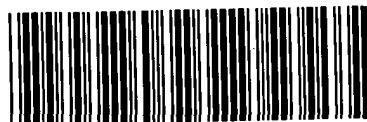


Company Registration No. 02996527 (England and Wales)

RDS TECHNOLOGY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018

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COMPANIES HOUSE

RDS TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	N A Staite J Williamson A Zahalka
Secretary	N A Staite
Company number	02996527
Registered office	Cirencester Road Minchinhampton Stroud Gloucestershire GL6 9BH
Auditor	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD
Bankers	HSBC Bank Plc 130 New Street Birmingham B2 4JU

RDS TECHNOLOGY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Group reorganisation

On 31 December 2017 the company's trade, assets and liabilities were transferred as a going concern to its parent company Topcon Technology Limited. Its trade continues within that company. The following review of the business relates to the period up to 31 December 2017.

Review of the business

The company designed, manufactured and distributed a wide range of instrumentation for the mobile machinery industry, predominantly agricultural and industrial machinery control systems.

Following the acquisition by the Topcon group in April 2015 the company continued to invest in building a strong engineering development and test facility at the Minchinhampton site. This has provided further support for ongoing relationships with many large OEM customers.

The company continued to develop strong relationships with specialist agricultural and industrial distributors in many parts of the world with the additional support of the Topcon group.

The company continued to invest in design and production quality systems following the award of ISO 9001:2015 certification in 2017.

A steady first half to the year produced growth of 7.6% compared to the same period in the previous year and this accelerated over the final three months. The nine month period ended with total sales of £9.7m which is a pro rata increase of 9.8% on the previous year. Many of the key OEM customers provided growth of over 50% and there were also new sales opportunities created via Topcon distribution centres in Spain and Australia.

The On-Board Weighing industrial application market continued to increase due to the success of the Loadmaster Alpha and Weighlog Alpha products. In the agricultural market, sales increased in Bailer/Wrapper, Spreader and Yield System Monitor applications largely through our OEM customers.

Profit before taxation grew to £1.88m which is a pro rata increase of 10.6% on the previous year.

The company again enjoyed strong liquidity. Debtor days increased to an average of 58 days (2016-17: 55 days) but average inventory days were reduced by 11 to 86 days. Creditor days increased by 1 to 46 days. The overall cash conversion cycle of inventory and net debtors/creditors improved again to 98 days (2016-17: 107 days).

The company remained well-placed within its markets and the directors are confident of further success in the trade as it continues in Topcon Technology Limited. Exports increased by £0.7m on a pro rata basis making up 73.5% of total sales (2016-17: 72.6%), spread across 35 countries.


Future developments

The company is no longer trading and there are no plans to reactivate it.

Principal risks, uncertainties and matters of strategic importance

The directors believe that, following the transfer of the trade, all the principal risks of the company have transferred to Topcon Technology Limited. RDS Technology Limited is now expected to remain dormant.

On behalf of the board



N A Staite

Director

Date: 25th September 2018

RDS TECHNOLOGY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company was previously the design, manufacture and distribution of a wide range of instrumentation for the mobile machinery industry, predominantly agricultural and industrial machinery control systems. On 31 December 2017 the company's trade, assets and liabilities were transferred as a going concern to its parent company Topcon Technology Limited. Its trade continues within that company.

Directors

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

N A Staite
J Williamson
A Zahalka

Results and dividends

The results for the year are set out on page 6. Ordinary dividends were paid amounting to £900,000 (2017 - £1,600,000). The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

The company is no longer trading and its only assets and liabilities are its investment in its dormant subsidiary Mecelec Developments Limited and residual balances with its parent company. In the opinion of the directors the company is therefore no longer exposed to any significant external risks.

Research and development

The company continued to undertake research and development, with the activity being transferred to Topcon Technology Limited on 31 December 2017. The expenditure is written off in the year in which it is incurred. Materials and salaries costs of £700,025 (2017 - £928,351) were written off during the year.

Qualifying third party indemnity provision

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

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.


Matters included in the strategic report

In accordance with the Companies Act 2006, s. 414C(11), the company has chosen to set out in its strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch.7 to be contained in the directors' report. It has done so in respect of the review of the business and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director 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
Director

Date: 25th September 2018

RDS TECHNOLOGY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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 AUDITOR'S REPORT TO THE MEMBER OF RDS TECHNOLOGY LIMITED

Opinion

We have audited the financial statements of RDS Technology Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 FRS 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 31 March 2018 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 Auditor's 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.

Emphasis of matter - non-going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the going concern basis of the company. The company has transferred its trade to its parent and is no longer active, therefore the financial statements have not been prepared on a going concern basis. The financial statements have not required any adjustments resulting from the fact that the financial statements have not been prepared on a going concern basis.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF RDS TECHNOLOGY LIMITED (CONTINUED)

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 and the directors' report.

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 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

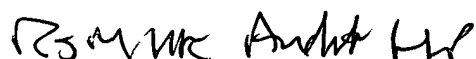
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.



Thomas Morgan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

.....
19 October 2018

RDS TECHNOLOGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	9,716,075	11,796,032
Cost of sales		(5,429,519)	(6,626,038)
Gross profit		4,286,556	5,169,994
Distribution costs		(537,535)	(655,433)
Administrative expenses		(1,942,021)	(2,344,619)
Other operating income	6	77,003	102,119
Profit before taxation	7	1,884,003	2,272,061
Tax on profit	9	(337,636)	(415,350)
Profit for the financial year		1,546,367	1,856,711

On 31 December 2017 the company's trade, assets and liabilities were transferred as a going concern to its parent company Topcon Technology Limited. Its trade continues within that company.

The above results therefore reflect trading for only the first nine months of the current year, and relate to a trade that is now carried out from within another group company.

RDS TECHNOLOGY LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	11	-	-	9,749	
Tangible assets	12	-	-	165,419	
Investments	13	33,000		33,000	
			33,000		208,168
Current assets					
Stocks	14	-		1,631,957	
Debtors	15	2,474,716		2,251,292	
Cash at bank and in hand		-		1,009,664	
		2,474,716		4,892,913	
Creditors: amounts falling due within one year	16	-		(3,146,172)	
Net current assets		2,474,716		1,746,741	
Total assets less current liabilities		2,507,716		1,954,909	
Provisions for liabilities	17	-		(93,560)	
Net assets		2,507,716		1,861,349	
Capital and reserves					
Called up share capital	20	37,026		37,026	
Capital reserve	21	277,204		277,204	
Profit and loss reserves	21	2,193,486		1,547,119	
Total equity		2,507,716		1,861,349	

The financial statements were approved by the board of directors and authorised for issue on 25th September 2018 and are signed on its behalf by:



.....
N A Staite
Director

RDS TECHNOLOGY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Capital reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2016		37,026	277,204	1,290,408	1,604,638
Year ended 31 March 2017:					
Profit and total comprehensive income for the year		-	-	1,856,711	1,856,711
Dividends	10	-	-	(1,600,000)	(1,600,000)
Balance at 31 March 2017		37,026	277,204	1,547,119	1,861,349
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	1,546,367	1,546,367
Dividends	10	-	-	(900,000)	(900,000)
Balance at 31 March 2018		37,026	277,204	2,193,486	2,507,716

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

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.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of its parent company, Topcon Technology Limited (formerly Digi-Star Acquisitions UK Limited). The consolidated financial statements of Topcon Technology Limited are available from its registered office, Topcon Technology Limited, Cirencester Road, Minchinhampton, Stroud, Gloucestershire, GL6 9BH.

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.

Going concern

On 31 December 2017 the company's trade, assets and liabilities were transferred as a going concern to its parent company Topcon Technology Limited. The company is no longer trading and there are no plans to reactivate it. As such, the financial statements have not been prepared on a going concern basis. No adjustments were required in order to present the financial statements on a non-going concern basis.

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 expenditure

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

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

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 of assets less their residual values over their useful lives on the following bases:

Computer software	- 3 years straight line
-------------------	-------------------------

Tangible fixed assets

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

Depreciation is recognised so as to write off the cost 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.

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.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

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.

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.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

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.

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.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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.

Following the transfer of the company's trade to its parent company on 31 December 2017, the company has no assets and liabilities other than its investment in its dormant subsidiary Mecerlec Developments Limited and residual balances with its parent company. In the opinion of the directors there are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of the company's assets and liabilities.

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Design, manufacture, marketing and support of electronic instruments	9,716,075	11,796,032
	<u>9,716,075</u>	<u>11,796,032</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	2,570,115	3,232,427
Europe	5,688,800	6,714,197
America	688,729	1,089,833
Australia and New Zealand	667,442	632,097
Africa	56,959	74,739
Asia	44,030	52,739
	<u>9,716,075</u>	<u>11,796,032</u>

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

4 Employees

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

	2018 Number	2017 Number
Production staff	48	46
Sales and administrative staff	43	41
	<u>91</u>	<u>87</u>

The company employed staff only until 31 December 2017, on which date all contracts of employment were transferred to the parent company in connection with the transfer of trade. The average disclosed above therefore reflects the position only through the first nine months of the year.

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,058,828	2,617,779
Social security costs	186,706	232,688
Pension costs	131,277	166,833
	<u>2,376,811</u>	<u>3,017,300</u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	71,779	213,791
Company pension contributions to defined contribution schemes	8,061	10,277
Compensation for loss of office	-	65,573
	<u>79,840</u>	<u>289,641</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 2).

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

	2018 £	2017 £
Remuneration for qualifying services	71,779	126,875
Company pension contributions to defined contribution schemes	8,061	-
	<u>79,840</u>	<u>126,875</u>

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

6 Other operating income

	2018 £	2017 £
Research and development tax credits	77,003	102,119
	<u>77,003</u>	<u>102,119</u>

7 Profit before taxation

	2018 £	2017 £
Profit before taxation is stated after charging/(crediting):		
Exchange losses/(gains)	17,710	(83,340)
Research and development costs	700,025	928,351
Depreciation of owned tangible fixed assets	54,756	71,708
Profit on disposal of tangible fixed assets	(3,500)	(81)
Amortisation of intangible assets	10,849	10,618
Cost of stocks recognised as an expense	4,316,867	5,219,224
Impairment of trade debtors	(444)	3,709
Operating lease charges	97,530	124,109
	<u>97,530</u>	<u>124,109</u>

8 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	20,000	19,500
For other services		
Taxation compliance services	3,500	3,600
All other non-audit services	2,275	2,725
	<u>5,775</u>	<u>6,325</u>

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	337,636	415,606
Adjustments in respect of prior periods	-	(760)
Total current tax	<u>337,636</u>	<u>414,846</u>
Deferred tax		
Origination and reversal of timing differences	-	(120)
Changes in tax rates	-	624
Total deferred tax	<u>-</u>	<u>504</u>
Total tax charge	<u>337,636</u>	<u>415,350</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>1,884,003</u>	<u>2,272,061</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	357,961	454,412
Tax effect of expenses that are not deductible in determining taxable profit	5,963	1,270
Adjustments in respect of prior years	-	(760)
Group relief	(29,138)	(39,247)
Sundry tax adjusting items	-	(970)
Adjust deferred tax to reconciliation rate	(1,261)	645
Other tax adjustments, reliefs and transfers	4,111	-
Taxation charge for the year	<u>337,636</u>	<u>415,350</u>

Factors that may affect future tax charges

The main rate of corporation tax will be reduced to 17% from 1 April 2020.

10 Dividends

	2018 £	2017 £
Interim paid	<u>900,000</u>	<u>1,600,000</u>

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

11 Intangible fixed assets

	Computer software £
Cost	
At 1 April 2017	43,486
Additions - separately acquired	30,000
Transfer to parent company	(73,486)
	<hr/>
At 31 March 2018	-
	<hr/>
Amortisation and impairment	
At 1 April 2017	33,737
Amortisation charged for the year	10,849
Transfer to parent company	(44,586)
	<hr/>
At 31 March 2018	-
	<hr/>
Carrying amount	
At 31 March 2018	-
	<hr/>
At 31 March 2017	9,749
	<hr/>

Amortisation charged in the year is recognised wholly within administrative expenses.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

12 Tangible fixed assets

	Leasehold improvements	Plant & equipment	Office furniture, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2017	53,254	297,171	106,101	198,677	655,203
Additions	34,536	2,913	-	25,483	62,932
Disposals	(11,635)	(254,701)	(59,723)	(88,862)	(414,921)
Transfers to parent company	(76,155)	(45,383)	(46,378)	(135,298)	(303,214)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2018	-	-	-	-	-
Depreciation and impairment					
At 1 April 2017	30,499	266,145	82,072	111,068	489,784
Depreciation charged in the year	9,506	11,256	10,218	23,776	54,756
Eliminated in respect of disposals	(11,635)	(254,701)	(59,723)	(88,862)	(414,921)
Transfers to parent company	(28,370)	(22,700)	(32,567)	(45,982)	(129,619)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2018	-	-	-	-	-
Carrying amount					
At 31 March 2018	-	-	-	-	-
	<u>22,755</u>	<u>31,026</u>	<u>24,029</u>	<u>87,609</u>	<u>165,419</u>
At 31 March 2017	22,755	31,026	24,029	87,609	165,419

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

13 Fixed asset investments

	2018 £	2017 £
Investments in subsidiaries	33,000	33,000

Investments in subsidiaries 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 registered office is RDS Technology Limited, Cirencester Road, Minchinhampton, Stroud, Gloucestershire, GL6 9BH.

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2017 & 31 March 2018	33,000
Carrying amount	
At 31 March 2018	33,000
At 31 March 2017	33,000

14 Stocks

	2018 £	2017 £
Raw materials and consumables	-	733,160
Work in progress	-	228,339
Finished goods and goods for resale	-	670,458
	-	1,631,957

15 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	-	2,139,723
Amounts owed by group undertakings	2,474,716	-
Other debtors	-	58,093
Prepayments and accrued income	-	42,758
	2,474,716	2,240,574
Deferred tax asset (note 18)	-	10,718
	2,474,716	2,251,292

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

16 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	-	1,120,116
Amounts due to group undertakings	-	1,565,672
Corporation tax	-	153,690
Other taxation and social security	-	57,747
Other creditors	-	14,350
Accruals and deferred income	-	234,597
	<u>-</u>	<u>3,146,172</u>

17 Provisions for liabilities

	2018 £	2017 £
Warranty provisions	<u>-</u>	<u>93,560</u>
Movements on provisions:		
		Warranty provisions £
At 1 April 2017		93,560
Transfer to parent company		(93,560)
At 31 March 2018		<u>-</u>

Warranty provisions in the comparative period reflected amounts recognised in respect of products sold during the period. The amount provided represented management's best estimate of the future cash outflows in respect of those products that remained within the warranty period at the reporting date. It was based on past experience and costs incurred which were monitored on a regular basis. In connection with the transfer of trade and assets, the provisions were transferred to the company's parent, Topcon Technology Limited on 31 December 2017.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

18 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 2018 £	Assets 2017 £
Balances:		
Fixed asset timing differences	-	5,211
Short term timing differences	-	5,507
	<u>-</u>	<u>10,718</u>
Movements in the year:		2018 £
Asset at 1 April 2017		10,718
Transfer to parent company		(10,718)
		<u>-</u>
Asset at 31 March 2018		<u>-</u>

On 31 December 2017, in connection with the transfer of trade on that date, the company's deferred tax assets were transferred to the company's parent, Topcon Technology Limited.

19 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	131,277	166,833
	<u>131,277</u>	<u>166,833</u>

During the year the company contributed to defined contribution pension scheme arrangements for all qualifying employees. The assets of the schemes were held separately from those of the company in independently administered funds. No contributions were outstanding at the beginning or end of the year.

RDS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

20 Share capital

	2018 £	2017 £
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>

The company's two classes of ordinary share rank pari passu. The shares carry no right to fixed income. Each A Ordinary share carries the right to one vote at general meetings of the company. The B Ordinary shares have no voting rights.

21 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.

22 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:

	2018 £	2017 £
Within one year	-	130,000
Between one and five years	-	520,000
	<u>-</u>	<u>650,000</u>

23 Controlling party

The immediate parent company is Topcon Technology Limited (formerly Digi-Star Acquisitions UK Limited), a company incorporated in the United Kingdom and registered in England and Wales. Topcon Technology Limited heads the smallest group in which the results of the company are consolidated. Its consolidated financial statements are available from its registered office, Topcon Technology Limited, Cirencester Road, Minchinhampton, Stroud, Gloucestershire, GL6 9BH.

The ultimate parent company and controlling party is Topcon Corporation, incorporated in Tokyo. Topcon Corporation heads the largest group in which the results of the company are consolidated. In the opinion of the directors there is no overall controlling party.