

UniVision Engineering Limited



Annual Report
Year ended 31 March 2014

UNIVISION ENGINEERING LIMITED
Annual Report
Year ended 31 March 2014

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BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors

Stephen Sin Mo KOO, *Executive Chairman*
Chun Pan WONG, *Chief Executive Officer*
Danny Kwok Fai YIP, *Finance Director*
Nicholas James LYTH, *Non-Executive Director*

Senior Management

Mike Chiu Wah CHAN, *Director of Operations*
Peter Yip Tak CHAN, *Director of Sales and Marketing*

Audit Committee

Nicholas James LYTH, *Chairman*
Stephen Sin Mo KOO

Remuneration Committee

Nicholas James LYTH, *Chairman*
Stephen Sin Mo KOO

AIM Stock Code

UVEL

Company Secretary

Danny Kwok Fai YIP

Registered Office

8/F Lever Tech Centre,
69-71 King Yip Street,
Kwun Tong, Kowloon,
Hong Kong
Tel: (852) 2389 3256
Fax: (852) 2797 8053
E-mail: uvel@hk.uvel.com
Website: www.uvel.com

Nominated Adviser and Broker

ZAI Corporate Finance Limited
1 Hobhouse Court,
Suffolk Street,
London SW1Y 4HH,
UK.

Principal bankers

Bank of China (Hong Kong)
Hong Kong and Shanghai Banking Corporation
Citibank, N.A.
Hua Nan Commercial Bank (Taiwan)

Auditor

HKCMCPA Company Limited
Certified Public Accountants
Unit 602, 6/F., Hoseinee House
69 Wyndham Street,
Central, Hong Kong

Registrars

Computershare Investor Services
(Jersey) Limited
Queensway House,
Hilgrove Street,
St Helier,
Jersey JE1 1ES.

UK Depository

Computershare Investor Services PLC
The Pavilions,
Bridgwater Road,
Bristol BS99 6ZZ,
UK

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report the Group's audited results for the financial year ended 31 March 2014.

Revenue from the Group's Security and Surveillance Systems business recorded 22% growth compared with the last financial year. Though the growth of construction contract income of 25% was encouraging, we remain focused on maintenance service that generates more stable cash flow to the Group. We expect that the Hong Kong order book will continue to improve over the coming years due to forthcoming large infrastructure projects.

As announced on 28 February 2014, the disposal of our share in the Zhongshan shopping mall remains delayed by arbitration, however the buyers remain committed to complete the transaction. The Board is always considering the best way to generate shareholder value from this asset and the waiver of the loan due to the Company's former major shareholder, Mayne Management Limited, announced on 20 February 2014 enables the Company to explore other opportunities regarding the project. We will keep the market informed of any progress.

The Directors remain confident of the future of Univision and are optimistic about the Group's prospects..

FINANCIAL REVIEW

The profit attributable to the equity holders of the Company is £2.8m (2013: £92 K). The main reason for the improvement is due to the Group recognising an exceptional gain from forgiveness of debt due to its former major shareholder totalling £2.5m. Also, the overall business of the Group has improved.

The Group generated positive net cash of £548K from its operating activities in the current year (2013: £48K). Net cash of £673K was used in financing activities in the current year (2013: positive £34K) mainly for repayment of loan and dividends paid. The Group had cash and cash equivalents at 31 March 2014 of £0.4m (2013: £0.6m).

During the year under review, the relative weak closing rate at the year-end of the HK\$ against Sterling has led to a 9.9% depreciation in the GBP reporting amount in the Consolidated Statement of Financial Position. All figures in the said Statement therefore needed to be adjusted for comparison purposes. It also the reason for the significant loss of £985K on exchange differences arising on the translation of foreign operations (2013: £616K).

Turnover in the year increased by 22% to £8.9m (2013: £7.3m). This increase was mainly due to the inclusion of the construction contract income from the Kai Tak Cruise Terminal project and also substantial growth in maintenance contract income in Hong Kong operation. The latter was contributed by the increase in job orders from a major customer.

The revenue from the construction contracts division (excluding the E&M business) recorded a growth of 21.6% and 27.3% respectively in Hong Kong and Taiwan even with keen market competition. The performance of the Hong Kong maintenance business continues to be robust. It recorded a 59% growth in revenue and improved its profit margin. Despite the maintenance contracts significantly dropping by 45% in the Taiwan maintenance business, the Group's maintenance contracts still increased 8.4% overall compared with last year due to more large orders provided from MTR Corporation Limited.

CHAIRMAN'S STATEMENT

(Continued)

The Group's Security and Surveillance Systems business provides relatively stable cash flows. The major customers in the Security and Surveillance Systems business are public organisations and sizeable private enterprises, such as MTR Corporation Limited in Hong Kong. Following the contract award of the Kai Tak Cruise Terminal project, the Group was awarded a new construction contract by JSI-Autotoll JV, as announced in 23 May 2014, for the Hong Kong-Zhuhai-Macao Bridge Project with a contract value of HK\$11.25m. This strengthens the Group's position in the Security and Surveillance Systems business in Hong Kong.

The Directors are pleased to continue to report there is a high level of demand for Security and Surveillance Systems business from local government infrastructure projects and the extension of MTR lines in Hong Kong. We anticipate that the Group's turnover from this division will grow steadily. With the quality of service and reputation in the business, management is confident on the ability of the Group to compete in the highly competitive market.

Gross profit margin decreased to 26.4% (2013: 30.8%). The major reason for this decrease was the reduction in gross profit from 30% to 22% in the Group's construction contracts due to increased material costs, wages and sub-contracting charges during the year. In addition, Gross Profit decreased from 31% to 18% in the Group's product sales business due to lower pricing in the competitive market. More competitive pricing did result in a 88% growth in turnover for product sales.

The increase in Gross Profit from 32% to 35% in the Group's maintenance contracts was mainly contributed by the Hong Kong maintenance business. This compensated for the significant drop of gross margin in the Taiwan maintenance contracts in this current year which was caused by the reduction of expenditure budget by a local major customer.

Administration expenses remain constant at £1.7m (2013: £1.7m) mainly due to effective cost control. Finance costs were decreased during the year due to reduced borrowing from a bank.

The outstanding interest-free loan of US\$3.95m due to Mayne Management Limited, the former shareholder of the Group, was waived in this current year. It generated a gain from forgiveness of debt of £2.496m. By waiving the loan, it improves the current ratio to 2.57 (2013: 1.81), and the debt to equity ratio to 0.04 (2013: 0.38). The Group generated £2.9m net profit for this current year (2013: 184K) by exclusion of the gain.

No significant capital investment occurred in the current year.

Profit before Interest and Tax (PBIT) was £2.9m (2013: £0.3m). Net profit before income tax was £2.9m (2013: £0.2m). Basic earning per share for this year was 0.74p (2013: 0.02p).

The directors propose the payment of a final dividend of 0.31 HK cents (gross) per share for the financial year ended 31 March, 2014 (2013: 0.78 HK cents). The dividend timetable is as follows:

Ex date	17 September 2014
Record date.	19 September 2014
Payment date	10 October 2014

The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

CHAIRMAN'S STATEMENT

(Continued)

BUSINESS REVIEW

According to Tech Navio's analysts forecast, the Global IP Video Surveillance market will grow at a CAGR of 24.9% between 2013 to 2018. One of the key factors contributing to this market growth is the increase in concern over security and safety as well as the need for high-quality images, thereby leading to a replacement of older surveillance systems.

OnVIF and PSIA are expected to bring a standard in open markets in coming years. Apart from megapixel resolution network security cameras, which are predicted to out-sell standard resolution network security cameras, High Definition Serial Digital Interface (HD-SDI) cameras, which provides high definition real time and no latency video via coaxial cable, are becoming another popular choice.

PROSPECTS

The Board remains confident of the prospects for Univision with the strong pipeline of infrastructure projects in Hong Kong.

The Board expects that the growing demand for its Network and High Definition Security and Surveillance products will enable the Group to continue to prosper in the Hong Kong and Taiwanese markets.

The possibility of de-merging the E&M business of Leader Smart is also under evaluation, as the Board considers this a different sector to the core Security and Surveillance business and little value is reflected in the Company's market capitalisation whilst the sale of the Zhongshan shopping mall remains subject to arbitration.

Finally, on behalf of the Board, I would like to thank our customers, suppliers and shareholders for their continued support of UniVision. I would also like to acknowledge the hard work of the management and all the staff for their contribution and dedication to the Group.

MR. STEPHEN SIN MO KOO
EXECUTIVE CHAIRMAN

5 September 2014

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

DIRECTORS' BIOGRAPHIES

Nicholas James LYTH – Non-executive Director (aged 48)

Mr. Lyth is a qualified chartered management accountant and has over 14 years experience as a finance professional, having spent a number of years as director of UK companies. He has lived and worked in China and can speak and write Mandarin. Nicholas is currently Non Executive Chairman of Taihua plc, an AIM quoted manufacturer of pharmaceuticals, based in China. He is responsible for day to day liaison with UK investors.

Stephen Sin Mo KOO – Executive Chairman (aged 57)

Mr. Koo joined UniVision in 1998 and was appointed as a Director on 3 March 2003. He is responsible for overall strategic planning of our Group. He holds both a Bachelor Degree from the University of Technology, Sydney, and a Masters Degree in Business from the Royal Melbourne Institute of Technology in Australia. He is the Director of Up Sky Investments Limited, the Group's ultimate parent company. He is a Fellow of the Institute of Certified Public Accountants of Australia.

Chun Pan WONG – Chief Executive Officer (aged 54)

Mr. Wong joined UniVision in 1991 and was appointed as a Director on 25 March 1992. He holds a Master Degree in Religious Studies in Chinese University of Hong Kong and a Bachelor Degree in Computer Science from the University of Edinburgh, Scotland, and over 18 years experience in the surveillance industry. Mr. Wong is responsible for formulating and overseeing the implementation of UniVision's business development strategies and for the management of the Company's operations. He is also responsible for the development of UniVision's state of the art CCTV control and monitoring systems and smart card access systems.

Danny Kwok Fai YIP –Finance Director (aged 50)

Mr. Yip was appointed as Finance Director on 18 September 2007. He was the Financial Controller for the Group before the appointment. Mr. Yip obtained a Master of Corporate Finance degree from The Hong Kong Polytechnic University and a Bachelor of Commerce (Accounting) degree from The Curtin University of Technology, Australia. Before joining the Group, Mr. Yip was the Accounting Manager of Nissin Food Group, the leading instant noodle manufacturing MNC. Mr. Yip has over 20 years experience in finance and accounting in different industries. He is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. He also acts as Company Secretary for the Corporation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

(Continued)

SENIOR MANAGEMENT'S BRIEF BIOGRAPHIES

Mike Chiu Wah CHAN – Director of Operations (aged 39)

Mr. Chan joined UniVision as Assistant Engineer in December 1996, and was promoted to a number of increasingly senior positions in maintenance and project department, prior to being appointed to his present position on 2 January 2008. He is now responsible for the management of UniVision's Project and Maintenance Division. Mr. Chan holds a Bachelor of Engineering degree in Industrial and Manufacturing System Engineering from The University of Hong Kong.

Peter Yip Tak CHAN – Director of Sales and Marketing (aged 50)

Mr. Chan joined UniVision in 1995. He holds a Degree in Computing from the University of Northwest Missouri and has over 10 years experience in sales and project management. He is responsible for the management of UniVision's Sales and Marketing Division.

UNIVISION ENGINEERING LIMITED DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report together with the audited financial statements of the Group and the Company for the year ended 31 March 2014.

Principal Activities

The principal activities of the Company are the supply, design, consultation, installation and maintenance of closed circuit television and surveillance systems, and the sale of security related products. The Group is involved in similar activities as well as electrical and mechanical services.

Review of the Business

A review of the Group and its future development is included in the Chairman's Statement.

Financial Position

The Group's profit for the year ended 31 March 2014 and the state of affairs of the Group at that date are set out in the consolidated statement of comprehensive income on page 19 and in the consolidated statement of financial position on page 20, respectively.

The Group's and the Company's changes in shareholders' equity for the year ended 31 March 2014 are set out in the consolidated and the Company's statement of changes in equity on page 22 and 23, respectively.

The Group's and the Company's cash flow for the year ended 31 March 2014 is set out in the consolidated and the Company's statement of cash flows on pages 24 to 25.

Key Performance Indicators (KPI)

		<u>2014</u>	<u>2013</u>
Current Ratio:	Current Assets / Current Liabilities	2.6	1.8
Average Collection Period :	Trade receivables (net of allowance for doubtful debts) / Sales per day	39 days	31 days
Inventory Turnover :	Cost of sales / Inventories	6.2	4.5
Gross profit Margin :	Gross profit / Sales	26%	31%
Debt to Equity Ratio :	Debt / Equity	0.04	0.38
Quick Ratio :	(Current Assets –Inventories)/ Current Liabilities	2.4	1.7

DIRECTORS' REPORT

(Continued)

Share Capital and Reserves

Details of the movements in share capital are set out in note 27 on page 68.

The movements in reserves during the year are set out in the consolidated statement of changes in equity on page 22.

Dividends

The Directors propose that the payment of a final dividend of 0.31 HK cents (gross) per share for the financial year ended 31 March 2014.

Plant and Equipment

Details of the movements in plant and equipment are set out in note 16 on pages 58 to 59.

Directors

The directors who held office during the year and to the date of this report were as follows:

Stephen Sin Mo KOO
Chun Hung WONG (resigned on 31 December 2013)
Nicholas James LYTH
Chun Pan WONG
Danny Kwok Fai YIP

Mr. Nicholas James LYTH and Mr. Chun Pan WONG retire by rotation at the forthcoming annual general meeting in accordance with the Company's Articles of Association and, being eligible, the current directors offer themselves for re-election.

Directors' Interests in Contracts

No director had a material interest in any contract of significance to the business of the Company to which the Company, its holding company, or its subsidiaries was a party at the end of the year or at any time during the year.

Directors' Interests in Shares

According to the register of Directors' Shareholdings kept by the Company, particulars of interests of the Directors (or their immediate families) who held office at the end of the financial year in the ordinary shares of the Company are as set out in the table below:

	Ordinary Shares held as at 31 March 2014
Stephen Sin Mo KOO	278,203,700*
Chun Hung WONG	-
Nicholas James LYTH	-
Chun Pan WONG	-
Danny Kwok Fai YIP	-

DIRECTORS' REPORT

(Continued)

* 78,744,000 ordinary shares are registered under the name of Up Sky Investments Limited which is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Mo KOO. Mr. Stephen Sin Mo KOO, is deemed to be interested in all the ordinary shares registered in the name of Up Sky Investments Limited.

Following the Share Transaction on 8 July 2011, the entire stake of UniVision Holdings Limited (it holds 183,736,000 shares of the Company) was transferred to Up Sky Investments Limited, a company that is wholly owned by Mr. Stephen Koo. He is also interested in 15,723,700 ordinary shares in the Company. Therefore following the Share Transaction, he has a total direct and indirect interest in 278,203,700 ordinary shares in the Company, equivalent to 72.5% of the Company's total issued share capital.

Save as disclosed in this report, none of the Directors (or their immediate families) who held office at the end of the financial year had interests in the share capital of the Company during the financial year.

Directors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or its subsidiaries a party to any arrangement to enable the directors of the Company to acquire by means of the acquisition of shares in, or debentures of any other body corporate.

Substantial Shareholdings

As at 26 August 2014, the Directors had been informed of the following companies that held 3% or more of the Company's issued ordinary share capital:

	Number of ordinary shares	% of total issued share capital
UniVision Holdings Limited ⁽¹⁾	183,736,000	47.9
Up Sky Investments Limited ⁽²⁾	78,744,000	20.5
Beaufort Nominees Limited	24,109,498	6.3
Hargreaves Lansdown (Nominees) Limited	22,680,258	5.9
TD Direct Investing Nominees (Europe) Limited	12,895,344	3.4

DIRECTORS' REPORT

(Continued)

⁽¹⁾ UniVision Holdings Limited is an investment holding company incorporated under the laws of the British Virgin Islands and was formerly owned by Mayne Management Limited. Up Sky Investments Limited acquired the entire stake from Mayne Management Limited on 8 July 2011 and became the major shareholder.

⁽²⁾ Up Sky Investments Limited is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Mo KOO.

Payments to Creditors

The Group does not follow any code or standard on payment practice but instead the Group policy is to pay all creditors in accordance with agreed terms of business.

Political and Charitable Donations

During the year the Company made no political or charitable contributions (2013: Nil).

Employees

The Group values staff involvement at all levels of operations, and uses various means to train, inform and consult the employees. The Group encourages the management to discuss regularly with the employees on both corporate and individual matters and discloses information to them that will increase their awareness of the financial and economic factors affecting the Group.

The Group recognises its obligations to provide a fair consideration on all vacancies towards people with disability and to ensure that such persons are not discriminated against on the grounds of their disability. For those employees who become disabled during their employment period, the Group will make every effort to ensure that their employment will continue and that sufficient training is arranged.

Annual General Meeting

The Annual General Meeting of the Company will be held at UniVision Engineering Limited, 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong, on 3 October 2014 at 5:00 p.m. The Notice of Meeting appears on page 73.

Annual Report

The annual report for the year ended 31 March 2014 will be uploaded on the Company's website www.uvel.com on 5 September, 2014 and the hard copy will be sent to shareholders by our Registrars, Computershare Investor Services (Jersey) Limited.

DIRECTORS' REPORT

(Continued)

Auditor

HKCMCPA Company Limited, Certified Public Accountants, remain as our auditor for the year. A resolution to re-appoint HKCMCPA Company Limited, Certified Public Accountants as auditor of the Company will be put to the forthcoming Annual General Meeting.

By Order of the Board

Mr. Stephen Sin Mo KOO
Executive Chairman

Hong Kong
5 September 2014

REMUNERATION REPORT

The Remuneration Committee presents this report to shareholders on behalf of the Board.

Membership of Remuneration Committee

The Remuneration Committee comprises Mr. Nicholas James LYTH (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Nicholas James LYTH.

Policy Statement

The Remuneration Committee sets the remuneration and all other terms of employment of the Executive Directors with a vision to provide a package which is suitable for the responsibilities involved. The remuneration of the Executive Directors is determined by the Remuneration Committee having regard to the performance and experience of individuals, the overall performance of the Group and market trends.

Directors' Remuneration

Details of individual director's remuneration for the year are set out in the table below:

	Salary and fees £	Pension scheme contribution £	Bonus £	2014 Total £	2013 Total £
Executive Directors					
Stephen Sin Mo KOO	-	-	-	-	39,729
Chun Pan WONG	44,813	1,216	4,289	50,318	46,582
Chun Hung WONG	43,767	911	4,863	49,541	62,685
Danny Kwok Fai YIP	38,856	1,216	3,513	43,585	41,728
Non-executive Director					
Nicholas James LYTH	11,747	-	-	11,671	11,747

Directors' Interests in Contracts and Interests in Shares

Details of Directors' Interests in Contracts and Interests in Shares are given in the Directors' Report.

REPORT ON CORPORATE GOVERNANCE

Introduction

The Directors believe that their foremost function is to generate continuous profits for the Company's investors, and that this should be achieved by a policy of high standards of corporate governance, integrity and ethics. As the Company is listed on AIM and not subject to the Listing Rules of the UK Listing Authority, it is not officially required to comply with the provisions detailed in the Combined Code on Corporate Governance. However, it is the intention of the Board to manage the Company's and Group's affairs in accordance with this Code, in so far as is practical and appropriate for a public company of this size and complexity. The following are a few examples on how the Directors have applied the principles of good corporate governance to manage the Company throughout the year.

Board of Directors

The Board directs and controls the Company and is responsible for strategy and operating performance. It meets regularly throughout the year and has adopted a schedule of matters specifically reserved for its decision.

All Directors are elected by shareholders at the first opportunity after their initial appointment to the Board and to be re-elected thereafter at intervals of not more than three years. Biographical information on all the Directors is listed in the Directors' and Senior Management's Biographies section to the annual report, which may help the shareholders to make a decision at the time of re-election.

Upon their appointments, the Directors are offered an opportunity to request information and training relevant to their legal and other duties. They are also given written guidelines and rules defining their responsibilities within an AIM listed company.

The Board considers that all Non-executive Directors are independent of management and day to day operation, and free from any commercial relationship with the Company. These Non-executive Directors do not participate in any of the Company's pension schemes or bonuses. The Chairman of the Audit and Remuneration Committees is a Non-executive Director.

Nomination Committee

As the Board of Directors of the Company is relatively small, there is no separate Nomination Committee. All nominations to the Board are considered by all of the Directors.

Audit Committee

Our Audit Committee comprises Mr. Nicholas James LYTH (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Nicholas James LYTH. The Chairman of the Audit Committee has full discretion to invite any Executive Directors to attend its meetings. The Audit Committee meets not less than twice per annum.

The responsibilities of the Committee are to:

- monitor the quality of the overall internal control system of all financial matters;
- review the Company's Accounting Policies and ensure compliance with accounting standards;
- ensure that the financial performance of the Company is properly measured and reported on;
- consider the appointment/re-appointment of the external auditor;
- review the conduct of the audit and discuss the audit fees;
- review reports from the Auditors relating to the Company's accounting and internal controls;
- to ensure the Company complies with the AIM Rules.

REPORT ON CORPORATE GOVERNANCE

(Continued)

Remuneration Committee

Our Remuneration Committee comprises Mr. Nicholas James LYTH (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Nicholas James LYTH. The Remuneration Committee meets as required.

The responsibilities of the Committee are to:

- determine the specific remuneration package for each Director including Director's fees, salaries, allowances, bonuses, options, benefits-in-kind; and
- seek professional advice, including comparison with similar businesses, in order to correctly fulfil its duties, as the Committee deems appropriate.

In discharging its functions, the Committee may obtain independent external legal and other professional advices as it deems necessary. The expense of such advice shall be borne by the Company.

Internal Control

The Board of Directors is responsible for ensuring that the Company maintains an internal financial control system with appropriate monitoring procedures for all Group companies. The purpose of this system is to safeguard Company assets, maintain proper accounting records, and ensure that reliable financial information is used within the Group and for publication purposes. However, the system is designed to manage rather than completely eliminate risk and can only provide reasonable but not absolute assurance against material misstatement.

In order to achieve the above responsibilities, the Board meets regularly and monitors the Company's internal financial control by reviewing the overall process and the performance of the systems, setting annual budgets and periodic forecasts, and seeking any prior approval for all significant expenditure.

The Group currently does not have an internal audit department and after extensive review and consideration, the Board has concluded that the existing control mechanisms are sufficient for the size of the Group. This decision will be kept under review.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's and Group's financial statements.

Investor Relations

The Company realises that effective communication can increase transparency and accountability to its shareholders; as such, the Company discloses its information to its shareholders through RNS (i.e. the news distribution service operated by the London Stock Exchange plc). The same information can also be found on the Company's website (www.uvel.com). The Company will make every effort to ensure that all price-sensitive information is released publicly and immediately. If an immediate announcement is not possible, the Company will try to publicize the information at the earliest time possible to ensure that the shareholders and the public have fair access to it.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Company will send the Annual Report and the notice of the Annual General Meeting (AGM) to all its shareholders. This notice is also made available on RNS. The Company recognises the importance of the shareholders' views and encourages them to attend the AGMs where they can share their opinions and raise direct queries and concerns towards the Directors, including the chairperson of each of the Board Committees. The shareholders are also welcomed to discuss any issues on an informal basis at the conclusion of the AGMs.

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

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.



HKCMCPA Company Limited
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED**
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of UniVision Engineering Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 72, which comprise the consolidated and the Company's statement of financial position as at 31 March 2014, and the consolidated statement of comprehensive income, the consolidated and the Company's statement of changes in equity and the consolidated and the Company's statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company's shareholders, as a body, in compliance with the Alternative Investment Market Rules ("AIM Rules") for companies as published by the London Stock Exchange plc. Our work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body for this report or for the opinions we have formed.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Tel: (852) 2573 2296 Fax: (852) 2384 2022

<http://www.hkcmcpa.us>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 March 2014 and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

HKCMCPA Company Limited
Certified Public Accountants

PANG KING SZE, RUFINA
Practising Certificate number P05228

Hong Kong, China
5 September 2014



Unit 602, 6/F., Hoseinee House, 69 Wyndham Street, Central, Hong Kong
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<http://www.hkcmcpa.us>

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2014

	<i>Notes</i>	<u>2014</u> £	<u>2013</u> £
Revenue	7(a)	8,925,960	7,313,425
Cost of sales	10	<u>(6,573,248)</u>	<u>(5,060,805)</u>
Gross profit		2,352,712	2,252,620
Other income	8	10,518	10,928
Other gains and (loss)	9	2,398,545	(181,301)
Selling and distribution expenses	10	(137,963)	(106,807)
Administrative expenses	10	(1,684,796)	(1,696,030)
Finance costs	12	<u>(20,787)</u>	<u>(37,727)</u>
Profit before income tax		2,918,229	241,683
Income tax expense	13	<u>(13,499)</u>	<u>(57,278)</u>
Profit for the year		<u>2,904,730</u>	<u>184,405</u>
Other comprehensive (loss)/income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(985,245)</u>	<u>615,952</u>
Total comprehensive income for the year		<u>1,919,485</u>	<u>800,357</u>
Profit attributable to :			
Equity shareholders of the Company		2,820,587	92,143
Non-controlling interests		<u>84,143</u>	<u>92,262</u>
		<u>2,904,730</u>	<u>184,405</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		1,870,597	697,526
Non-controlling interests		<u>48,888</u>	<u>102,831</u>
		<u>1,919,485</u>	<u>800,357</u>
Earnings per share			
Basic	14	<u>0.74p</u>	<u>0.02p</u>
Diluted	14	<u>0.74p</u>	<u>0.02p</u>

All revenues are from continuing operations.

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	<i>Notes</i>	<u>2014</u> £	<u>2013</u> £
ASSETS			
Non-current assets			
Plant and equipment	16	43,886	86,833
Goodwill	17	25,830	25,830
Trade and other receivables	21	<u>1,324,331</u>	<u>1,436,027</u>
Total non-current assets		<u>1,394,047</u>	<u>1,548,690</u>
Current assets			
Inventories	19	1,059,065	1,134,747
Trade and other receivables	21	14,299,649	15,706,652
Bank deposits	22	223,865	246,008
Cash and cash equivalents	22	<u>379,860</u>	<u>585,046</u>
Total current assets		<u>15,962,439</u>	<u>17,672,453</u>
Total assets		<u>17,356,486</u>	<u>19,221,143</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	23	4,544,953	4,866,691
Current tax liability	24(a)	1,226,973	1,350,264
Loan and borrowings	25	440,582	3,528,205
Obligation under finance lease	26	<u>6,844</u>	<u>7,522</u>
Total current liabilities		<u>6,219,352</u>	<u>9,752,682</u>
Non-current liability			
Obligation under finance lease	26	<u>7,415</u>	<u>15,669</u>
Total liabilities		<u>6,226,767</u>	<u>9,768,351</u>
Equity			
Share capital	27	1,697,617	1,697,617
Reserves		<u>9,098,833</u>	<u>7,470,794</u>
Equity attributable to equity shareholders of the Company		<u>10,796,450</u>	<u>9,168,411</u>
Non-controlling interests		<u>333,269</u>	<u>284,381</u>
Total equity		<u>11,129,719</u>	<u>9,452,792</u>
Total liabilities and equity		<u>17,356,486</u>	<u>19,221,143</u>

The financial statements on pages 19 to 72 were authorised for issue by the board of directors on 5 September 2014 and were signed on its behalf by:

Stephen Sin Mo KOO, Director

Chun Pan WONG, Director

UNIVISION ENGINEERING LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	<i>Notes</i>	<u>2014</u> £	<u>2013</u> £
ASSETS			
Non-current assets			
Plant and equipment	16	17,297	33,521
Interests in subsidiaries	18	<u>2,767,277</u>	<u>3,093,724</u>
Total non-current assets		<u>2,784,574</u>	<u>3,127,245</u>
Current assets			
Inventories	19	744,381	803,163
Trade and other receivables	21	1,868,816	1,437,131
Bank deposits	22	223,865	246,008
Cash and cash equivalents	22	<u>160,210</u>	<u>456,758</u>
Total current assets		<u>2,997,272</u>	<u>2,943,060</u>
Total assets		<u>5,781,846</u>	<u>6,070,305</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	23	1,444,776	1,369,206
Loan and borrowings	25	-	2,621,723
Obligation under finance lease	26	<u>6,844</u>	<u>7,522</u>
Total current liabilities		<u>1,451,620</u>	<u>3,998,451</u>
Non-current liability			
Obligation under finance lease	26	<u>7,415</u>	<u>15,669</u>
Total liabilities		<u>1,459,035</u>	<u>4,014,120</u>
Equity			
Share capital	27	1,697,617	1,697,617
Reserves		<u>2,625,194</u>	<u>358,568</u>
Total equity		<u>4,322,811</u>	<u>2,056,185</u>
Total liabilities and equity		<u>5,781,846</u>	<u>6,070,305</u>

The financial statements on pages 19 to 72 were authorised for issue by the board of directors on 5 September 2014 and were signed on its behalf by:

Stephen Sin Mo KOO, Director

Chun Pan WONG, Director

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2014

	Attributable to the equity shareholders of the Company							Non-controlling interest	Total equity	
	Share capital	Share premium	Retained earnings	Special capital reserve "A"	Special capital reserve "B"	Statutory surplus reserves	Translation reserve			
	£	£	£	£	£	£	£	£	£	
		(Note 1)		(Note 2)	(Note 3)					
Balance at 1 April 2012	1,697,617	2,192,640	2,265,728	155,876	143,439	-	2,015,585	8,470,885	214,198	8,685,083
Comprehensive income:										
Profit or loss	-	-	92,143	-	-	-	-	92,143	92,262	184,405
Other comprehensive income:										
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	605,383	605,383	10,569	615,952
Total other comprehensive income for the year, net of tax	-	-	-	-	-	-	605,383	605,383	10,569	615,952
Total comprehensive income	-	-	92,143	-	-	-	605,383	697,526	102,831	800,357
Dividend distributed by a subsidiary	-	-	-	-	-	-	-	-	(32,648)	(32,648)
Transfer to statutory surplus reserves	-	-	(7,927)	-	-	7,927	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	(7,927)	-	-	7,927	-	-	(32,648)	(32,648)
Balance at 31 March 2013	1,697,617	2,192,640	2,349,944	155,876	143,439	7,927	2,620,968	9,168,411	284,381	9,452,792
Comprehensive income:										
Profit or loss	-	-	2,820,587	-	-	-	-	2,820,587	84,143	2,904,730
Other comprehensive loss:										
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(949,990)	(949,990)	(35,255)	(985,245)
Total other comprehensive loss for the year, net of tax	-	-	-	-	-	-	(949,990)	(949,990)	(35,255)	(985,245)
Total comprehensive income			2,820,587	-	-	-	(949,990)	1,870,597	48,888	1,919,485
Dividend paid in respect of 2013 year	-	-	(242,558)	-	-	-	-	(242,558)	-	(242,558)
Total transactions with owners, recognised directly in equity	-	-	(242,558)	-	-	-	-	(242,558)	-	(242,558)
Balance at 31 March 2014	1,697,617	2,192,640	4,927,973	155,876	143,439	7,927	1,670,978	10,796,450	333,269	11,129,719

The currency translation from Hong Kong Dollars ("HK\$") to the presentation currency of Sterling Pound ("£") used in the financial statements has no impact on the available distributable reserves of the Company at 31 March 2014.

Notes:

1. Share premium

The Company may by resolution reduce the share premium account in any manner authorised and subject to any conditions prescribed by law.

2. Special capital reserve "A"

Pursuant to the Order of the High Court dated 20 November 2004, any future recoveries of the Company's accumulated provision for obsolete inventories and provision for bad debts amounting to HK\$1,935,002 and HK\$3,592,540 respectively will be credited to non-distributable special capital reserve "A" account.

3. Special capital reserve "B"

By a special resolution passed on 30 July 2004 and Order of the High Court dated 20 November 2004, the authorised and issued capital of the Company was reduced from HK\$159,245,000 divided into 31,849 ordinary shares of HK\$5,000 each to HK\$16,405,000 divided into 3,281 ordinary shares of HK\$5,000 each. The reduction of capital was effected by cancellation of 28,568 ordinary shares of HK\$5,000 each in the issued and paid up share capital of the Company. The Company established a non-distributable special capital reserve "B" account into which HK\$2,071,307 was credited as a result of the capital reduction.

UNIVISION ENGINEERING LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2014

	Attributable to equity shareholders of the Company						Total equity £
	Share capital £	Share premium £	Accumulated losses £	Special capital reserve "A" £	Special capital reserve "B" £	Translation reserve £	
Balance at 1 April 2012	1,697,617	2,192,640	(2,999,464)	155,876	143,439	499,225	1,689,333
Comprehensive income:							
Profit or loss	-	-	257,598	-	-	-	257,598
Other comprehensive income:							
Exchange difference arising on translation of foreign operations	-	-	-	-	-	109,254	109,254
Total other comprehensive income for the year, net of tax	-	-	-	-	-	109,254	109,254
Total comprehensive income	-	-	257,598	-	-	109,254	366,852
Balance at 31 March 2013	1,697,617	2,192,640	(2,741,866)	155,876	143,439	608,479	2,056,185
Comprehensive income:							
Profit or loss	-	-	2,807,923	-	-	-	2,807,923
Other comprehensive loss:							
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(298,739)	(298,739)
Total other comprehensive loss for the year, net of tax	-	-	-	-	-	(298,739)	(298,739)
Total comprehensive income	-	-	2,807,923	-	-	(298,739)	2,509,184
Dividend paid in respect of 2013 year	-	-	(242,558)	-	-	-	(242,558)
Total transactions with owners, recognised directly in equity	-	-	(242,558)	-	-	-	(242,558)
Balance at 31 March 2014	1,697,617	2,192,640	(176,501)	155,876	143,439	309,740	4,322,811

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2014

	<i>Notes</i>	2014 £	2013 £
Cash flows from operating activities			
Profit before income tax		2,918,229	241,683
Adjustments for:			
Interest expense	12	20,787	37,726
Interest income	8	(1,293)	(1,516)
Depreciation of plant and equipment	16	49,086	65,904
Allowance for obsolete inventories	19	9,660	27,585
Write-off of inventories	9	47,444	-
Impairment loss recognised on trade and other receivables	9	99,907	188,148
Loss/(gain) on disposal of plant and equipment	9	2,675	(510)
Gain from forgiveness of debt	9, 25(b)	(2,496,353)	-
		650,142	559,020
Changes in operating assets and liabilities:			
Increase in inventories		(84,614)	(13,029)
Increase in trade and other receivables		(125,309)	(506,618)
Increase in trade and other payables		121,747	35,950
		561,966	75,323
Cash generated from operations		(13,360)	(27,793)
Income tax paid		548,606	47,530
Net cash generated from operating activities		548,606	47,530
Cash flows from investing activities			
Interest received	8	1,293	1,516
Purchase of plant and equipment		(16,002)	(38,548)
Proceeds from disposal of plant and equipment		365	510
		(14,344)	(36,522)
Net cash used in investing activities		(14,344)	(36,522)
Cash flows from financing activities			
Interest paid	12	(20,787)	(37,726)
Dividend paid to shareholders of the Company	15	(242,558)	-
Dividend paid to non-controlling interests		-	(32,648)
Repayment of finance lease liabilities		(7,162)	(8,175)
Proceed from loan and borrowings		-	112,060
Repayment of loan and borrowings		(402,126)	-
		(672,633)	33,511
Net cash (used in)/generated from financing activities		(672,633)	33,511
Net (decrease)/increase in cash and cash equivalents		(138,371)	44,519
Cash and cash equivalents at beginning of year		585,046	504,323
Effect of foreign exchange rate changes		(66,815)	36,204
Cash and cash equivalents at end of year	22	379,860	585,046

UNIVISION ENGINEERING LIMITED
COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 March 2014

	<i>Notes</i>	<u>2014</u> £	<u>2013</u> £
Cash flows from operating activities			
Profit before income tax		2,807,923	257,598
Adjustments for:			
Interest expense		1,164	1,361
Interest income		(986)	(1,275)
Depreciation of plant and equipment	16	16,494	15,081
Dividend income received from a subsidiary		-	(35,631)
Write-off of inventories	9	47,444	-
Loss on disposal of plant and equipment	9	2,675	-
Gain from forgiveness of debt	9, 25(b)	(2,496,353)	-
		<u>378,361</u>	<u>237,134</u>
Changes in operating assets and liabilities:			
Increase in inventories		(61,579)	(2,359)
Increase in trade and other receivables		(587,051)	(87,899)
Decrease/(increase) in amounts due from subsidiaries		50,213	(111,362)
Increase/(decrease) in trade and other payables		<u>208,025</u>	<u>(43,944)</u>
Net cash used in operating activities		(12,031)	(8,430)
Cash flows from investing activities			
Interest received		986	1,275
Purchase of plant and equipment		(5,715)	(9,894)
Dividend income received from a subsidiary		-	35,631
Proceeds from disposal of plant and equipment		<u>365</u>	<u>-</u>
Net cash (used in)/generated from investing activities		(4,364)	27,012
Cash flows from financing activities			
Interest paid		(1,164)	(1,361)
Dividend paid to shareholders of the Company		(242,558)	-
Repayment of finance lease liabilities		(7,162)	(8,175)
Repayment of loan and borrowings		<u>-</u>	<u>(16,316)</u>
Net cash used in financing activities		(250,884)	(25,852)
Net decrease in cash and cash equivalents		(267,279)	(7,270)
Cash and cash equivalents at beginning of year		456,758	432,672
Effect of foreign exchange rate changes		<u>(29,269)</u>	<u>31,356</u>
Cash and cash equivalents at end of year	22	<u><u>160,210</u></u>	<u><u>456,758</u></u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

1. GENERAL

UniVision Engineering Limited (“the Company”) is incorporated in Hong Kong with limited liability and its shares are listed on the Alternative Investment Market of the London Stock Exchange (“AIM”). The address of the registered office is 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

The financial statements are presented in Sterling Pound (“£”), which is the presentation currency of the Company.

The Company acts as an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are engaged in the supply, design, installation and maintenance of closed circuit television and surveillance systems, the sale of security system related products and provision for electronic and mechanical services. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost convention basis, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4 in the financial statements.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

- (a) New and revised IFRSs that have been issued and effective

The following standards have been adopted by the Group and the Company for the first time for the current financial period. Of these, the following developments are relevant to the Group and the Company’s financial statements:

- Amendments to IAS 1, “Financial statement presentation” regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustment). The presentation of other comprehensive income in the financial statements has been modified accordingly.
- IAS 19 “Employment Benefits” eliminate the option to defer the recognition of gains and losses, known as the “corridor method”; streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.
- IFRS 10 “Consolidated Financial Statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The directors of the Company have assessed the control in respect of its investees under the new definition in IFRS 10 and concluded that the application of this standard would have no material impact on the Group as all subsidiaries within the Group satisfy the requirement of control under IFRS 10 as at 1 April 2013.
- IFRS 11 “Joint Arrangements” provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The Group and the Company concluded that there were no joint arrangements within the Group and the adoption of this standard does not have any material impact on the financial position and the result of the Group and the Company.
- IFRS 12 “Disclosure of Interests in Other Entities” is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see note 18).

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (CONTINUED)

(a) New and revised IFRSs that have been issued and effective (continued)

- IFRS 13 “Fair Value Measurement” improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.
- IAS 27 “Separate Financial Statements” replaces the current version of IAS 27 “Consolidated and Separate Financial Statements” as a result of the issue of IFRS 10 (see above).

(b) New and revised IFRSs that have been issued but are not yet effective

The following new and revised IFRSs, potentially relevant to the Company’s operations, have been issued and are mandatory for adoption by the Company for accounting periods beginning on or after 1 January 2014 or later periods. However, the Company has not early adopted them.

- IFRS 9 “*Financial instruments*”
- Amendments to IAS 32 “*Offsetting Financial Assets and Financial Liabilities*”
- Amendments to IAS 36 “*Recoverable amount disclosures for non-financial assets*”
- Amendments to IAS 39 “*Novation of derivatives and continuation of hedge accounting*”

The Company has not applied any new or revised IFRSs that are not yet effective for the current accounting period.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisitions related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(b) Separate financial statements

In the individual Company's statement of financial position, interests in subsidiaries are accounted for at cost less impairment loss, or measured at fair value through profit or loss. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the interests in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary of the period the dividend declared or if the carrying amount of investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Basis of consolidation (continued)

(c) Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interest's proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

4.2 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

4.3 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated and company financial statements are presented in Sterling Pound ("£"), which is the Group's presentation currency. As the Company is listed on AIM, the directors consider that this presentation is more useful for its current and potential investors.

The functional currency of the Group's entity is summarised as follows:

1. UniVision Engineering Limited	Hong Kong Dollars ("HK\$")
2. T-Com Technology Co. Limited	New Taiwan Dollars ("NTD")
3. Leader Smart Engineering Limited	Hong Kong Dollars ("HK\$")
4. Leader Smart Engineering (Shanghai) Limited ("LSSH")	Renminbi Yuan ("RMB")

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Foreign currency (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and bank balances are presented in the statement of comprehensive income within “finance income or cost”. All other foreign exchange gains and losses are presented in the statement of comprehensive income within “administrative expense” or “other income”.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences in respect of changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of loan and borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives as follows:

Furniture and fixtures	3 - 5 years
Computer equipment	2 - 5 years
Motor vehicles	3 years
Research assets	3 - 5 years

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

4.5 Goodwill

Goodwill represents the excess of:

- (a) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (b) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (b) is greater than (a), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment. On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Impairment of assets

The carrying amounts of non-current assets, such as plant and equipment, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed (including those provided during the interim financial reporting).

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

4.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and comprises design costs, raw materials, direct labour, other direct costs and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4.8.1 Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of loans and receivables below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

<u>Type of item</u>	<u>Nature and terms of item</u>
1. Bills receivable	Certain customers pay accounts receivable with bills receivable from Taiwan banks with maturities less than twelve months. These are also referred to as “bankers” acceptances, which are unsecured, interest-free and to be matured in twelve months.
2. Loans	Unsecured temporary advances to the subsidiaries, which are interest-free and eliminated upon consolidation.
3. Other receivables	They include: <ol style="list-style-type: none"> a. Retention receivable under warranty provision among certain construction contracts for a period of twelve months b. Accrued income from maintenance contracts, which are billed or collected within twelve months.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial instruments (continued)

4.8.1 Financial assets (continued)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the loans and receivables' original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or to the extent that the carrying amount of the loan and receivable at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial instruments (continued)

4.8.2 Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables and loan and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.8.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of bad and doubtful debts.

4.10 Bank deposits

Bank deposits are restricted deposits held at bank with maturities greater than three months, as collateral for performance bond issued by the bank to Company's customer in construction contracts.

4.11 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

4.12 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

4.13 Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less transaction costs. Subsequent to initial recognition, the interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings together with any interest and fees payable using the effective interest method.

4.14 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is shown net of business tax, value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Construction contracts

Revenue from construction contracts is recognised when the outcome of a construction contract can be estimated reliably:

- revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract; and
- revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(ii) Maintenance contracts

Revenue from maintenance contracts is recognised on a straight line basis over the term of the maintenance contract.

(iii) Product sales

Revenue from product sales is recognised on the transfer of risks and rewards of ownership, which generally coincides with the delivery of goods to customers and the passing of title to customers.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Contracts in progress at the balance sheet date are recorded in the statement of financial position at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented under the caption of “Trade and other receivables” or “Trade and other payables” in the statement of financial position as the “Amounts due from customers for contracts-in-progress” (as an asset) or the “Amounts due to customers for contracts-in-progress” (as a liability), as applicable. Progress billings not yet paid by the customer are included in the statement of financial position. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as “Advances received”.

4.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

UNIVISION ENGINEERING LIMITED
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Employee benefit

These comprise short term employee benefits and contributions to defined contribution retirement plan.

Short-term employee benefits, including salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the defined contribution scheme are charged to profit or loss when incurred.

4.20 Income tax

Income tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.21 Financial guarantee issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or provisions are recognised in accordance with (ii) if and when (1) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (2) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

4.22 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as liability in the Group’s and the Company’s financial statements in the period in which the dividends are approved by the Company’s shareholders or directors, where appropriate.

4.23 Events after the reporting period

Events after the reporting period that provide additional information about the Group’s position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical judgements in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(i) Estimation of contract costs

Estimated costs to complete contracts are judged by the directors through the application of their experience and knowledge of the industry in which the Group operates. However, contract performance can be difficult to predict accurately. The directors believe that contract budgets do not deviate materially from actual costs incurred due to a strong cost control system with regular review of budgets which highlight any incidences that could affect estimated costs to completion.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

UNIVISION ENGINEERING LIMITED
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For the year ended 31 March 2014

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (continued)

(ii) Impairment of trade and other receivables

The estimation of impairment of trade and other receivables includes an assessment of recoverability of individual account balances and a review of ageing analysis of trade and other receivables by the directors. The directors will also review the credit history of customers in assessing the recoverability of trade and other receivables. When any indication comes to their attention that a trade and other receivable might not be recovered in full, impairment will be made and recognised as an expense in the consolidated statement of comprehensive income. As at 31 March 2014, the total carrying amount of trade and other receivables are £14,299,649 (2013: £15,706,652).

(iii) Plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(iv) Income taxes

The Group is subject to income tax in different jurisdiction in Hong Kong, Taiwan and the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As at 31 March 2014, the Group has unused tax losses of £4,561,705 (2013: £5,331,538) available for offset against future profits. A deferred tax asset of £752,681 (2013: £879,740) has not been recognised in respect of the unused tax losses. In cases where there are future profits generated to utilise the tax losses, a material deferred tax asset may arise, which would be recognised in the consolidated statement of comprehensive income for the period in which such future profits are recorded.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<u>2014</u>	<u>2013</u>
	£	£
Financial assets:		
Loans and receivables		
- Trade and other receivables	14,299,649	15,706,652
- Bank deposits	223,865	246,008
- Cash and bank balances	379,860	585,046
	<u> </u>	<u> </u>
Financial liabilities:		
- Trade and other payables	4,544,953	4,866,691
- Loan and borrowings	440,582	3,528,205
- Obligation under finance lease	14,259	23,191
	<u> </u>	<u> </u>

(b) Financial risk management objectives and policies

The Group's major financial instruments include loan and borrowings, trade and other receivables and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, credit risk and liquidity risk. The policies on how these risks are mitigated are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Market risk

(1) Currency risk

Certain entities in the Group have foreign currency transactions and have foreign currency denominated monetary assets and liabilities, which expose the Group to foreign currency risk. The Company has foreign currency transactions, which expose the Company to foreign currency risk.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities, mainly represented by trade and other receivables, cash and bank balances, trade and other payables and loan and borrowings, at the end of the reporting period are as follows:

	The Group				The Company			
	Assets		Liabilities		Assets		Liabilities	
	2014	2013	2014	2013	2014	2013	2014	2013
NTD	77,729,425	91,745,343	56,222,390	77,936,668	-	-	-	-
RMB	113,969,896	114,796,596	42,914,220	37,918,302	-	116,700	5,081,515	85,597
USD	23,444	102,480	-	3,948,718	23,444	101,159	-	3,948,718
HK\$	29,993,818	25,823,460	12,218,181	16,251,432	28,884,579	23,643,127	12,034,097	15,978,539
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Group currently does not have any policy on hedges of foreign currency risk. However, management monitors the foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

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6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(1) Currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in £ against the relevant foreign currencies and all other variables were held constant. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the year end for a 5% (2013: 5%) change in foreign currency rates. A positive/(negative) number indicates a decrease/(increase) in post-tax profit/(loss) for the year when £ strengthens 5% (2013: 5%) against the relevant foreign currencies. For a 5% (2013: 5%) weakening of £ against the relevant currency, there would be an equal but opposite impact on the post-tax profit/(loss) for the year.

	<u>2014</u> £	<u>2013</u> £
NTD		
Post-tax profit for the year	<u>22,310</u>	<u>16,068</u>
RMB		
Post-tax profit for the year	<u>361,753</u>	<u>430,178</u>
USD		
Post-tax loss for the year	<u>746</u>	<u>(134,404)</u>
HK\$		
Post-tax profit for the year	<u>72,468</u>	<u>42,883</u>

(2) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to fixed rate bank deposits and borrowings at fixed rates. The Group and the Company is exposed to cash flow interest rate risk due to fluctuation of the prevailing market interest rate on certain bank borrowings which carry at prevailing market interest rates as shown in notes 25 and 26. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The Group's and the Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(2) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the change in interest rates and the exposure to interest rates for the non-derivative financial liabilities at the balance sheet date and on the assumption that the amount outstanding at the balance sheet date was outstanding for the whole year and held constant throughout the financial year. The 25 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2013.

For the year ended 31 March 2014, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's post-tax profit for the year would increase/decrease by approximately £1,425 (2013: £2,510).

(ii) Credit risk

At 31 March 2014, the Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise the credit risk, the management of the Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments their due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debts are usually due within 90 days from the date of billing.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the balance sheet date, the Group had no significant concentrations of credit risk where individual trade and other receivables balance exceed 10% of the total trade and other receivables at the balance sheet date.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Also, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Further quantitative disclosures in respect of the Group's and the Company's exposure to credit risk arising from trade and other receivables are set out in note 21.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk

In managing the liquidity risk, the Group's policy is to regularly monitor and maintain an adequate level of cash and cash equivalents determined by management to finance the Group's operations. Management also needs to ensure the continuity of funding for both the short and long terms, and to mitigate the effects of cash flow fluctuation. At 31 March 2014, the Group had aggregate banking facilities of £2,194,840 (2012: £2,456,940), of which £1,754,258 were unused (2013: £1,550,458).

The following table details the contractual maturities of the Group's and the Company's financial liabilities at the balance sheet date, which is based on the undiscounted cash flows and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group

	2014					Carrying amount at 31 March 2014 £
	Weighted average effective interest rate %	Within 1 year or on Demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total undiscounted cash flow £	
Non-derivative financial liabilities:						
Loan and borrowings	3.64% - 3.76%	445,213	-	-	445,213	440,582
Trade and other payables	-	4,544,953	-	-	4,544,953	4,544,953
Obligation under finance lease	3.25%	7,956	7,956	664	16,576	14,259
		<u>4,998,122</u>	<u>7,956</u>	<u>664</u>	<u>5,006,742</u>	<u>4,999,794</u>
Financial guarantee Maximum amount guaranteed (note 31)		<u>7,860,000</u>	<u>-</u>	<u>-</u>	<u>7,860,000</u>	<u>7,860,000</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

The Group

	2013					Carrying amount at 31 March 2013 £
	Weighted average effective interest rate %	Within 1 year or on Demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total undiscounted cash flow £	
Non-derivative financial liabilities:						
Loan and borrowings	3.39% - 3.91%	3,538,642	-	-	3,538,642	3,528,205
Trade and other payables	-	4,866,691	-	-	4,866,691	4,866,691
Obligation under finance lease	3.25% - 3.95%	8,744	8,744	9,471	26,959	23,191
		<u>8,414,077</u>	<u>8,744</u>	<u>9,471</u>	<u>8,432,292</u>	<u>8,418,087</u>
Financial guarantee Maximum amount guaranteed (note 31)		<u>7,930,000</u>	<u>-</u>	<u>-</u>	<u>7,930,000</u>	<u>7,930,000</u>

The Company

	2014					Carrying Amount at 31 March 2014 £
	Weighted average effective interest rate %	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total undiscounted cash flow £	
Non-derivative financial liabilities:						
Loan and borrowings	-	-	-	-	-	-
Trade and other payables	-	1,444,776	-	-	1,444,776	1,444,776
Obligation under finance lease	3.25%	7,956	7,956	664	16,576	14,259
		<u>1,452,732</u>	<u>7,956</u>	<u>664</u>	<u>1,461,352</u>	<u>1,459,035</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

The Company

	2013					Carrying Amount at 31 March 2013 £
	Weighted average effective interest rate %	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total undiscounted cash flow £	
Non-derivative financial liabilities:						
Loan and borrowings	-	2,621,723	-	-	2,621,723	2,621,723
Trade and other payables	-	1,369,206	-	-	1,369,206	1,369,206
Obligation under finance lease	3.25% - 3.95%	8,744	8,744	9,471	26,959	23,191
		<u>3,999,673</u>	<u>8,744</u>	<u>9,471</u>	<u>4,017,888</u>	<u>4,014,120</u>

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Balances with subsidiaries are unsecured, interest free and have no fixed repayment terms.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values at the end of the reporting period.

(d) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with a higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes bank borrowings and other financial liabilities) less bank deposits and cash. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital risk management (continued)

During 2014, the Group's strategy, which was unchanged from 2013, was to maintain the net debt-to-adjusted capital ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Neither the Company nor any of its subsidiary undertakings are subject to externally imposed capital requirements.

The net debt-to-adjusted capital ratios of the Group and the Company at the end of the reporting period were as follows:

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Current liabilities				
Trade and other payables	4,544,953	4,866,691	1,444,776	1,369,206
Loan and borrowings	440,582	3,528,205	-	2,621,723
Current tax liability	1,226,973	1,350,264	-	-
Obligation under finance lease	6,844	7,522	6,844	7,522
	6,219,352	9,752,682	1,451,620	3,998,451
Non-current liabilities				
Obligation under finance lease	7,415	15,669	7,415	15,669
Total debt	6,226,767	9,768,351	1,459,035	4,014,120
Less: cash and bank balances	379,860	585,046	160,210	456,758
Net debt	5,846,907	9,183,305	1,298,825	3,557,362
Total equity	11,129,719	9,452,792	4,322,811	2,056,185
Net debt-to-adjusted capital ratio	53%	97%	30%	173%

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

7. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, being the chief executive officer, that are used to make strategic decisions.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable operating segments are summarised as follows:

- Security and surveillance
- Electrical and mechanical

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment:

	Year ended 31 March 2014		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Segment revenue by major products and services:			
- Construction contracts	5,634,350	71,158	5,705,508
- Maintenance contracts	2,564,746	-	2,564,746
- Product sales	655,706	-	655,706
Revenue from external customers	8,854,802	71,158	8,925,960
Segment profit/(loss)	3,018,730	(79,714)	2,939,016
Finance costs	(20,787)	-	(20,787)
Profit/(loss) before income tax	2,997,943	(79,714)	2,918,229
	Year ended 31 March 2013		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Segment revenue by major products and services:			
- Construction contracts	4,528,152	53,798	4,581,950
- Maintenance contracts	2,382,445	-	2,382,445
- Product sales	349,030	-	349,030
Revenue from external customers	7,259,627	53,798	7,313,425
Segment profit/(loss)	509,740	(230,330)	279,410
Finance costs	(37,727)	-	(37,727)
Profit/(loss) before income tax	472,013	(230,330)	241,683

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

7. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

	At 31 March 2014		
	Security and surveillance £	Electrical and mechanical £	Total £
Segment assets	4,913,700	12,442,786	17,356,486
Unallocated assets	-	-	-
Consolidated total assets	4,913,700	12,442,786	17,356,486
Segment liabilities	2,567,164	3,659,603	6,226,767
Unallocated liabilities	-	-	-
Consolidated total liabilities	2,567,164	3,659,603	6,226,767
	At 31 March 2013		
	Security and surveillance £	Electrical and mechanical £	Total £
Segment assets	5,415,732	13,805,411	19,221,143
Unallocated assets	-	-	-
Consolidated total assets	5,415,732	13,805,411	19,221,143
Segment liabilities	5,746,092	4,022,259	9,768,351
Unallocated liabilities	-	-	-
Consolidated total liabilities	5,746,092	4,022,259	9,768,351

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

7. SEGMENT INFORMATION (CONTINUED)

(c) Other segment information

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets and not allocated to any operating segments:

	Year ended 31 March 2014		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Capital expenditure	16,002	-	16,002
Depreciation	49,086	-	49,086
Impairment loss recognised on goodwill	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Year ended 31 March 2013		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Capital expenditure	38,548	-	38,548
Depreciation	65,904	-	65,904
Impairment loss recognised on goodwill	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

* Capital expenditure represented plant and equipment.

(d) Geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers and assets are attributed to the segments based on the location of the assets.

No further geographical segment information is presented as the Group's revenue is materially derived from customers based in one geographic segment comprising Hong Kong, Macau, Taiwan and the PRC, and all of the Group's assets are located in the same geographic segment.

(e) Information about major customers

Revenues of approximately £4,485,347 (2013: £3,619,984) are derived from three single external customers (2013: three), who contributed to 10% or more of the Group's revenue for 2014 fiscal year.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

8. OTHER INCOME

	<u>2014</u> £	<u>2013</u> £
Interest income	1,293	1,516
Sundry income	9,225	9,412
	<u>10,518</u>	<u>10,928</u>

9. OTHER GAIN AND (LOSS)

	<u>2014</u> £	<u>2013</u> £
(Loss)/gain on disposal of plant and equipment	(2,675)	510
Foreign exchange gains	7,601	6,337
Impairment loss recognised on trade and other receivables	(99,907)	(188,148)
Recovery from bad debts	44,617	-
Write-off of inventories	(47,444)	-
Gain from forgiveness of debts	2,496,353	-
	<u>2,398,545</u>	<u>(181,301)</u>

10. EXPENSES BY NATURE

	<u>2014</u> £	<u>2013</u> £
Cost of inventories recognised as expenses	3,342,475	2,396,205
Sub-contracting costs	2,264,316	1,839,705
Allowance for obsolete inventories	9,660	27,585
Depreciation – leased plant and equipment	10,742	10,813
Depreciation – owned plant and equipment	38,344	55,091
Operating lease charges – minimum lease payments	155,669	131,072
Research and development costs	11,037	11,134
Selling and distribution cost	24,039	20,406
Other expenses	664,191	625,004
Staff costs, including directors' remuneration		
- Wages and salaries	1,766,704	1,631,047
- Pension scheme contributions	70,788	77,642
	<u>1,837,492</u>	<u>1,708,689</u>
Auditor's remuneration		
- audit services (parent company)	38,042	37,938
Total cost of sales, selling and distribution and administrative expenses	<u>8,396,007</u>	<u>6,863,642</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

11. DIRECTORS' REMUNERATION

Directors' remuneration for the year is disclosed as follows:

	<u>Salaries, bonuses and allowances</u> £	<u>Pension scheme contributions</u> £	<u>2014</u> £
Executive directors			
Stephen Sin Mo KOO	-	-	-
Chun Pan WONG	49,102	1,216	50,318
Chun Hung WONG (resigned on 31 December 2013)	48,630	911	49,541
Danny Kwok Fai YIP	42,369	1,216	43,585
	<u>140,101</u>	<u>3,343</u>	<u>143,444</u>
Non-executive director			
Nicholas James LYTH	<u>11,671</u>	-	<u>11,671</u>
	<u>151,772</u>	<u>3,343</u>	<u>155,115</u>

	<u>Salaries, bonuses and allowances</u> £	<u>Pension scheme contributions</u> £	<u>2013</u> £
Executive directors			
Stephen Sin Mo KOO	39,158	571	39,729
Chun Pan WONG	45,399	1,183	46,582
Chun Hung WONG	61,502	1,183	62,685
Danny Kwok Fai YIP	40,545	1,183	41,728
	<u>186,604</u>	<u>4,120</u>	<u>190,724</u>
Non-executive director			
Nicholas James LYTH	<u>11,748</u>	-	<u>11,748</u>
	<u>198,352</u>	<u>4,120</u>	<u>202,472</u>

12. FINANCE COSTS

	<u>2014</u> £	<u>2013</u> £
Interest on bank loans and other borrowings wholly repayable within one year	19,623	36,366
Finance charge on obligation under finance lease	1,164	1,361
	<u>20,787</u>	<u>37,727</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

13. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Income tax in the consolidated statement of comprehensive income:

	<u>2014</u>	<u>2013</u>
	£	£
Income tax expense		
Hong Kong profits tax	-	-
PRC income tax	-	-
Taiwan income tax	<u>13,499</u>	<u>57,278</u>
	<u>13,499</u>	<u>57,278</u>

No Hong Kong profits tax has been provided for in the financial statements as the Company has unused tax losses to offset against its taxable profit during the year.

Taxes for subsidiaries are calculated using the rates prevailing in their local jurisdictions, whereas PRC income tax rate is charged at 25% (2013: 25%) and Taiwan income rate is charged at 17% (2013: 17%).

(b) Reconciliation between income tax expense and accounting profit at the applicable tax rates:

	<u>2014</u>	<u>2013</u>
	£	£
Profit before income tax	<u>2,918,229</u>	<u>241,683</u>
Notional tax on profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	480,655	61,865
Tax effect of non-taxable income	(421,138)	(6,806)
Tax effect of non-deductible expenses	25,064	53,970
Tax effect of temporary differences not recognised	(2,341)	(943)
Utilisation of tax losses unrecognised deferred tax assets	(49,987)	(36,431)
Tax losses not recognised as deferred tax assets	-	27,797
Tax adjustments	<u>(18,754)</u>	<u>(42,174)</u>
Income tax expense	<u>13,499</u>	<u>57,278</u>

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company for the year of £2,820,587 (2013: £92,143), and the weighted average of 383,677,323 (2013: 383,677,323) ordinary shares in issue during the year.

There were no potential dilutive instruments at either financial year end.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	<u>2014</u> £	<u>2013</u> £
Interim dividend declared and paid	-	-
Final dividend proposed after the end of the reporting period of £0.024 pence per ordinary share (2013: £0.063 pence per ordinary share)	<u>92,571</u>	<u>242,558</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	<u>2014</u> £	<u>2013</u> £
Final dividend in respect of the previous financial year, approved and paid during the year, of £0.063 pence per ordinary share (2013: Nil)	<u>242,558</u>	<u>-</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

16. PLANT AND EQUIPMENT

The Group

	Furniture and fixtures	Computer equipment	Motor vehicles	Research assets	Total
	£	£	£	£	£
Cost					
At 1 April 2012	169,894	156,767	149,301	546,959	1,022,921
Additions	28,563	3,867	6,118	-	38,548
Disposals	-	-	(10,426)	-	(10,426)
Foreign translation difference	8,642	7,556	7,339	24,235	47,772
At 31 March 2013	207,099	168,190	152,332	571,194	1,098,815
At 1 April 2013	207,099	168,190	152,332	571,194	1,098,815
Additions	9,049	6,953	-	-	16,002
Disposals	-	(2,440)	(6,079)	-	(8,519)
Foreign translation difference	(22,693)	(17,803)	(15,009)	(61,994)	(117,499)
At 31 March 2014	193,455	154,900	131,244	509,200	988,799
Accumulated depreciation					
At 1 April 2012	146,809	152,973	90,901	522,472	913,155
Charge for the year	19,178	2,675	23,584	20,467	65,904
Disposals	-	-	(10,426)	-	(10,426)
Foreign translation difference	7,295	7,296	4,941	23,817	43,349
At 31 March 2013	173,282	162,944	109,000	566,756	1,011,982
At 1 April 2013	173,282	162,944	109,000	566,756	1,011,982
Charge for the year	17,487	3,854	23,528	4,217	49,086
Disposals	-	(2,440)	(3,039)	-	(5,479)
Foreign translation difference	(19,624)	(17,114)	(12,165)	(61,773)	(110,676)
At 31 March 2014	171,145	147,244	117,324	509,200	944,913
Net book value					
At 31 March 2014	22,310	7,656	13,920	-	43,886
At 31 March 2013	33,817	5,246	43,332	4,438	86,833

At 31 March 2014, the net book value of motor vehicle held under finance lease of the Group and the Company was £8,556 (2013: £20,683).

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

16. PLANT AND EQUIPMENT (CONTINUED)

The Company

	Furniture and fixtures	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2012	12,992	32,612	57,958	103,562
Additions	445	3,330	6,118	9,893
Disposals	-	-	-	-
Foreign translation difference	773	2,038	3,630	6,441
At 31 March 2013	14,210	37,980	67,706	119,896
At 1 April 2013	14,210	37,980	67,706	119,896
Additions	4,305	1,410	-	5,715
Disposals	-	-	(6,079)	(6,079)
Foreign translation difference	(1,471)	(3,481)	(5,824)	(10,776)
At 31 March 2014	17,044	35,909	55,803	108,756
Accumulated depreciation				
At 1 April 2012	11,673	30,098	24,993	66,764
Charge for the year	415	1,571	13,095	15,081
Disposals	-	-	-	-
Foreign translation difference	695	1,816	2,019	4,530
At 31 March 2013	12,783	33,485	40,107	86,375
At 1 April 2013	12,783	33,485	40,107	86,375
Charge for the year	1,008	2,173	13,313	16,494
Disposals	-	-	(3,039)	(3,039)
Foreign translation difference	(1,196)	(3,110)	(4,065)	(8,371)
At 31 March 2014	12,595	32,548	46,316	91,459
Net book value				
At 31 March 2014	4,449	3,361	9,487	17,297
At 31 March 2013	1,427	4,495	27,599	33,521

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. GOODWILL

The Group

£

Cost

At 31 March 2013 and 2014

961,845

Less: accumulated impairment loss

At 31 March 2013 and 2014

936,015

Net carrying amount

At 31 March 2013 and 2014

25,830

Impairment test for cash-generating unit containing goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to operating segment as follows:

	<u>2014</u> £	<u>2013</u> £
Security and surveillance	<u>25,830</u>	<u>25,830</u>

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a twelve month period. A discount rate of 15% has been used for the value-in-use calculations.

Key assumptions used for value-in-use calculations:

	<u>2014</u>	<u>2013</u>
Gross margin	20%	25%
Growth rate	11%	13%

Management determined the budgets based on their experience and knowledge in the construction contracts operations. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

Based on the impairment test performed, no impairment loss is recognised for the year (2013: Nil).

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

18. INTERESTS IN SUBSIDIARIES

	<u>2014</u>	<u>2013</u>
	£	£
Unlisted shares, at cost	1,053,475	1,053,475
Less: impairment loss	(1,201,190)	(1,201,190)
Add: foreign translation difference	161,537	161,537
	<u>13,822</u>	<u>13,822</u>
Amounts due from subsidiaries	7,213,254	7,979,454
Less: impairment loss	(4,459,285)	(4,900,355)
Add: foreign translation difference	(514)	803
	<u>2,753,455</u>	<u>3,079,902</u>
Total	<u>2,767,277</u>	<u>3,093,724</u>

Amounts due from subsidiaries are unsecured, interest-free with no fixed term of repayment and hence are classified as non-current as these are not expected to be recoverable within the next twelve months.

The following list contains the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group at 31 March 2014:

<u>Name</u>	<u>Place of incorporation and operations</u>	<u>Issued and fully paid up share capital/ registered capital</u>	<u>Percentage of equity held by the Company</u>		<u>Principal activities</u>
			<u>Directly</u>	<u>Indirectly</u>	
T-Com Technology Co Limited	Taiwan	NT\$80,000,000 Ordinary share	52.25%	-	Supply, design, installation and maintenance of closed circuit television and surveillance systems and the sale of security system related products
Leader Smart Engineering Limited	Hong Kong	HK\$10,000 Ordinary share	100%	-	Investment holding and engineering contractor
Leader Smart Engineering (Shanghai) Limited	The PRC	US\$1,000,000 Registered capital	-	100%	Supply, design, installation and maintenance of electrical and mechanical systems, construction decorations and provision of engineering consultancy services

Note: Leader Smart Engineering (Shanghai) Limited (“LSSH”) is a wholly-foreign owned enterprise established in the PRC to operate for 20 years up to 2025.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

19. INVENTORIES

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Raw materials	300,238	327,168	300,238	327,168
Work in progress	490	365	-	-
Finished goods	878,454	931,783	444,143	475,995
	1,179,182	1,259,316	744,381	803,163
Less: impairment loss	(120,117)	(124,569)	-	-
	1,059,065	1,134,747	744,381	803,163

The Group recognised a provision for obsolete inventories of £9,660 (2013: £27,585) on slow-moving inventories.

20. CONTRACTS-IN-PROGRESS

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Contract costs incurred plus attributable profits less foreseeable losses	30,934,302	31,130,690	13,957,023	13,281,207
Progress billings to date	(17,397,940)	(16,068,072)	(13,621,970)	(13,198,376)
	13,536,362	15,062,618	335,053	82,831
Represented by:				
Amounts due from customers for contracts-in-progress	14,404,193	15,885,794	964,673	619,646
Less: allowance for doubtful debts	(377,670)	(415,066)	(145,515)	(159,908)
Amounts due from customers for contracts-in-progress, net (note 21)	14,026,523	15,470,728	819,158	459,738
Amounts due to customers for contracts-in-progress (note 23)	(490,161)	(408,110)	(484,105)	(376,907)
	13,536,362	15,062,618	335,053	82,831

At 31 March 2014, the amount of retention receivables from construction customers recorded within "trade and other receivables" is £52,689 (2013: £22,112).

Within amounts due from customers for construction contracts-in-progress are receivables totalling £10,828,836 (2013: £11,901,827), which have been pledged as security by the original land use rights certificate and the developing property of the customer in LSSH and expected to be collected within twelve months.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Trade receivables	1,414,152	1,254,491	760,300	551,822
Less: allowance for doubtful debts	(469,128)	(637,847)	(57,942)	(240,929)
Trade receivables, net	945,024	616,644	702,358	310,893
Other receivables	404,973	638,220	244,476	530,104
Deposits and prepayments	247,460	417,087	102,824	136,396
Amounts due from customers for contracts-in-progress, net (note 20)	14,026,523	15,470,728	819,158	459,738
	15,623,980	17,142,679	1,868,816	1,437,131
Less: non-current portion – amounts due from customers for contracts-in-progress	(1,324,331)	(1,436,027)	-	-
	14,299,649	15,706,652	1,868,816	1,437,131

All of trade and other receivables are expected to be recovered within one year, other than those separately disclosed.

(a) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. Movements in the allowance for doubtful debts:

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
At 1 April	637,847	584,602	240,929	227,710
Impairment loss recognised	99,907	184,190	-	-
Written off against trade receivables	(213,396)	(162,923)	(168,779)	-
Foreign translation difference	(55,230)	31,978	(14,208)	13,219
At 31 March	469,128	637,847	57,942	240,929

Note: At 31 March 2014, trade receivables of the Group and the Company amounting to £99,907 (2013: £184,190) and Nil (2013: Nil) respectively are individually determined to be impaired and an impairment was provided. These individually impaired receivables were outstanding over one year at year end.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Trade receivables that are not impaired

The following is an ageing analysis of trade receivables at 31 March 2014 and 2013 that were past due but not impaired:

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
0 to 90 days	786,137	497,928	615,258	292,375
91 to 365 days	126,401	37,603	80,155	18,518
Over 365 days	32,486	81,113	6,945	-
	945,024	616,644	702,358	310,893

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral over these balances.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

22. CASH AND BANK BALANCES

(a) Cash and cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Cash at bank and on hand	310,805	550,782	160,210	456,758
Restricted cash *	69,055	34,264	-	-
Cash and cash equivalents in the consolidated and the Company's statement of cash flows	379,860	585,046	160,210	456,758

* At 31 March 2014, the Group maintained £69,055 (2013: £34,264) as restricted cash held at bank as security against the banking facility (note 25).

(b) Bank deposits

At 31 March 2014, £223,865 (2013: £246,008) are restricted deposits held at bank with maturities greater than three months, as a pledge for performance bonds in respect of construction contracts undertaken by the Group and the Company.

The effective interest rate on bank deposits was 0.41% per annum (2013: 0.53%).

(c) Cash and bank balances are denominated in the following currencies:

	<u>The Group</u>		<u>The Company</u>	
	2014	2013	2014	2013
	£	£	£	£
AUD	350	431	350	431
CAD	813	962	813	962
GBP	115	281	115	281
HKD	380,702	647,774	374,209	641,358
JYP	70	83	70	83
NTD	211,460	120,468	-	-
RMB	475	522	-	-
USD	9,740	60,533	8,518	59,651
	603,725	831,054	384,075	702,766

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Trade payables	1,978,634	2,329,100	67,577	48,325
Bills payable	236,528	125,359	-	-
Due to a related party (note 29(b))	37,017	42,376	-	-
Accruals and other payables	1,500,009	1,629,158	893,094	943,974
Deferred income on financial guarantees issued (note 31)	302,604	332,588	-	-
Amounts due to customers for contracts-in-progress (note 20)	490,161	408,110	484,105	376,907
	4,544,953	4,866,691	1,444,776	1,369,206

24. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current tax liability in the statement of comprehensive income represents:

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Hong Kong profits tax	-	-	-	-
PRC income tax	1,144,800	1,258,234	-	-
Taiwan income tax	82,173	92,030	-	-
	1,226,973	1,350,264	-	-

(b) Unrecognised deferred tax assets

At 31 March 2014, the Company had unused tax losses of £4,561,705 (2013: £5,331,538) that were available for offset against future taxable profits of the Company. No deferred tax assets have been recognised due to the unpredictability of the future profit streams. Such unused tax losses are available to be carried forward at no expiration.

No provision for deferred tax liabilities has been made in the financial statements as the tax effect of temporary differences is immaterial to the Group and the Company.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

25. LOAN AND BORROWINGS

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Within one year or on demand:				
Secured bank loans (note a)	440,582	906,482	-	-
Loan from a former shareholder (note b)	-	2,621,723	-	2,621,723
	440,582	3,528,205	-	2,621,723

Notes:

- (a) The secured bank loans carried interest at rates ranging from per annum (2013: 3.39% to 3.91% per annum) and were secured by:-
- (i) Restricted cash (note 22) and;
 - (ii) Personal guarantee by the Chairman of the Company, Mr. Stephen Sin Mo KOO (note 29(c)).
- (b) A loan of US\$5,000,000 was provided on 31 December 2007 by Mayne Management Limited (“Mayne”), the former ultimate controlling party of UniVision Holdings Limited, which previously owned a 47.9% equity interest of the Company. The loan facility is used exclusively to finance a major construction project in the PRC.

On 15 December 2011, Mayne agreed with the Company to forgive the accrued interest totalling US\$2.865 million and US\$1.0 million of the outstanding principal. The remaining loan balance became interest-free and was repayable by 31 March 2014. Security over the Group’s interest in a shopping mall contract within the PRC has been provided. On 19 February 2014, Mayne agreed with the Company to waive all rights to the repayment of any and all loan principal and interest payable under the Loan Agreement.

26. OBLIGATION UNDER FINANCE LEASE

At 31 March 2014 and 2013, the Group and the Company had an obligation under finance lease as follows:

	Minimum lease payment		Present value of the minimum lease payment	
	2014	2013	2014	2013
	£	£	£	£
Within one year	7,956	8,744	6,844	7,522
Between two to five years	8,620	18,215	7,415	15,669
Total minimum finance lease payments	16,576	26,959	14,259	23,191
Less: future finance charges	2,317	3,768		
Present value of lease obligation	14,259	23,191		

UNIVISION ENGINEERING LIMITED
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For the year ended 31 March 2014

27. SHARE CAPITAL

	<u>2014</u>	<u>2013</u>
	£	£
Authorised :		
800,000,000 ordinary shares of HK\$0.0625 each	<u>3,669,470</u>	<u>3,669,470</u>
Issued and fully paid:		
383,677,323 ordinary shares (2013: 383,677,323 ordinary shares) of HK\$0.0625 each	<u>1,697,617</u>	<u>1,697,617</u>

The Company has one class of ordinary shares.

28. EMPLOYEE RETIREMENT BENEFITS

- (a) The Company operates a Mandatory Provident Fund scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$25,000 (HK\$20,000 prior to June 2012). Contributions to the MPF scheme vest immediately.
- (b) The subsidiary in the PRC participates in a defined contribution scheme organised by the local government. These subsidiaries are required to make contributions at certain prescribed rates of the relevant PRC employees’ salaries to the scheme. Contributions to the scheme vest immediately.
- (c) Employees of the subsidiary in Taiwan chose to participate in a defined contribution scheme governed by the Labour Pension Act of Taiwan. This subsidiary contributes at 6% of the total salaries of the participating employees who have chosen to participate in the defined contribution scheme, the contribution deposited into individual pension accounts at the Bureau of Labour Insurance of Taiwan.

Save as set out above, the Group has no other material obligations to make payments in respect of retirement benefits of the employees.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

29. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of the key management of the Group during the year was as follows:-

	<u>2014</u>	<u>2013</u>
	£	£
Salaries, bonus and allowances	<u>243,431</u>	<u>284,533</u>

The remuneration of key management personnel comprises the remuneration of Executive Directors and key executives.

Executive Directors include Executive Chairman, Chief Executive Officer, Technical Director and Finance Director of the Company. The remuneration of the Executive Directors is determined by the Remuneration Committee having regard to the performance of individuals, the overall performance of the Group and market trends. Further information about the Remuneration Committee and the directors' remuneration is provided in the Remuneration Report and the Report on Corporate Governance to the Annual Report and note 11 to the financial statements.

Key executives include Director of Operations and Director of Sales and Marketing of the Company. The remuneration of the key executives is determined by the Executive Directors annually having regard to the performance of individuals and market trends.

Biographical information on key management personnel is disclosed in the Directors' and Senior Management's Biographies section of the Annual Report.

Transactions with related parties

- (a) A loan of US\$5,000,000 was provided on 31 December 2007 by Mayne Management Limited, the former ultimate controlling party of UniVision Holdings Limited, which previously owned a 47.9% equity interest in the Company. Effective from 15 December 2011, the principal amount was reduced to US\$3,974,360 upon the forgiveness of certain accrued interest and principal. The balance became interest-free and to be matured on 31 March 2014 (note 25(b)). On 19 February 2014, Mayne agreed with the Company to waive all rights to the repayment of any and all principal and interest outstanding under the Loan Agreement. The Company owed US\$3,948,000 to Mayne before the cancellation of debt, which is treated as gain from forgiveness of debt under other income in the statement of comprehensive income.
- (b) At 31 March 2014, there is a payable balance of £37,017 (2013: £42,376) due to Mr. Stephen Sin Mo KOO, the director of the Company, which is unsecured, interest-free and repayable on demand (note 23).
- (c) At 31 March 2014, the bank facilities amounting to £946,068 (2013: £1,061,247) are personally guaranteed by the director of the Company, Mr. Stephen Sin Mo KOO, which remained unused. No charge has been requested for this guarantee (note 25(a)).

Apart from the transactions disclosed above and elsewhere in the financial statements, the Group and the Company had no other material transactions with related parties during the year.

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

30. COMMITMENTS

(a) Capital commitments

At 31 March 2014, the Group and the Company has no material capital commitments outstanding.

(b) Operating lease commitments

At 31 March 2014, the total future minimum lease payments under non-cancellable operating leases for the office and warehouse premises are payable as follows:

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Within one year	114,174	60,728	70,036	19,074
Between two to five years	11,308	6,080	4,441	-
	125,482	66,808	74,477	19,074

31. FINANCIAL GUARANTEE

In accordance with those certain supplemental agreements on the Sales and Purchase Contract regarding Zhongshan shopping mall project dated 10 December 2009, the Group's wholly-owned subsidiary, LSSH provided a guarantee in respect of secured short-term financing arrangement with a maximum amount of up to £7.9 million (including outstanding principal and accrued interest and charges) at the date of report. Pursuant to the terms of the guarantee, at any time from the date of guarantee, in event of default in repayments, the Group is fully liable to repay the outstanding loan principal, together with penalty charges, accrued interest and related late fees, after netting off the pledged assets. The Group's guarantee period starts from the date of grant of the financial arrangement and ends when it is fully repaid. At 31 March 2014, the secured short-term loan has become overdue and the financial arrangement is in negotiations for extension, but has not yet reached a final agreement as to repayment of the borrowings.

In connection with Zhongshan shopping mall project ("Zhongshan Project"), the Group is secured by certain beneficial interest in Zhongshan Project on a recourse basis. At 31 March 2014, the fair market value of the Zhongshan Project amounted to £29 million, based on the appraisal report issued by an independent valuer. At 31 March 2014, the Company expects their interest in Zhongshan Project to be transferred to a committed purchaser at the consideration of RMB110 million (approximately £11 million), together with the contingent liability under the financial guarantee, in the next twelve months. Hence, no additional provision of financial guarantee liabilities is required and the provision is expected to be reversed upon the subsequent sale of Zhongshan Project.

	2014	2013
	£	£
Financial guarantee issued	302,604	332,588

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32. LEGAL PROCEEDINGS

Up to the date of this report, the Group has received several legal claims against its wholly-owned subsidiary and the Company from its vendors in China in connection with the transactions previously entered into by the former director of LSSH. The Group plans to file counter-claims to the Court against the former director of LSSH for all costs and compensations in respect of these legal claims. At this point, the Group and the Company does not believe that these legal proceedings would have a material impact or result in significant contingencies to the Group and the Company, therefore no provision for any costs has been made.

33. CONTINGENT LIABILITIES

At 31 March 2014, the directors of the Company do not consider it is probable that any significant claims will be made against the Group and the Company under these guarantees and legal proceedings.

34. POSSIBLE IMPACT OF NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014

The requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Group and the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 April 2014) in accordance with section 358 of that Ordinance. The Group and the Company is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

35. EVENTS AFTER THE REPORTING DATE

- (i) On 4 August 2014, the Company, among Guangzhou Hua Xin Trading Company Ltd ("Hua Xin") and Guangzhou Jun Heng Mechanical and Electrical Equipment Company Limited ("Jun Heng"), an affiliate of Hua Xin, entered into a supplementary agreement ("the agreement") in conjunction with the agreements dated 22 June 2012 and 21 August 2013. The agreement stipulated that Hua Xin and Jun Heng agreed to continue and commit to complete the purchase of the Company's interest in the Zhongshan Project.

The first hearing of the Guangzhou Arbitration Commission, (the "Commission") in relation to the dispute was heard on 14 June 2013 during which the Commission requested that all relevant parties provide it with further documentation relating to the dispute. Since that date there have been further hearings. The Commission will consider if it has sufficient information to constitute a binding contract at a later date. Up to date of this report, the outcome from arbitration over the Zhongshan Project is still ongoing. The evidence stage was completed and the dispute is in the provision of verification stage by the Commission.

- (ii) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 15(i).

UNIVISION ENGINEERING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

36. COMPARATIVE FIGURES

Certain comparative figures in these financial statements have been re-classified to conform to the current year's presentation

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 5 September 2014.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2014 Annual General Meeting (AGM) of UniVision Engineering Limited will be held at UniVision Engineering Limited, 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong, on 3 October 2014 at 5:00 p.m. The following businesses will be transacted then:

As ordinary business:

1. To receive and adopt the Company's audited financial statements for the financial year ended 31 March 2014 together with the Directors' report and the Independent Auditor's report;
2. To declare a final dividend for the financial year ended 31 March 2014.
3. To re-elect Mr. Nicholas James LYTH who retired by rotation, as a Non-Executive Director of the Company;
4. To re-elect Mr. Chun Pan WONG who retired by rotation, as a Director of the Company;
5. To elect Mr. Peter Yip Tak CHAN as a Director of the Company;
6. To reappoint auditor HKCMCPA Company Limited, Certified Public Accountants, (formerly known as ZYCPA Company Limited) as auditors of the Company, to hold office from the conclusion of the meeting to the conclusion of the next meeting, during which accounts will be laid before the Company and to authorize the Directors to adjust their remuneration packages;
7. That the directors of the Company be and are hereby generally and unconditionally authorized to exercise all powers of the Company to allot 'Ordinary Shares' the capital of the Company. Such authority (unless and to the extent previously revoked, varied or renewed by the Company during the general meeting) to expire 15 months after the date of the passing of such resolution or on the conclusion of the Company's next AGM to be held, following the date of passing such resolution, whichever occurs first, save that the Company may before such expiry make any offer or agreement which would or might require Ordinary Shares to be allotted after such expiry, and that the Directors may allot Ordinary Shares in pursuance of such an offer or an agreement as if such authority had not expired. This authority substitutes all subsisting authorities to the extent unused.
8. That the directors of the Company be and are hereby generally and unconditionally authorized to exercise all powers of the Company to repurchase the 'Ordinary Shares' in the capital of the Company, including any form of depositary receipt. Such authority (unless and to the extent previously revoked, varied or renewed by the Company during the general meeting) to expire 15 months after the date of the passing of such resolution or on the conclusion of the Company's next AGM to be held, following the date of passing such resolution, whichever occurs first, save that the Company may before such expiry make any offer or agreement which would or might require Ordinary Shares to be repurchased after such expiry, and that the Directors may buy back Ordinary Shares in pursuance of such an offer or an agreement as if such authority had not expired.

As special business:

To approve and adopt the alternation and amendments of Articles of Associations according to the New Companies Ordinance in Hong Kong and all Articles shall be renumbered accordingly, and that any Director or the Company Secretary of the Company be and is hereby authorised to do all things necessary to effect and record the amendments to the Articles of Associations.

It was noted that pursuant to s98 of the New Companies Ordinance, conditions that were contained in the Memorandum of Association of the Company had been regarded as provisions of the Company's Articles of Association.

NOTICE OF ANNUAL GENERAL MEETING

This proposed business to be approved by a special resolution. Details of the proposed amendments to the Articles of Associations are set out in the Appendix to this Notice.

By Order of the Board
Mr. Stephen Sin Mo KOO
Executive Chairman

5 September 2014

Registered office:
8/F Lever Tech Centre,
69-71 King Yip Street
Kwun Tong, Kowloon,
Hong Kong.

NOTES:

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the Annual General Meeting. A member so entitled may appoint one or more proxies (whether they are members or not) to attend and, on a poll, to vote in place of the member.
2. A form of proxy is enclosed with this notice. To be valid, the form of proxy and any power of attorney or other authority (if any) under which it is signed, or a notarized and certified copy of that power of authority, must be lodged with the Company's registrars, c/o Computershare Investor Services Plc., The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the Annual General Meeting takes place.
3. Completion and return of a proxy does not preclude a member from attending and voting at the Annual General Meeting.
4. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the Register of Members of the Company as of 1 September 2014 are entitled to attend or vote at the Annual General Meeting in respect to the number of shares registered in their name at that time. Changes to entries on the Register after that time will be disregarded when determining the rights of any person to attend or vote in the Annual General Meeting.

APPENDIX

This Appendix sets out the proposed amendments to the Articles of Associations:

Article 1

- (1) By deleting the heading “Table A” appearing immediately above Article 1;
- (2) By deleting Article 1 in its entirety and replaced by a new Article 1:
“1. No regulations contained in The Companies (Model Articles) Notice (Cap. 622H) shall apply to the Company”.

Article 2

- (1) By deleting the words “Chapter 32” and replaced by the words “Chapter 622” in the definition of “Companies Ordinance”, and in the heading of the Articles;
- (2) By deleting the words “and includes stock except where a distinction between stock and shares is expressed or implied” at the end of the definition “share”;
- (3) By deleting the words “section 2(1)” and replaced by the words “section 357” in the definition of “summary financial report”;
- (4) By adding the following new definition for “connected entity”:
“shall have the same meaning as that for “an entity connected with a director or former director of a company” set out in Section 486(1) of the Companies Ordinance”;
- (5) By deleting the words “profit and loss account” and “balance sheet” whenever they appear in the definition of “Annual Report” and replaced by the words “statement of comprehensive income” and “statement of financial position” respectively;
- (6) By deleting the words “Article 152” and replaced by the words “Article [*]” in the definition of “Annual Report”;
- (7) By deleting the definition of “newspaper” in its entirety and replaced by a new definition:
“shall mean a newspaper published daily and circulating generally in Hong Kong and specified from time to time in the list of newspapers issued and published in the Gazette by the Secretary for administrative service and information”

Article 3A

- (1) By deleting Article 3A in its entirety and replaced by a new Article 3A:

“Without prejudice to any special rights previously conferred on the holders of any shares or class of shares already issued (which special rights shall not be modified or abrogated except with such consent or sanction as is provided by the next following Article) any share in the Company (whether forming part of the original capital or not) may be issued with such preferred, deferred, or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution direct, or, failing such direction, as the Board shall by resolution determine. Subject to the provisions of the Ordinance the Company may issue preference shares which are, or which at the option of the Company or the holder are liable, to be redeemed, on such terms and in such manner as the Directors before the issue thereof may determine.”

Article 3B

- (1) By deleting the words “Where warrants are issued to bearer, no new warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed.”

Article 5

- (1) By deleting the words “(including without limitation the powers under section 49B and, if the Company is a listed company (as defined in the Companies Ordinance), section 49BA of the Companies Ordinance)”.

Article 6

- (1) By deleting the words “all the shares for the time being authorised shall have been issued or” in the first and second lines; inserting the word “including” before the words “by the creation of new Shares” in the fourth line; deleting the words “to be of such amount and to be divided into shares of such respective amounts” in the last two lines and replaced by the words “to be divided into such number of shares”.

Article 8

- (1) By deleting the words “and either at par or at a premium,” in the third line.

Article 10

- (1) By deleting the words “(and in particular Section 57B thereof)” in the first line;
- (2) By deleting the words “all unissued shares in the Company shall be at the disposal of the Board, which” in the second and third lines and replaced by the words “the Board”;
- (3) By deleting the words “but so that no shares shall be issued at a discount, except in accordance with the provisions of the Ordinance” in the fifth line.

Article 16

- (1) By deleting the words “Section 73A of” in the fourth line;

Article 34

By deleting the words “whether on account of the nominal value of the share and/or by way of premium,” in the second and third lines.

Article 58

By deleting the words “whether on account of the nominal value of the share or by way of premium”, in the third and fourth lines.

Articles 59, 60, 61 and 62

By deleting the heading “Stock” and Articles 59, 60, 61 and 62 in their entirety.

Article 63

- (1) Article 63(A)(I) - by deleting the words “shares of larger or smaller amount” and replaced by the words “a larger or smaller number of shares” in the first and second lines; deleting the words “any consolidation of fully paid shares into shares of larger amount” in the second and third lines and replaced by the words “any consolidation of fully paid shares into a smaller number of shares”;
- (2) Article 63(A)(II) - by deleting the word “and” at the end of this paragraph;
- (3) Article 63(A)(III) - by deleting the words “shares of smaller amount than is fixed by the Memorandum of Association” in the first and second lines and replaced by the words “a larger number of shares”; deleting the words “unissued or” and the full-stop in the last line; and by adding the word “; and” at the end of this paragraph;
- (4) By adding the following new article as Article 63(A)(IV): “(IV) generally alter its share capital in any one or more of the ways permitted under the Companies Ordinance.”.
- (5) Article 63(B) – by deleting the words “, any capital redemption reserve fund or any share premium account” in the first and second lines.

Article 64

By adding the words “(or such shorter period as prescribed by legislation)” after the words “fifteen months” in the third line.

Article 65

By deleting it in its entirety.

Article 66

By deleting the words “an extraordinary general meeting” and replaced by the words “a general meeting (other than an annual general meeting)” in the first and second lines; and deleting the word “extraordinary” in the second line and replaced by the word “such”; and deleting the words “section 113 of” in the sixth and tenth lines.

Article 67

By deleting the words “and, in the case of special business, the general nature of that business,” in the seventh and eighth lines.

Article 69

By deleting it in its entirety.

Article 74

By deleting the word “one-tenth” and replaced by the word “one-twentieth” in the second line of (C) and fourth line of (D) respectively.

Article 79A

By deleting in the fifth line the words “section 115 of”; inserting a full stop immediately after the word “vote”; deleting the words “, and on” and replaced by the following:

“To the extent permitted by legislation, a member may appoint more than one proxy. The proxies so appointed are not entitled to vote on the resolution on a show of hands. On”

Article 84

By adding the words “(To the extent permitted by legislation)” before the words “A member” in the fifth line; and by adding the words “The proxies so appointed are not entitled to vote on a show of hands.” at the end of the Article.

Article 86

- (1) By inserting the sub-paragraph numbering “a.” before the words “48 hours before the time for holding the meeting” in the fifth line;
- (2) By inserting the following as a new sub-paragraph b. immediately after the words “at which the person named in such instrument proposes to vote” in the sixth line:

“or

- b. 24 hours before the time appointed for the taking of a poll in the case of a poll taken more than 48 hours after it was demanded;”

Article 100

Amending Article 100 in the following manner:

By deleting Article 100(F) in its entirety and replaced by a new Article 100(F):

“100. (F) No Director or intended Director shall be disqualified by his office from contracting with the Company, directly or indirectly, either as vendor, purchaser or otherwise nor shall any such contract or any contract, arrangement or transaction entered into by or on behalf of the Company with a Director or any of his associate(s) or his connected entities (as defined under the Ordinance) (together as his “connected person(s)” for the purpose of this Article) be capable on that account of being avoided, nor shall any Director be liable to account to the Company for any profit realised by any such contract, arrangement or transaction provided always that each Director shall forthwith disclose the nature and extent of his interest or that of his connected person(s) in any contract, arrangement, or transaction in which he or any of his connected person(s) is interested as required by and subject to the provisions of the Ordinance and other applicable legislation.”

By deleting the first two lines of Article 100(H) ending with the words “or any of his associate(s)” in their entirety and replaced by the following:

“(H) A Director shall not vote on any board resolution approving any such contract, arrangement or transaction in which he or any of his connected person(s)”

By deleting the word “associate(s)” and replaced by the words “connected person(s)” whenever it appears in Article 100;

Article 112(B)(I)

By deleting the words “at par or at such premium” in the last two lines.

Article 134(A)

By adding the words “To the extent permitted under the Ordinance,” in the beginning of the first line.

By inserting a full-stop immediately after the words “right to dividend)” in the seventh line; deleting the words “and accordingly that such sums may be set free” immediately thereafter, and replaced by the words “Accordingly, such sums may be set free for use as permitted under the Ordinance including”.

By deleting the word “unissued” in the thirteenth line.

By inserting a full-stop after the words “such resolution” in the sixteenth line; and deleting all words appearing thereafter.

Article 134(B)

By adding the words “(where applicable)” after the words “be capitalized thereby, and” in the third line.

Article 135

By deleting it in its entirety.

Articles 140(A)(I)(d) & (II)(d)

By deleting the words “other than the Subscription Rights Reserve or Conversion Rights Reserve or Capital Redemption Reserve Fund (if there be any such Reserves)” in the twelfth to fifteenth lines of Articles 140(A)(I)(d) and in the eleventh to fourteenth lines of Articles 140(A)(II)(d) respectively.

Article 155(A)

By deleting the words “Section 141CF(1) of” in the fifth line.

Article 170(A)

By deleting the words “sub-section (2) of Section 165 of” in the fourth line.

Article 170(B)

By deleting the words “section 165 of” in the first line.