

Company Registration No. 02996527 (England and Wales)

RDS TECHNOLOGY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 2016



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COMPANIES HOUSE

RDS TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	P G Nelson N A Staite J Williamson A Zahalka
Secretary	N A Staite
Company number	02996527
Registered office	Cirencester Road Minchinhampton Stroud Gloucestershire GL6 9BH
Auditor	EY LLP The Paragon Counterslip Bristol BS1 6BX
Bankers	HSBC Bank Plc 130 New Street Birmingham B2 4JU

RDS TECHNOLOGY LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 MARCH 2016

The directors present the strategic report for the period ended 31 March 2016.

Review of the business

The ultimate parent company and controlling party of RDS Technology Limited, Digi-Star Investments Inc, was acquired by the Topcon group on 20 April 2015. The company became part of the Topcon Precision Agriculture Group which is controlled by the Topcon Positioning Group based in Livermore, California.

The acquisition will bring together complimentary technologies and distribution channels and allow the business to continue to develop management systems and solutions in precision agricultural and industrial markets.

RDS Technology designs, manufactures and distributes a wide range of instrumentation for the mobile machinery industry, predominantly agricultural and industrial machinery control systems.

The company experienced strong sales growth of 13.7% during the 15 month reporting period in both the agricultural and industrial markets, compared to the previous 15 months.

The company remains committed to a strategy of continual investment in resources for future product development.

The company again enjoyed strong liquidity. Based on the level of trade debtors through the year, debtor days averaged 53 days (2014 - 56 days). In absolute terms, average inventory reduced by £229k over the period. In relative terms, the average number of days' stock, based on actual sales, decreased to 115 days (2014 - 135 days).

The overall cash conversion cycle of inventory and net debtors/creditors considerably improved to 123 days (2014 - 144 days) which ensured cash flow was strong enough to pay dividends of £1,450,000 to the immediate parent company Digi-Star Acquisitions UK Limited over the period.

The company remains well-placed within its markets and the directors are confident of further success. Exports were again strong at 72% of total (2014 - 71%), spread across 37 countries.

Future developments

The company continues to focus its future sales and development activities on those key market sectors identified at the major strategic review carried out in 2013.

Principal risks and uncertainties

As always, future company success may be affected by any or all of the following: competitive pricing pressure, commodity prices, global political situations, product recall, excessive warranty costs, volatility in exchange rates and/or interest rates. Notwithstanding the risks and uncertainties that always face the business, in the opinion of the directors, future trading prospects remain strong.

Matters of strategic importance

Food producers are under constant pressure to improve both output and efficiency, with increasing reliance on technological advances and mechanisation. The company remains well-positioned to benefit from these demands.

On behalf of the board



N A Staite
Director

16-12-16

RDS TECHNOLOGY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2016

The directors present their annual report and financial statements for the period ended 31 March 2016. The company's accounting reference date has been changed from 31 December to 31 March to align the period end with that of the Topcon group following acquisition on 20 April 2015.

Principal activities

The company designs, manufactures and distributes a wide range of instrumentation for the mobile machinery industry, predominantly agricultural and industrial machinery control systems.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

P G Nelson	
N A Staite	(Appointed 15 October 2015)
J Williamson	(Appointed 1 July 2015)
A Zahalka	(Appointed 1 July 2015)
A Brickman	(Resigned 20 April 2015)
J Jennings	(Resigned 15 December 2015)
M Moore	(Resigned 20 April 2015)
A Simkins	(Resigned 30 June 2015)

Results and dividends

The results for the period are set out on page 5. Ordinary dividends were paid amounting to £1,450,000. The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

The directors continue to review the financial risk management objectives and policies of the company and, where there is a significant exposure to financial risks, the group policy laid down by the parent company prevails. Appropriate trade terms are agreed with suppliers and customers. Management reviews such terms and the relationships with suppliers and customers and manages any exposure on normal trade terms.

Research and development

The company continues to undertake research and development. The expenditure is written off in the year in which it is incurred. Costs of £121,574 (2014 - £76,921) were written off during the period.

Qualifying third party indemnity provision

The company maintained third party liability insurance in respect of its directors and senior officers.

Auditor

During the period, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) resigned as auditors and EY LLP were appointed. There were no circumstances in connection with the resignation of RSM UK Audit LLP requiring shareholder notification.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

 N A Staite

N A Staite

Director

16-12-16

RDS TECHNOLOGY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 MARCH 2016

The directors are responsible for preparing the Strategic Report and 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 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RDS TECHNOLOGY LIMITED

We have audited the financial statements of RDS Technology Limited for the period ended 31 March 2016 which comprise the Statement of Comprehensive income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), FRS102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the period 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.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.



Jane Barwell (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 22 December 2016

RDS TECHNOLOGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2016

		Period 1 January 2015 to 31 March 2016 £	Year ended 31 December 2014 £
	Notes		
Turnover	3	14,245,353	10,322,808
Cost of sales		(8,121,565)	(5,853,585)
Gross profit		6,123,788	4,469,223
Distribution costs		(765,383)	(546,007)
Administrative expenses		(3,382,716)	(2,568,509)
Other operating income	4	329,757	126,830
Operating profit	5	2,305,446	1,481,537
Taxation	8	(438,754)	(143,248)
Profit for the financial period	20	1,866,692	1,338,289
Total comprehensive income for the period		1,866,692	1,338,289

RDS TECHNOLOGY LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Notes	£	31 March 2016 £	31 December 2014 £
Fixed assets				
Intangible assets	10		20,367	9,621
Tangible assets	11		170,837	184,343
Investments	12		33,000	33,000
			<u>224,204</u>	<u>226,964</u>
Current assets				
Stocks	13	1,533,855	1,692,187	
Debtors	14	2,506,840	1,254,638	
Cash at bank and in hand		448,605	300,177	
		<u>4,489,300</u>	<u>3,247,002</u>	
Creditors: amounts falling due within one year	15	(3,089,088)	(2,286,020)	
Net current assets			<u>1,400,212</u>	<u>960,982</u>
Total assets less current liabilities			<u>1,624,416</u>	<u>1,187,946</u>
Provisions for liabilities	16		(19,778)	-
Net assets			<u>1,604,638</u>	<u>1,187,946</u>
Capital and reserves				
Called up share capital	19		37,026	37,026
Capital reserve	20		277,204	277,204
Profit and loss reserves	20		1,290,408	873,716
Total equity			<u>1,604,638</u>	<u>1,187,946</u>

The financial statements were approved by the board of directors and authorised for issue on 16 December 2016 and are signed on its behalf by:



P G Nelson
Director



N A Staite
Director

RDS TECHNOLOGY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2016

	Notes	Share capital £	Capital reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2014		37,026	277,204	1,035,427	1,349,657
Year ended 31 December 2014:					
Profit and total comprehensive income for the year		-	-	1,338,289	1,338,289
Dividends	9	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2014		37,026	277,204	873,716	1,187,946
Period ended 31 March 2016:					
Profit and total comprehensive income for the period		-	-	1,866,692	1,866,692
Dividends	9	-	-	(1,450,000)	(1,450,000)
Balance at 31 March 2016		37,026	277,204	1,290,408	1,604,638

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies

Company information

RDS Technology Limited is a company limited by shares incorporated in England and Wales. The registered office is Cirencester Road, Minchinhampton, Stroud, Gloucestershire, GL6 9BH. The company's principal activities are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £. The financial statements cover the fifteen month period to 31 March 2016. The accounting reference date was changed from 31 December to align the year end with that of the Topcon group following acquisition on 20 April 2015.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Transition to FRS102

These financial statements are the first financial statements of RDS Technology Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of RDS Technology Limited for the year ended 31 December 2014 were previously prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date. Reconciliations and descriptions of the effect of the transition to FRS 102 on (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given in note 24.

Reduced disclosures

The company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

The financial statements of the company are consolidated in the financial statements of its parent company, Digi-Star Acquisitions UK Limited. The consolidated financial statements of Digi-Star Acquisitions UK Limited are available from Companies House.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies (Continued)

Going concern

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

Turnover

Turnover represents the amounts receivable from customers for goods and services sold in the course of the company's ordinary activities after deduction of trade discounts and value added tax. Turnover is recognised on despatch of the goods or on provision of the services.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer software	- 3 years straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	- 20 years straight line
Plant & equipment	- 5 years straight line
Office furniture, fittings & equipment	- 3 to 5 years straight line
Motor vehicles	- 4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Investments in shares in subsidiaries are stated at cost. Provision is made for any impairment of an investment below its book value.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies (Continued)

Stocks

Stocks and work in progress have been valued at the lower of cost and net realisable value. The cost of raw materials and bought-in parts is determined by the purchase invoice price. The cost of work in progress is determined by the material cost only. The cost of finished goods is determined by the raw material cost plus direct labour and an appropriate proportion of production overheads.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity. Research and development tax credits are recognised in other operating income in the period in which they become receivable.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies (Continued)

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are not taxable or deductible, or that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Provision for the expected cost of warranty obligations are recognised at the date of sale of the relevant products at the directors' best estimate of the expenditure required to settle the company's obligation.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The company operates externally managed defined contribution pension schemes in respect of a certain number of employees, to which both the company and the employees contribute. There is accordingly a charge to the profit and loss account in respect thereof. The assets of these schemes are held separately from those of the company in independently administered funds.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Useful economic lives of tangible assets

The annual depreciation charge is sensitive to any changes in the estimated useful life and residual values of tangible assets. The useful economic lives and residual value is assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation, physical condition of the asset and future investments.

Impairment of stocks

The company's products are subject to changing market demand. It is therefore necessary to consider on a periodic basis the recoverability of the cost of stocks and the associated impairment. Management calculates impairments by considering the nature and condition of the stocks and applies assumptions around anticipated saleability of finished goods and future usage of raw materials, overheads and labour.

Impairment of debtors

On a periodic basis management makes an estimation of the recoverability of debtors. Management makes such estimations based on the credit rating of debtors, the ageing profile, and historical experience.

Warranty provisions

Warranty provisions are recognised in respect of products sold during the period. The amount provided represents management's best estimate of the future cash outflows in respect of those products that remain within the warranty period at the reporting date. It is based on past experience and costs incurred which are monitored on a regular basis.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
Turnover analysed by class of business		
Design, manufacture, marketing and support of electronic instruments	14,245,353	10,322,808

Turnover analysed by geographical market

	Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
United Kingdom	3,932,775	2,937,242
Europe	8,497,082	6,066,761
America	1,166,831	668,808
Australia and New Zealand	556,329	580,507
Africa	72,721	43,134
Asia	19,615	26,356
	14,245,353	10,322,808

4 Other operating income

	Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
Grants received	123,170	126,830
Research and development tax credits	206,587	-
	329,757	126,830

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

5 Operating profit

	Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses	53,600	23,292
Research and development costs	121,574	76,921
Fees payable to the company's auditors for the audit of the company's financial statements	15,000	18,000
Depreciation of owned tangible fixed assets	99,130	88,766
(Profit)/loss on disposal of tangible fixed assets	(4,633)	5
Amortisation of intangible assets	14,755	5,995
Cost of stocks recognised as an expense	6,324,854	4,114,873
Impairment of stocks	-	-
Operating lease charges	150,000	120,000
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	Period 1 Jan 2015 to 31 Mar 2016 Number	Year ended 31 Dec 2014 Number
Production staff	55	55
Sales and administrative staff	41	41
	<u> </u>	<u> </u>
	96	96
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
Wages and salaries	3,380,024	2,573,379
Social security costs	306,879	239,622
Pension costs	255,475	181,163
	<u> </u>	<u> </u>
	3,942,378	2,994,164
	<u> </u>	<u> </u>

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

7 Directors' remuneration

	Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
Remuneration for qualifying services	398,252	309,678
Company pension contributions to defined contribution schemes	104,513	56,342
Compensation for loss of office	36,875	-
	<u>539,640</u>	<u>366,020</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2014 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	169,810	127,746
Company pension contributions to defined contribution schemes	16,913	15,125
	<u>186,723</u>	<u>142,871</u>

8 Taxation

	Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
Current tax		
UK corporation tax on profits for the current period	372,794	190,208
Adjustments in respect of prior periods	74,761	(34,967)
Total current tax	<u>447,555</u>	<u>155,241</u>
Deferred tax		
Origination and reversal of timing differences	(9,043)	(11,993)
Changes in tax rates	242	-
Total deferred tax	<u>(8,801)</u>	<u>(11,993)</u>
Total tax charge	<u>438,754</u>	<u>143,248</u>

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

8 Taxation (Continued)

The charge for the period can be reconciled to the profit per the income statement as follows:

	Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
Profit before taxation	2,305,446	1,481,537
Expected tax charge based on the standard rate of corporation tax in the UK of 20.20% (2014: 21.00%)	465,640	311,123
Tax effect of expenses that are not deductible in determining taxable profit	1,744	949
Adjustments in respect of prior years	74,761	(34,967)
Group relief claimed	(87,159)	(85,987)
Other non-reversing timing differences	-	895
R&D expenditure credits	(17,563)	(56,071)
Sundry tax adjusting items	(15)	7,306
Adjust deferred tax to average rate	1,346	-
Tax expense for the period	438,754	143,248

Factors that may affect future tax charges

Under legislation substantively enacted on 26 October 2015, the main rate of corporation tax will be reduced to 19% from 1 April 2017 and to 18% from 1 April 2020.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

9 Dividends

Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
Interim paid	
1,450,000	1,500,000
<u>1,450,000</u>	<u>1,500,000</u>

10 Intangible fixed assets

	Computer software £
Cost	
At 1 January 2015	17,985
Additions - separately acquired	25,501
	<u>43,486</u>
At 31 March 2016	
Amortisation and impairment	
At 1 January 2015	8,364
Amortisation charged for the period	14,755
	<u>23,119</u>
At 31 March 2016	
Carrying amount	
At 31 March 2016	20,367
	<u>9,621</u>
At 31 December 2014	

Amortisation charged in the period is recognised within administrative expenses.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

11 Tangible fixed assets

	Leasehold improvements	Plant & equipment	Office furniture, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2015	38,035	380,525	140,656	166,822	726,038
Additions	8,925	15,009	6,911	59,593	90,438
Disposals	-	(110,632)	(46,690)	(47,085)	(204,407)
At 31 March 2016	46,960	284,902	100,877	179,330	612,069
Depreciation and impairment					
At 1 January 2015	15,155	311,030	95,606	119,904	541,695
Depreciation charged in the period	7,195	41,389	18,228	32,318	99,130
Eliminated in respect of disposals	-	(110,599)	(46,655)	(42,339)	(199,593)
At 31 March 2016	22,350	241,820	67,179	109,883	441,232
Carrying amount					
At 31 March 2016	24,610	43,082	33,698	69,447	170,837
At 31 December 2014	22,880	69,495	45,050	46,918	184,343

Depreciation charged in the period is recognised within administrative expenses.

12 Fixed asset investments

	2016 £	2014 £
Investments in subsidiaries	33,000	33,000

Investments reflect the company's interest in the entire issued share capital (33,000 ordinary shares of £1 each) of Mecelec Developments Limited, a dormant company incorporated in the United Kingdom and registered in England and Wales. Its result for the period ended 31 March 2016 was £nil (year ended 31 December 2014 - £nil) and its aggregate capital and reserves at that date were £33,000 (2014 - £33,000).

Movements in fixed asset investments

	Shares £
Cost or valuation	
At 1 January 2015 & 31 March 2016	33,000
Carrying amount	
At 31 March 2016	33,000
At 31 December 2014	33,000

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

13 Stocks

	2016 £	2014 £
Raw materials and consumables	672,505	733,751
Work in progress	291,134	331,624
Finished goods and goods for resale	570,216	626,812
	<u>1,533,855</u>	<u>1,692,187</u>

14 Debtors

	2016 £	2014 £
Amounts falling due within one year:		
Trade debtors	2,319,679	1,126,829
Corporation tax recoverable	-	24,758
Other debtors	69,966	21,036
Prepayments and accrued income	105,973	79,594
	<u>2,495,618</u>	<u>1,252,217</u>
Deferred tax asset (note 17)	11,222	2,421
	<u>2,506,840</u>	<u>1,254,638</u>

15 Creditors: amounts falling due within one year

	2016 £	2014 £
Trade creditors	1,120,805	696,880
Amounts due to group undertakings	1,565,672	1,362,973
Corporation tax	74,832	-
Other taxation and social security	67,356	77,271
Other creditors	26,909	29,817
Accruals and deferred income	233,514	119,079
	<u>3,089,088</u>	<u>2,286,020</u>

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

16 Provisions for liabilities

	2016 £	2014 £
Warranty provisions	19,778	-
Movements on provisions:		
		Warranty provisions £
Additional provisions in the year		19,778

Warranty provisions have been recognised in respect of products sold during the period. The amount provided represents management's best estimate of the future cash outflows in respect of those products that remain within the warranty period at the reporting date. It is based on past experience and costs incurred which are monitored on a regular basis. It is expected that most of this expenditure will be incurred in the next financial year and all will be incurred within two years of the reporting date.

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2016 £	Assets 2014 £
Balances:		
Fixed asset timing differences	3,705	(2,587)
Short term timing differences	7,517	5,008
	11,222	2,421
Movements in the period:		2016 £
Asset at 1 January 2015		2,421
Credit to profit and loss		9,043
Effect of change in tax rate - profit or loss		(242)
Asset at 31 March 2016		11,222

The deferred tax asset set out above is expected substantially to reverse within 12 months as taxation allowances claimed exceed depreciation charged on the underlying assets in the same period.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

18 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £255,475 (2014 - £181,163). Contributions of £11,858 (2014 - £nil) were outstanding at end of the period and are included in accruals.

19 Share capital

	2016 £	2014 £
Ordinary share capital		
Issued and fully paid		
12,342 A Ordinary shares of £1 each	12,342	12,342
246,840 B Ordinary shares of 10p each	24,684	24,684
	<u>37,026</u>	<u>37,026</u>

14,400 ordinary shares of £1 each were issued on incorporation. During the period ended 31 December 1997, the company repurchased and subsequently cancelled 2,058 shares (reducing the number of shares in issue to 12,342) and then allotted 246,840 ordinary shares of 10p each for the general development of the business. The company's two classes of ordinary share rank pari passu. The shares carry no right to fixed income. Each carries the right to one vote at general meetings of the company.

20 Reserves

Capital reserve

The capital reserve was created as a result of a capital restructuring of the company in the period ended 30 September 1995.

Profit and loss reserves

The profit and loss reserves reflect cumulative profit and losses net of distributions to members.

21 Operating lease commitments

Lessee

Operating lease commitments reflect rentals payable on the company's premises.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2014 £
Within one year	120,000	120,000
Between two and five years	480,000	480,000
In over five years	120,000	270,000
	<u>720,000</u>	<u>870,000</u>

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

22 Related party transactions

The remuneration of the company's key management personnel (who are also the statutory directors of the company) is set out below:

		Period 1 Jan 2015 to 31 Mar 2016 £	Year ended 31 Dec 2014 £
	Notes		
Total remuneration	7	539,640	366,020
Employer's national insurance contributions		43,582	29,560
		<u>583,222</u>	<u>395,580</u>

23 Ultimate parent company and controlling party

At the start and end of the period, the immediate parent company was Digi-Star Acquisitions UK Limited, a company incorporated in the United Kingdom and registered in England and Wales. Digi-Star Acquisitions UK Limited heads the smallest group in which the results of the company are consolidated. Its consolidated financial statements are available from Companies House.

At the start of the period, the ultimate parent company and controlling party was Digi-Star Investments LLC, a company incorporated in the United States of America. Digi-Star Investments LLC headed the largest group in which the results of the company were consolidated. During the period, on 20 April 2015, an intermediate parent company Digi-Star Investments Inc. was acquired by the Topcon group. The ultimate parent company and controlling party is now Topcon Corporation, incorporated in Tokyo. Topcon Corporation heads the largest group in which the results of the company are now consolidated. In the opinion of the directors there is no overall controlling party.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2016

24 Reconciliations on adoption of FRS 102

Reconciliation of equity

	1 January 2014 £	31 December 2014 £
Equity as reported under previous UK GAAP and under FRS 102	1,349,657	1,187,946

Reconciliation of profit

	Year ended 31 Dec 2014 £
Profit as reported under previous UK GAAP and under FRS 102	1,338,289

Notes to reconciliations on adoption of FRS 102

(a) Reclassify software to intangible assets

Software was previously included in tangible fixed assets as part of office furniture, fittings & equipment. FRS102 requires software to be presented in intangible fixed assets. Software with a net book value of £8,291 at 1 January 2014 and £9,621 at 31 December 2014 has been reclassified from tangible fixed assets to intangible assets and the underlying depreciation charges have been reclassified to amortisation charges. The reclassifications have no impact on net assets at 1 January 2014 or 31 December 2014, nor on profit for the financial year ended 31 December 2014.