a. Reviewing the controls set in place by management
 - b. Making enquiries of management as to whether they consider fraud or other irregularity may have taken place, or where such opportunity might exist
 - c. Challenging management assumptions with regard to accounting estimates
 - d. Identifying and testing journal entries, particularly those which appear to be unusual by size or nature

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.

Stephen Howard Neal (Senior Statutory Auditor)
for and on behalf of Shaw Gibbs (Audit) Limited
Chartered Certified Accountants
Statutory Auditor
264 Banbury Road
Summertown
Oxford
OX2 7DY

5 December 2023

Statement of Comprehensive Income
for the Year Ended 30 June 2023

| | Notes | 30/6/23 £ | 30/6/22 £ |
|--|-------|--------------------|--------------------|
| TURNOVER | 3 | 17,206,442 | 18,564,940 |
| Cost of sales | | <u>(5,885,618)</u> | <u>(5,938,370)</u> |
| GROSS PROFIT | | 11,320,824 | 12,626,570 |
| Administrative expenses | | <u>(8,779,725)</u> | <u>(7,274,036)</u> |
| OPERATING PROFIT | 5 | 2,541,099 | 5,352,534 |
| Interest receivable and similar income | | <u>65,157</u> | <u>4,457</u> |
| | | 2,606,256 | 5,356,991 |
| Interest payable and similar expenses | 6 | <u>430</u> | <u>(5,099)</u> |
| PROFIT BEFORE TAXATION | | 2,606,686 | 5,351,892 |
| Tax on profit | 7 | <u>(142,959)</u> | <u>(742,091)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 2,463,727 | 4,609,801 |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>2,463,727</u> | <u>4,609,801</u> |

The notes form part of these financial statements

Balance Sheet

30 June 2023

| | Notes | 30/6/23 £ | 30/6/22 £ |
|--|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 1,237,443 | 915,948 |
| Investments | 10 | 765 | 765 |
| | | <u>1,238,208</u> | <u>916,713</u> |
| CURRENT ASSETS | | | |
| Stocks | 11 | 3,072,388 | 2,984,153 |
| Debtors | 12 | 3,309,144 | 3,733,787 |
| Cash at bank and in hand | | 8,932,645 | 10,551,774 |
| | | <u>15,314,177</u> | <u>17,269,714</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 13 | <u>(1,102,510)</u> | <u>(3,677,959)</u> |
| NET CURRENT ASSETS | | <u>14,211,667</u> | <u>13,591,755</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 15,449,875 | 14,508,468 |
| PROVISIONS FOR LIABILITIES | 15 | <u>(354,668)</u> | <u>(276,988)</u> |
| NET ASSETS | | <u>15,095,207</u> | <u>14,231,480</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 60 | 60 |
| Retained earnings | | 15,095,147 | 14,231,420 |
| SHAREHOLDERS' FUNDS | | <u>15,095,207</u> | <u>14,231,480</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 28 November 2023 and were signed on its behalf by:

Ms A J Smith - Director

Statement of Changes in Equity
for the Year Ended 30 June 2023

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|--------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 July 2021 | 60 | 12,521,619 | 12,521,679 |
| Changes in equity | | | |
| Dividends | - | (2,900,000) | (2,900,000) |
| Total comprehensive income | - | 4,609,801 | 4,609,801 |
| Balance at 30 June 2022 | 60 | 14,231,420 | 14,231,480 |
| Changes in equity | | | |
| Dividends | - | (1,600,000) | (1,600,000) |
| Total comprehensive income | - | 2,463,727 | 2,463,727 |
| Balance at 30 June 2023 | 60 | 15,095,147 | 15,095,207 |

Notes to the Financial Statements
for the Year Ended 30 June 2023

1. **STATUTORY INFORMATION**

Oxford Technical Solutions Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis and under the historical cost convention as modified by the revaluation of land and buildings and certain financial instruments measured at fair value in accordance with the accounting policies set out below.

As set out in the strategic report, the directors believe that the company is experiencing good levels of sales growth and profitability, and that it is well placed to manage its business risks successfully.

Accordingly, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The accounts are prepared in pounds sterling (£).

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Preparation of consolidated financial statements

The financial statements contain information about Oxford Technical Solutions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Ecrin Investments Limited, 30 Bankside Court, Stationfields, Kidlington, Oxfordshire.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

2. **ACCOUNTING POLICIES - continued**

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in these financial statements where these judgments and estimates have been made include provisions for warranty claims, stock provisions and in valuing liabilities under the company's Long Term Incentive Programme.

Amounts charged to the profit and loss account in respect of the company's Long Term Incentive Programme are calculated each year using valuations as at the year end which have been performed on the basis of maintainable future profits as adjusted being multiplied by a suitable P/E ratio to value the liabilities as at the year end, with the annual movement in this balance being charge to the profit and loss account.

Warranty provisions are arrived at by multiplying the expected unit cost of rectification of technical issues identified as at the balance sheet date by the number of units on which a warranty claim is expected, calculated with reference to the total number of units sold and under warranty as at the balance sheet date and the company's experience of the frequency of occurrence of issues historically combined with technical judgements on a case by case basis.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer Risks are deemed to be transferred at the point of delivery.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

| | |
|------------------------------|---------------------------------|
| Plant & Machinery (standard) | - 20% straight line |
| Plant & Machinery (large) | - 15% reducing balance |
| Office Equipment (standard) | - 25% straight line |
| Office Equipment (large) | - 20% straight line |
| Fixtures & Fittings | - 20% straight line |
| Demonstration Equipment | - 15% reducing balance |
| Motor Vehicles | - 25% reducing balance |
| Improvements to property | - straight line over lease term |

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

2. **ACCOUNTING POLICIES - continued**

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs, which comprise direct production costs and an appropriate allocation of production overheads, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Financial instruments

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

2. **ACCOUNTING POLICIES - continued**

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

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:

| | 30/6/23 | 30/6/22 |
|--------------------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 2,199,184 | 2,998,512 |
| Europe | 4,117,853 | 4,431,784 |
| United States of America | 4,279,208 | 4,592,692 |
| Rest of the world | 6,610,197 | 6,541,952 |
| | <u>17,206,442</u> | <u>18,564,940</u> |

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

4. **EMPLOYEES AND DIRECTORS**

| | 30/6/23 | 30/6/22 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 4,653,060 | 4,556,448 |
| Social security costs | 592,507 | 476,480 |
| Other pension costs | 194,707 | 152,723 |
| | <u>5,440,274</u> | <u>5,185,651</u> |

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

| | 30/6/23 | 30/6/22 |
|----------------|-----------|-----------|
| Administration | 26 | 35 |
| Development | 30 | 22 |
| Distribution | 6 | 5 |
| Manufacturing | 18 | 12 |
| Marketing | 3 | 3 |
| Sales | 13 | 2 |
| | <u>96</u> | <u>79</u> |

| | 30/6/23 | 30/6/22 |
|--|----------------|----------------|
| | £ | £ |
| Directors' remuneration | 477,901 | 736,506 |
| Directors' pension contributions to money purchase schemes | <u>108,703</u> | <u>130,670</u> |

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

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>4</u> |
|------------------------|----------|----------|

Information regarding the highest paid director is as follows:

| | 30/6/23 | 30/6/22 |
|---|---------------|---------------|
| | £ | £ |
| Emoluments etc | 170,211 | 226,852 |
| Pension contributions to money purchase schemes | <u>62,505</u> | <u>57,950</u> |

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

4. **EMPLOYEES AND DIRECTORS - continued**

The following amounts paid to third parties for directors' services are included in consultancy fees:

During the year fees totalling £48,800 (2022: £46,500) were paid to Chapman, Robinson & Moore Ltd in respect of the services of T K Hobbs, who is also a director of Chapman, Robinson & Moore Ltd.

Fees of £139,000 (2022: £66,900) were paid to Ecrin Investments Ltd in respect of the services of A Nairac and B Watts, who are also directors of Ecrin Investments Ltd.

The directors of the company are considered to be the only key management personnel.

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

| | 30/6/23 | 30/6/22 |
|------------------------------------|-----------------|------------------|
| | £ | £ |
| Depreciation - owned assets | 224,099 | 166,277 |
| Profit on disposal of fixed assets | (210) | (25,793) |
| Auditors' remuneration | 13,750 | 12,500 |
| Foreign exchange differences | <u>(61,106)</u> | <u>(401,613)</u> |

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

| | 30/6/23 | 30/6/22 |
|--------------------|--------------|--------------|
| | £ | £ |
| Bank loan interest | <u>(430)</u> | <u>5,099</u> |

7. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

| | 30/6/23 | 30/6/22 |
|--------------------|----------------|----------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 44,456 | 739,765 |
| Deferred tax | <u>98,503</u> | <u>2,326</u> |
| Tax on profit | <u>142,959</u> | <u>742,091</u> |

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

7. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 30/6/23 | 30/6/22 |
|---|------------------|------------------|
| | £ | £ |
| Profit before tax | <u>2,606,686</u> | <u>5,351,892</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 25% (2022 - 19%) | 651,672 | 1,016,859 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 32,503 | 10,776 |
| Research and Development tax claim | (514,484) | (284,989) |
| Effect of change in tax rate on deferred tax provision | (17,473) | (555) |
| Effect of marginal rate relief and change of tax rate within period | <u>(9,259)</u> | <u>-</u> |
| Total tax charge | <u>142,959</u> | <u>742,091</u> |

8. **DIVIDENDS**

| | 30/6/23 | 30/6/22 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Ordinary shares shares of £1 each | | |
| Interim | <u>1,600,000</u> | <u>2,900,000</u> |

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

9. **TANGIBLE FIXED ASSETS**

| | Improvements to property £ | Plant and machinery £ | Motor vehicles £ | Totals £ |
|------------------------|-------------------------------------|-----------------------------|------------------------|------------------|
| COST | | | | |
| At 1 July 2022 | 26,875 | 1,677,646 | 57,732 | 1,762,253 |
| Additions | - | 557,304 | - | 557,304 |
| Disposals | - | (18,511) | - | (18,511) |
| At 30 June 2023 | <u>26,875</u> | <u>2,216,439</u> | <u>57,732</u> | <u>2,301,046</u> |
| DEPRECIATION | | | | |
| At 1 July 2022 | 10,858 | 819,154 | 16,293 | 846,305 |
| Charge for year | 3,360 | 210,379 | 10,360 | 224,099 |
| Eliminated on disposal | - | (6,801) | - | (6,801) |
| At 30 June 2023 | <u>14,218</u> | <u>1,022,732</u> | <u>26,653</u> | <u>1,063,603</u> |
| NET BOOK VALUE | | | | |
| At 30 June 2023 | <u>12,657</u> | <u>1,193,707</u> | <u>31,079</u> | <u>1,237,443</u> |
| At 30 June 2022 | <u>16,017</u> | <u>858,492</u> | <u>41,439</u> | <u>915,948</u> |

10. **FIXED ASSET INVESTMENTS**

| | Shares in group undertakings £ |
|------------------------------------|---|
| COST | |
| At 1 July 2022 and 30 June 2023 | <u>765</u> |
| NET BOOK VALUE | |
| At 30 June 2023 | <u>765</u> |
| At 30 June 2022 | <u>765</u> |

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

10. **FIXED ASSET INVESTMENTS - continued**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Oxford Technical Solutions Inc.

Registered office: 2711 Centreville Road, Suite 400, Wilmington DE19808 USA

Nature of business: Design and manufacture of navigation equipment

| Class of shares: | % holding | 30/6/23 | 30/6/22 |
|--------------------------------|--------------|----------------|---------------|
| | | £ | £ |
| Ordinary | 100.00 | | |
| Aggregate capital and reserves | | 57,249 | (95,352) |
| Profit for the year | | <u>152,601</u> | <u>27,798</u> |

11. **STOCKS**

| | 30/6/23 | 30/6/22 |
|------------------|------------------|------------------|
| | £ | £ |
| Stocks | 2,055,507 | 2,230,232 |
| Work-in-progress | 536,820 | 409,768 |
| Finished goods | <u>480,061</u> | <u>344,153</u> |
| | <u>3,072,388</u> | <u>2,984,153</u> |

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 30/6/23 | 30/6/22 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 1,547,450 | 2,542,468 |
| Amounts owed by group undertakings | 195,956 | 136,816 |
| Other debtors | 244,118 | 238,862 |
| Tax | 552,053 | - |
| VAT | 417,557 | 331,365 |
| Prepayments | <u>352,010</u> | <u>484,276</u> |
| | <u>3,309,144</u> | <u>3,733,787</u> |

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 30/6/23 | 30/6/22 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 220,874 | 1,343,032 |
| Amounts owed to group undertakings | 12,300 | 8,100 |
| Tax | - | 131,089 |
| PAYE & NIC liability | 211,394 | 272,331 |
| Other creditors | 86,186 | 56,520 |
| Accruals and deferred income | 571,756 | 1,866,887 |
| | <u>1,102,510</u> | <u>3,677,959</u> |

14. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 30/6/23 | 30/6/22 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 192,554 | 187,820 |
| Between one and five years | 308,538 | 430,973 |
| | <u>501,092</u> | <u>618,793</u> |

15. **PROVISIONS FOR LIABILITIES**

| | 30/6/23 | 30/6/22 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Deferred tax | | |
| Accelerated capital allowances | 298,205 | 217,734 |
| Other timing differences | (19,000) | (37,032) |
| Warranties | 75,463 | 96,286 |
| | <u>354,668</u> | <u>276,988</u> |
| | | Deferred tax |
| | | £ |
| Balance at 1 July 2022 | | 180,702 |
| Provided during year | | 98,503 |
| Balance at 30 June 2023 | | <u>279,205</u> |

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

16. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 30/6/23 | 30/6/22 |
|---------|-----------------|----------------|----------------|----------------|
| 60 | Ordinary shares | £1 | £ <u>60</u> | £ <u>60</u> |

17. **PENSION COMMITMENTS**

| Defined contribution schemes | 30/6/2023 | 30/6/2022 |
|--|-----------|-----------|
| £ £ | | |
| Charge to statement of total comprehensive income in respect of defined contribution schemes | 194,707 | 152,507 |

At the year ended 30th June 2023 the amounts payable to the pension scheme totalled £45,910 (2022: £37,555).

18. **POST BALANCE SHEET EVENTS**

After the year end, the company entered into a new lease commitment, with a minimum term of ten years at an initial rent of £112,000 per annum.

19. **ULTIMATE CONTROLLING PARTY**

The company is a 100% subsidiary of Ecrin Investments Limited. The directors of Ecrin Investments Limited remain the ultimate controlling party.

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