



Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Society name:

Delta-T Devices Limited

Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

Please keep a copy of the form and supporting documents for future reference.

Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014



Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

3 If you make a mistake, cross it out and initial the changes; do not use correction fluid.

4 If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

6 Email a scanned copy of the signed form and supporting documents to

mutualsannrts@fca.org.uk

or send it by post to:

Mutuals Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

7. Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

1

Details of society

1.1 Details of the society

Register number	22804R
Registered office address	130 Low Road Burwell Cambridgeshire
Postcode	CB25 0EJ

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

3	1	/	1	2	/	2	0	1	7
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Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

Name	Mr Christopher Nicholl
Address	16 North Street, Burwell Cambridgeshire
Postcode	CB25 0BA
Year of birth	1951
Business occupation and other directorships	Head of Marketing

1.4 Details of Treasurer

Name	Mr Edmund Potter
Address	17a Low Road, Burwell Cambridgeshire
Postcode	CB25 0EJ
Year of birth	1942
Business occupation and other directorships	Founder & Technical Support Engineer

1.5 Details of Secretary

Name	Dr Martin Goodchild
Address	6 Great Lane Reach Cambridgeshire
Postcode	CB25 0JF
Year of birth	1963
Business occupation and other directorships	Principal Scientist & Electronic Engineer

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
Christopher Nicholl	16 North Street Burwell Cambridgeshire CB25 0BA	1951	Head of Marketing
Michael Soames	11 New Road Impington Cambridge CB24 9LU	1975	Adminstration Co-Ordinator
Karl Kühn	82 Alexander Chase Ely Cambs CB6 3SW	1980	Principal Software Engineer Director: Fluidcore Technologies cc (South Africa)
John Newstead	24 The Vineyard Ely Cambs CB7 4QG	1970	Soil Scientist and Technical Sales Engineer
		yyyy	
		yyyy	

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

Please continue, answering all questions.

1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?

- ☒ No
☐ Yes

1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000? (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

- ☒ No
☐ Yes

Financial Services Register firm reference number

1.9 Is the society a subsidiary of another society?

- ☒ No
☐ Yes

1.10 Does the society have one or more subsidiaries?

- ☒ No
☐ Yes

1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?

- ☒ No
☐ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

- ☐ Yes

1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?

- ☒ No
☐ Yes ► provide your Scottish Charity number below

1.13 Is the society registered with one of the following (please tick)?

- ☐ Homes and Communities Agency
☐ The Welsh Ministers
☐ Scottish Housing Regulator

If so, please provide your register number

All societies must answer the following questions:

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

Bona fide co-operative society

1.14 How did members benefit from the business, industry or trade of the society during the year?

Delta-T is a worker co-operative where employees are also shareholders/members and owners of the business.

Members share in the control and success of the business by following co-operative principals.

Distributions of surplus profits may be made to members if appropriate.

1.15 Is membership of the society required to obtain the benefits offered by it?

☒ Yes

☐ No

1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?

Delta-T is a worker co-operative where employees are also shareholders/members and owners of the business. Members, as employees, perform all the functions required in the business to make it a succesful venture.

1.17 How did members democratically control the society?

Each member has one share of £1 and is entitled to one vote in democratic control of the business.

1.18 How did the society use any surplus/profit?

If the society distributed the surplus/profit to members please explain how this was done.

Profits of the business, in excess of those retained for ongoing suport of Delta-T, can be distributed to charitable organisations and members.

If distributions are made they are evenly split between members according to shareholding - each member has one share of £1.

Please use separate sheets of paper if you need more space (see section 5 above)

Please indicate how many separate sheets of paper you have used.

0

Continue to 2.1

Community benefit society

1.19 Who are the community the society benefited?

--

1.20 How did the society benefit that community during the year?

--

1.21 How did the society use any surplus/profit?

--

Please use separate sheets of paper if you need more space (see section 5 above).

Please indicate how many separate sheets of paper you have used.

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Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	32
B	Members ceased during year	1
C	Members admitted during year	1
D	Members at end of year	32
E	Turnover for year	3,510,216
F	Total of income and expenditure (receipts and payments added together)	N/A
G	Net surplus/(deficit) for year	92,295
H	Fixed assets	308,258
I	Current assets	1,752,581
J	Total assets (equal to amount in row O, below)	2,060,839
K	Current liabilities	452,444
L	Share capital	86
M	Long-term liabilities	14,769
N	Reserves	1,593,540
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	2,060,839

All societies (excluding clubs) must complete boxes P-T

P	Investments in other registered societies	20
Q	Loans from members	0
R	Loans from Employees' Superannuation Schemes	0
S	Dividends on sales	0
T	Share interest	0

2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014

None

2.3 Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

None

3

The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit ▶ Continue to section 4
- ☐ Accountant's report ▶ Complete questions 3.2 and 3.3
- ☐ Lay audit ▶ Complete questions 3.2 and 3.3
- ☐ Unaudited ▶ Complete questions 3.2 and 3.3

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No
- ☐ Yes

3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☐ No
- ☐ Yes

4

Accounts and signature

Accounts

4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

2	7	/	0	6	/	2	0	1	8
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4.2 Has your society produced accounts to the minimum standard required?

☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached

☐ No ▶ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	Martin Goodchild
Signature	
Phone number	01638 742922
Email	martin.goodchild@delta-t.co.uk
Date	27/06/2018

DELTA-T DEVICES LIMITED

Financial Statements

31 December 2017

DELTA-T DEVICES LIMITED

FINANCIAL STATEMENTS 2017

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STATEMENT OF THE COMMITTEE OF MANAGEMENT RESPONSIBILITIES

The Management Committee is responsible for preparing the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit law requires the Committee of Management to prepare such financial statements for each financial year. Under that law the Committee of Management has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. The financial statements are required by law to give a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period. In preparing those financial statements, the Committee of Management is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the society and to ensure that the financial statements comply with the The Co-operative and Community Benefit Societies Act 2014. It is also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

In the case of each of the persons who is a member of the Committee of Management at the date when this report is approved:

- so far as each member of the Committee of Management is aware, there is no relevant audit information (as defined in the The Co-operative and Community Benefit Societies Act 2014) of which the society’s auditor is unaware; and
- each of the members of the Committee of Management has taken all the steps that it ought to have taken as the Committee of Management to make itself aware of any relevant audit information and to establish that the society’s auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the The Co-operative and Community Benefit Societies Act 2014.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELTA-T DEVICES LIMITED

Opinion

We have audited the financial statements of Delta-T Devices Limited for the year ended 31 December 2017, set out on pages 5 to 21. The relevant financial reporting framework that has been applied in their preparation is the United Kingdom accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Society's members, as a body, in accordance with the Co-operative and Community Benefit Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an Auditors' 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 Society and the Society's members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 December 2017 and of the Society's surplus or deficit 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 Co-operative and Community Benefit Societies Act 2014.

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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Committee of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Committee of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Committee of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the Statement of the Management Committee

We have nothing to report in respect of the following matters in relation to which The Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Society, or returns adequate for our audit have not been received from branches not visited by us; or
- the Society's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

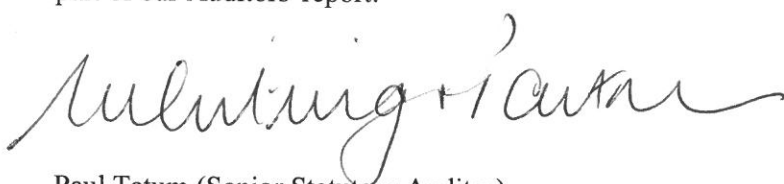
As explained more fully in the Committee of Management's responsibilities statement on page 1, the Committee of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee of Management 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, Committee of Management is responsible for assessing the Society'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 Society or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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



Paul Tatum (Senior Statutory Auditor)

for and on behalf of

Whiting & Partners

Chartered Accountants

Statutory Auditors

Greenwood House

Greenwood Court

Skyliner Way

Bury St Edmunds

Suffolk

IP32 7GY

15th June 2018

DELTA-T DEVICES LIMITED

INCOME AND EXPENDITURE ACCOUNT Year ended 31 December 2017

	Note	2017 £	2016 Restated £
INCOME	3	3,510,216	3,308,120
Cost of sales		(1,647,784)	(1,537,880)
Gross surplus		<u>1,862,432</u>	<u>1,770,240</u>
EXPENDITURE			
Selling and distribution		(313,494)	(310,948)
Marketing		(501,126)	(497,039)
Research and development		(620,325)	(580,340)
Product support		(145,777)	(149,569)
Administration		(316,186)	(361,835)
		<u>(1,896,908)</u>	<u>(1,899,731)</u>
OPERATING (DEFICIT)	5	(34,476)	(129,491)
Interest receivable	6	3,858	5,410
Other Income	7	64,108	79,363
		<u>33,490</u>	<u>(44,718)</u>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax credit on surplus/(deficit) on ordinary activities	8	58,805	68,089
SURPLUS RETAINED FOR THE FINANCIAL YEAR		<u>92,295</u>	<u>23,371</u>

DELTA-T DEVICES LIMITED

BALANCE SHEET

Year ended 31 December 2017

	Note	2017 £	2016 Restated £
FIXED ASSETS			
Tangible assets	9	308,238	333,757
Investments	10	20	20
		<u>308,258</u>	<u>333,777</u>
CURRENT ASSETS			
Stocks and work in progress	11	527,807	405,199
Debtors	12	528,817	515,372
Cash at bank and held on deposit	13	695,957	639,086
		<u>1,752,581</u>	<u>1,559,657</u>
CREDITORS: amounts falling due within one year	14	<u>(452,444)</u>	<u>(370,032)</u>
NET CURRENT ASSETS		<u>1,300,137</u>	<u>1,189,625</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,608,395	1,523,402
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>(14,769)</u>	<u>(12,000)</u>
NET ASSETS		<u><u>1,593,626</u></u>	<u><u>1,511,402</u></u>
FINANCED BY:			
Members' funds:			
Share capital	16	86	85
General reserve		1,395,481	1,312,787
Donated capital		54,360	54,360
Socially Useful Fund		492	963
Revaluation reserve		143,207	143,207
NET FUNDS EMPLOYED		<u><u>1,593,626</u></u>	<u><u>1,511,402</u></u>

The financial statements have been prepared in accordance with the provisions of Section 1A of FRS 102 applicable to small entities.

These financial statements were approved by the Committee of Management on

Signed on behalf of the Committee of Management

6/6/2018

C Nicholl

M Soames

M Goodchild
Secretary

Chris Nicholl

M Soames

M Goodchild

DELTA-T DEVICES LIMITED

RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS Year ended 31 December 2017

	Share Capital £	General reserve £	Donated capital £	Socially Useful Fund £	Revaluation reserve £	Total £
At 31 December 2016 as previously stated	85	1,329,138	54,360	963	143,207	1,527,753
Prior Year adjustment	-	(16,351)	-	-	-	(16,351)
At 31 December 2016 – Restated	85	1,312,787	54,360	963	143,207	1,511,402
Surplus for the financial year	-	92,295	-	-	-	92,295
Share Interest paid	-	(9,600)	-	-	-	(9,600)
SUF Distributed	-	-	-	(471)	-	(471)
Transfer	1	(1)	-	-	-	-
At 31 December 2017	86	1,395,481	54,360	492	143,207	1,593,626

The prior year adjustment relates to understated liabilities in respect of commissions payable.

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

1. Accounting Policies

General information

Delta-T Devices Limited is a registered society under The Co-operative and Community Benefit Societies Act 2014 and is a worker co-operative controlled by its members.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102). "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Society's accounting policies.

The following principal accounting policies have been applied:

Going concern

The society reported a small increase in turnover in 2017 due to changes in geographical demand in the worldwide market for our products, combined with a continued effort by members to control costs. The business made a small profit leaving the Society with a strong balance sheet and significant cash reserves at bank remaining. Forecasts have been prepared to 31 December 2018 showing a continuation in the underlying profitability of the business, together with a significant investment in new products. Post year-end sales to 31 March 2018 are ahead of target and the society feels the remainder of the year will meet budgetary targets.

The Committee of Management therefore has a reasonable expectation that the society has adequate resources to continue in operational existence for the foreseeable future and is well placed to manage its business risks successfully. Accordingly, it continues to adopt the going concern basis in preparing the annual report and accounts.

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

1 Accounting Policies (continued)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Society has transferred the significant risks and rewards of ownership to the buyer;
- the Society retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Society will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Society assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Society adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Society. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The transitional arrangements of FRS 102 have been adopted in the case of freehold land and buildings, where the valuation of £360,000 has not been updated since January 2000. The society has opted to freeze the value of the freehold land and buildings at the previously revalued amount.

Depreciation is not provided on freehold land.

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

1 Accounting Policies (continued)

Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	50 years
Plant and machinery	-	4 years
Fixtures and fittings	-	5 years
Office equipment	-	4 years
Computer software	-	3 years
Instrumentations	-	2 years
Special tooling	-	2 years
Computer hardware and peripherals	-	4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income and Expenditure Account.

Valuation of investments

Investments in subsidiaries are measured at fair value.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

1 Accounting Policies (continued)

Financial instruments

The Society only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income and Expenditure Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Society would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income and Expenditure Account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income and Expenditure Account in the same period as the related expenditure.

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

1. Accounting Policies (continued)

Foreign currency translation

The Society's functional and presentational currency is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income and ExpenditureAccount except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income and ExpenditureAccount within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income and ExpenditureAccount within 'other operating income'.

Distributions

Distributions are recognised when they become legally payable. Interim distributions are recognised when paid. Final equity distributions are recognised when approved by the shareholders at an annual general meeting. Distributions on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Operating leases: the Society as lessee

Rentals paid under operating leases are charged to the Income and ExpenditureAccount on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Society has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

1. Accounting Policies (continued)

Pensions

The Society operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity. Once the contributions have been paid the Society has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Society in independently administered funds.

Interest income

Interest income is recognised in the Income and Expenditure Account using the effective interest method.

Provisions for liabilities

Provisions are made where an event has taken place that gives the Society a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income and Expenditure Account in the year that the Society becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income and Expenditure Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Society operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

1 Accounting Policies (continued)

Current and deferred taxation (continued)

acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The Society carries out research and development. A tax credit is recognised for the eligible expenditure Research and Development tax credits.

Research and development

Expenditure on research and development is written off to the Income and Expenditure account as incurred.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Committee Management's accounting policies, which are described in note 1, the required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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 if the revision affects only that periods, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements of the society were:

Stock provisions

Stock provisions are based on slow moving stock and is based on 100% of all stock which has not been sold in last 365 days.

Valuation of finished goods and work in progress

Finished goods valuation is based on materials, labour and sub-contract standard costs. The work in progress is valued based on the standard costs of all components issued to open works orders in production.

Warranties

Warranties provision is an estimate of potential claims in any given 2 year period based on historical evidence of prior claims.

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

3. ANALYSIS OF TURNOVER

The turnover attributable to each of the society's geographical markets is:

	2017 £	2016 £
United Kingdom	494,764	431,582
Rest of Europe	927,906	993,255
Asia and Middle East	1,160,651	1,314,954
Africa	134,907	37,894
Central America	10,630	15,833
North America	619,732	345,076
South America	82,905	120,027
Australia	78,721	49,499
	<u>3,510,216</u>	<u>3,308,120</u>

4. INFORMATION REGARDING EMPLOYEES

	2017 No	2016 No
Average number of persons employed		
Manufacturing staff	11	11
Support staff	1	2
Administration and sales staff	11	11
Research and development staff	12	12
	<u>35</u>	<u>36</u>
	£	£
Staff costs during the year		
Wages and salaries	1,301,085	1,235,301
Social security costs	95,774	130,567
Other pension costs	149,408	156,696
	<u>1,546,267</u>	<u>1,522,564</u>

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

5. OPERATING DEFICIT

	2017 £	2016 £
Operating deficit is after charging/ (crediting):		
Depreciation - owned assets	26,707	34,765
Loss on sale of fixed assets	-	31
Operating lease rentals	7,438	8,582
The analysis of auditor's remuneration is as follows:		
Fees payable to the Society's auditor for the audit of the Society's annual accounts	7,500	13,100
Foreign exchange loss/(gain)	7,249	(53,157)
	<u>7,249</u>	<u>(53,157)</u>

6. INTEREST RECEIVABLE

	2017 £	2016 £
Bank interest receivable	3,858	5,410
	<u>3,858</u>	<u>5,410</u>

7. OTHER INCOME

	2017 £	2016 £
Grants receivable	50,490	73,142
Research and Development expenditure credit	13,618	6,221
	<u>64,108</u>	<u>79,363</u>

8. TAX ON SURPLUS/ (DEFICIT) ON ORDINARY ACTIVITIES

	2017 £	2016 £
Current taxation		
Corporation tax at 19.25% (2016 - 20%)		
Research and development tax credit	(62,721)	(71,401)
	<u>(62,721)</u>	<u>(71,401)</u>
Deferred tax		
Origination and reversal of timing differences	3,916	(2,421)
Adjustment in respect of prior years	-	5,733
	<u>3,916</u>	<u>3,312</u>
	<u>(58,805)</u>	<u>(68,089)</u>

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

9. TANGIBLE FIXED ASSETS

	Cost/valuation		
	Total brought forward	Additions	Disposals
	£	£	£
Freehold land and buildings	381,518	-	-
Plant and machinery	135,367	-	-
Fixtures and fittings	207,992	-	-
Office & computer equipment	126,542	1,188	-
Computer software	117,271	-	-
Instrumentation	61,799	-	-
Special tooling	39,401	-	-
	<u>1,069,890</u>	<u>1,188</u>	<u>-</u>
Cost			<u>1,071,078</u>

	Depreciation		
	Total brought forward	Charge in year	Eliminated on disposals
	£	£	£
Freehold land and buildings	92,596	5,444	-
Plant and machinery	133,634	1,100	-
Fixtures and fittings	182,697	8,627	-
Office & computer equipment	111,447	8,502	-
Computer software	115,574	1,988	-
Instrumentation	61,799	-	-
Special tooling	38,386	1,046	-
	<u>736,133</u>	<u>26,707</u>	<u>-</u>
Depreciation			
Net book values			
At 31 December 2017			<u>308,238</u>
At 31 December 2016			<u>333,757</u>

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

9. TANGIBLE FIXED ASSETS (continued)

The transitional arrangements of FRS 15 have been adopted in the case of freehold land and buildings, where the valuation of £360,000 has not been updated since January 2000. The society has opted to freeze the value of the freehold land and buildings at the previously revalued amount, plus subsequent additions at cost as permitted by FRS 102.

The comparable amounts for freehold land and buildings under the historical cost convention are:

	2017 £	2016 £
Cost	253,923	253,923
Accumulated depreciation	111,609	107,626
Net book value	<u>142,314</u>	<u>146,297</u>

10. INVESTMENTS HELD AS FIXED ASSETS

	2017 £	2016 £
Other investments and loans	<u>20</u>	<u>20</u>

11. STOCKS AND WORK IN PROGRESS

	2017 £	2016 £
Raw materials and consumables	483,410	400,256
Finished goods	32,010	21,906
Work in progress	58,232	30,332
Provision	(45,845)	(47,295)
	<u>527,807</u>	<u>405,199</u>

12. DEBTORS

	2017 £	2016 £
Trade debtors	358,229	334,501
Research and development tax credits	62,721	72,646
Research and development expenditure credit	13,618	4,976
Prepayments and accrued income	70,077	81,692
Other debtors	24,172	20,410
Deferred tax asset (note 15)	-	1,147
	<u>528,817</u>	<u>515,372</u>

All debtors are recoverable within one year.

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

13. CASH AT BANK AND HELD ON DEPOSIT

	2017 £	2016 £
Cash at bank	459,009	403,179
Cash held on deposit	236,948	235,907
	<u>695,957</u>	<u>639,086</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 Restated £
Trade creditors	284,809	188,170
Taxation and social security	37,059	35,887
Other creditors	-	-
Accruals and deferred income	130,576	145,975
	<u>452,444</u>	<u>370,032</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions	2017 £	2016 £
Warranty provision	12,000	12,000
Deferred Tax	2,769	-
	<u>14,769</u>	<u>12,000</u>

Deferred tax	2017 £	2016 £
(Asset) brought forward	(1,147)	(4,459)
Income and Expenditure account (credit)/charge	-	-
Adjustments in respect of prior years	-	5,733
Charge/(Credit) to income and expenditure account for the year	3,916	(2,421)
	<u>2,769</u>	<u>(1,147)</u>
Liability/(Asset) carried forward		

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The source of the balance on the deferred tax account is as follows:

	2017		2016	
	Provided	Not provided	Provided	Not provided
	£	£	£	£
Capital allowances in excess of depreciation	2,769	-	4,737	-
Short term timing differences	-	-	(2,040)	-
R&D	-	-	(3,844)	-
	<u>2,769</u>	<u>-</u>	<u>(1,147)</u>	<u>-</u>

No provision has been made for potential deferred tax on the property revaluation as the society is not intending to sell the property in the foreseeable future. The potential corporation tax arising on disposal of the property at the revalued amount is estimated at £Nil (2016 - £nil).

Warranty provision

The provision for warranties relates to expected warranty repairs in the coming two years on products sold by the organisation.

16. CALLED UP SHARE CAPITAL

	2017	2016
	£	£
Current members	32	32
Forfeited capital of former members	54	53
	<u>86</u>	<u>85</u>

During the year one (2016 - none) member was admitted, one (2016 - three) member ceased and the share capital of the former member was forfeited.

17. PENSION COSTS

The society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. The pension cost charge represents contributions payable by the society to the fund and amounted to £180,552 (2016 - £156,696).

18. DISTRIBUTIONS

Distributions of £9,600 (£300 per member) (2016 Nil) were declared and paid in 2017.

The distribution declared after 31 December 2017 totalled £Nil (£Nil per current members' share).

19. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Between one and five years	<u>7,292</u>	<u>14,729</u>

DELTA-T DEVICES LIMITED

ADDITIONAL INFORMATION

20. ULTIMATE CONTROLLING PARTY

The Society is a workers co-operative which is controlled by its members.

The members vote on an annual basis to elect the members of the Committee of Management.

The additional information on pages 22 to 24 has been prepared from the accounting records of the society. While it does not form part of the statutory financial statements, it should be read in conjunction with them.