

Company Registration No. 05582529 (England and Wales)

ACEAXIS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



ACEAXIS LIMITED

COMPANY INFORMATION

Directors

Mr S Cooper
Mr G Y Koo
Mr S Jang (Appointed 23 November 2020)

Company number

05582529

Registered office

602, Delta Business Park
Welton Road
Swindon
SN5 7XP

Auditor

UHY Hacker Young
Quadrant House
4 Thomas More Square
London
E1W 1YW

ACEAXIS LIMITED

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ACEAXIS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of design, development and sale of technology and equipment to the mobile communications industry.

Results and dividends

The results for the year are set out on page 7. No dividends have been declared in the year.

Directors

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

Mr S Cooper

Mr J Y Kim

(Resigned 10 February 2020)

Mr N H Chapman

(Resigned 5 November 2020)

Mr G Y Koo

Mr S Jang

(Appointed 23 November 2020)

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

ACEAXIS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Statement of disclosure to auditor

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

This report has been prepared in accordance with provisions applicable to companies entitled to the small companies exemption.

Impact of COVID-19

The company was already set up well for working from home and therefore the impact of stay at home orders on project timescales was minimal. Customer installation of products in some regions was delayed due to stay at home orders. This resulted in a lower revenue than expected, although it is believed that these opportunities still exist and will be delivered during 2021 and 2022.

Impact of Brexit

Due to the customer mix (mainly UK, USA and Asia) there has been limited impact due to customer orders from EU. Suppliers are mainly based in UK and Asia. Therefore the main impact of the end of the Brexit transition period is the strengthening of the pound.

On behalf of the board



Mr S Cooper
Director

17 March 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ACEAXIS LIMITED**

Opinion

We have audited the financial statements of AceAxis Limited (the 'company') for the year ended 31 December 2020 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. The company owed its parent and group undertaking net £21,644,339 at the financial year end and incurred losses in both the current and the previous years. As discussed in note 1.2 the company will require support from its parent company to meet its liabilities as and when they fall due in the twelve months from the date of approval of the financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Our opinion is not modified in respect of this matter.

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

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

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ACEAXIS LIMITED**

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ACEAXIS LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

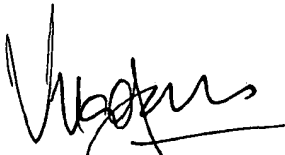
There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ACEAXIS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Vinodkumar Vadgama (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

18 March 2021
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Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

ACEAXIS LIMITED**INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Notes	£	as restated £
Revenue	4	3,664,879	3,551,353
Cost of sales		(428,999)	(2,223,667)
Gross profit		<u>3,235,880</u>	<u>1,327,686</u>
Administrative expenses		(3,400,580)	(2,493,015)
Other operating income	4	363,853	356,425
Exceptional item	5	643,556	800,994
Operating profit/(loss)	6	<u>842,709</u>	<u>(7,910)</u>
Investment income	10	-	505
Finance costs	11	(516,245)	(555,622)
Profit/(loss) before taxation		<u>326,464</u>	<u>(563,027)</u>
Tax on profit/(loss)	12	-	-
Profit/(loss) and total comprehensive income for the financial year	27	<u><u>326,464</u></u>	<u><u>(563,027)</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

ACEAXIS LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
Non-current assets					
Intangible assets	13		2,580		8,554
Property, plant and equipment	14		355,444		419,006
Investments	15		1,042,266		1,042,266
			<u>1,400,290</u>		<u>1,469,826</u>
Current assets					
Inventories	17	258,720		169,032	
Trade and other receivables	18	398,513		921,147	
Cash and cash equivalents		950,815		799,126	
		<u>1,608,048</u>		<u>1,889,305</u>	
Current liabilities	19	<u>(23,833,163)</u>		<u>(24,457,183)</u>	
Net current liabilities			<u>(22,225,115)</u>		<u>(22,567,878)</u>
Total assets less current liabilities			<u>(20,824,825)</u>		<u>(21,098,052)</u>
Non-current liabilities	19		(118,328)		(171,565)
Provisions for liabilities					
Other provisions	23		(7,500)		(7,500)
Net liabilities			<u>(20,950,653)</u>		<u>(21,277,117)</u>
Equity					
Called up share capital	25		336,625		336,625
Share premium account	26		3,552,293		3,552,293
Retained earnings	27		(24,839,571)		(25,166,035)
Total equity			<u>(20,950,653)</u>		<u>(21,277,117)</u>

The financial statements were approved by the board of directors and authorised for issue on 17 March 2021 and are signed on its behalf by:

S Cooper

Mr S Cooper
Director

Company Registration No. 05582529

ACEAXIS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
Balance at 1 January 2019	336,625	3,552,293	(24,603,008)	(20,714,090)
Year ended 31 December 2019:				
Loss and total comprehensive income for the year	-	-	(563,027)	(563,027)
Balances at 31 December 2019	<u>336,625</u>	<u>3,552,293</u>	<u>(25,166,035)</u>	<u>(21,277,117)</u>
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	326,464	326,464
Balances at 31 December 2020	<u><u>336,625</u></u>	<u><u>3,552,293</u></u>	<u><u>(24,839,571)</u></u>	<u><u>(20,950,653)</u></u>

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

AceAxis Limited is a private company limited by shares incorporated in England and Wales. The registered office is 602, Delta Business Park, Welton Road, Swindon, SN5 7XP. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Ace Technologies Corporation. The group accounts of Ace Technologies Corporation are available to the public and can be obtained as set out in note 29.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

AceAxis Limited is a majority-owned subsidiary of Ace Technologies Corporation and the results of AceAxis Limited are included in the consolidated financial statements of Ace Technologies Corporation which are available from 16, Harmony-ro 187 beon-gil, Yeonsu-gu, Incheon, 22013, Republic of Korea.

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the deficiency in net assets at the year end as the directors have received assurances from its ultimate controlling party that continued financial support will be provided to the company if required, to settle its obligations as they fall due for a period of at least 12 months from the date of signing the financial statements.

1.3 Revenue

Revenue is measured based on the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from the sale of goods and licenses are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The company provides design & Research & Development services in accordance with the terms and conditions stipulated on agreements. Revenue is recognised when the terms and conditions stipulated are met.

1.4 Intangible assets other than goodwill

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

- Patents amortised over their life of 5 years.

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Land and buildings Leasehold	Over the period of the lease term
Fixtures, fittings & equipment	Between 3 and 10 years
Plant and machinery	Between 2 and 5 years
Computer equipment	Between 2 and 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Computer equipment includes software costs which are an integral part of the related hardware.

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of tangible and intangible assets

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

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised 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 to another entity.

1.12 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.14 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.18 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.19 Foreign exchange profits or losses

Exchange profits or losses are presented as an exceptional item due to the nature and amount involved.

1.20 Research & Development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and feasibility can be demonstrated.

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Adoption of new and revised standards and changes in accounting policies

Change in accounting policy

Presentation of Research and Development tax credit

The Research and Development (“R&D”) tax credit was previously reflected within tax line of the Income Statement. However, as the company falls under the large company scheme for R&D purposes, the tax credit is reflected Above The Line and is to be treated as taxable income. Comparatives have therefore been restated accordingly. There has been no impact to the results and net liabilities of the company as a result of this restatement.

3 Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, 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.

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

Critical judgements

Investments

The directors have considered that the company’s investment in its subsidiary of £1,042,266 is not impaired on the basis that it continued to have a net asset of the same value at the year end.

ACEAXIS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****4 Revenue**

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

	2020	2019
	£	£
Revenue analysed by class of business		
Goods	833,194	3,367,669
Licences	902,890	71,835
Development services	1,928,795	111,849
	<u>3,664,879</u>	<u>3,551,353</u>

	2020	2019
	£	as restated £
Other significant revenue		
Interest income	-	505
	<u>-</u>	<u>505</u>
Grants received	260,073	165,627
Research and development tax credit	103,780	190,798
	<u>363,853</u>	<u>356,425</u>

	2020	2019
	£	£
Revenue analysed by geographical market		
Europe (incl UK)	395,752	2,440,395
USA	2,062,640	766,388
Rest of World	1,206,487	344,570
	<u>3,664,879</u>	<u>3,551,353</u>

5 Exceptional items

	2020	2019
	£	£
Profit/ (loss) on foreign exchange	643,556	800,994
	<u>643,556</u>	<u>800,994</u>

ACEAXIS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****5 Exceptional items (Continued)**

During the year, the company incurred a gain in its foreign exchange transactions of £643,556 (2019 : gain of £800,994). The directors consider that separate presentation of this item is necessary for the understanding of users of these financial statements due to the nature and the amount involved.

6 Operating profit/(loss)

	2020	2019
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Research and development costs	470,624	181,942
Government grants	(260,073)	(165,627)
Depreciation of property, plant and equipment	119,792	121,989
Amortisation of intangible assets (included within administrative expenses)	5,974	5,974
Cost of inventories recognised as an expense	428,999	2,223,667
	<u> </u>	<u> </u>

7 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	14,000	19,000
	<u> </u>	<u> </u>
For other services		
Other non audit services	3,385	1,925
	<u> </u>	<u> </u>

8 Employees

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

	2020	2019
	Number	Number
	30	30
	<u> </u>	<u> </u>

ACEAXIS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

8 Employees	(Continued)	
Their aggregate remuneration comprised:		
	2020	2019
	£	£
Wages and salaries	1,593,291	1,362,028
Social security costs	160,436	126,524
Pension costs	69,124	78,605
	<u>1,822,851</u>	<u>1,567,157</u>
	<u><u>1,822,851</u></u>	<u><u>1,567,157</u></u>
9 Directors' remuneration		
	2020	2019
	£	£
Remuneration for qualifying services	153,746	181,550
Company pension contributions to defined contribution schemes	30,845	22,434
	<u>184,591</u>	<u>203,984</u>
	<u><u>184,591</u></u>	<u><u>203,984</u></u>
10 Investment income		
	2020	2019
	£	£
Interest income		
Interest on bank deposits	-	505
	<u>-</u>	<u>505</u>
	<u><u>-</u></u>	<u><u>505</u></u>
Total interest income for financial assets that are not held at fair value through profit or loss is £nil - (2019 - £505).		
11 Finance costs		
	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	507,344	544,984
Interest on other financial liabilities:		
Interest on lease liabilities	8,901	10,638
	<u>516,245</u>	<u>555,622</u>
Total interest expense	<u><u>516,245</u></u>	<u><u>555,622</u></u>

ACEAXIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

12 Taxation

	2020	2019
	£	£
The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:		
	2020	2019
	£	as restated £
Profit/(loss) before taxation	326,464	(563,027)
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2019: 19.00%)	62,028	(106,975)
Utilisation of tax losses not previously recognised	(62,028)	-
Unutilised tax losses carried forward	-	106,975
Taxation charge for the year	-	-

13 Intangible fixed assets

	Patents
	£
Cost	
At 31 December 2019	29,870
At 31 December 2020	29,870
Amortisation and impairment	
At 31 December 2019	21,316
Charge for the year	5,974
At 31 December 2020	27,290
Carrying amount	
At 31 December 2020	2,580
At 31 December 2019	8,554

ACEAXIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

14 Property, plant and equipment

	Land and buildings Leasehold	Fixtures, fittings & equipment	Plant and machinery	Computer equipment	Total
	£	£	£	£	£
Cost					
At 31 December 2019	267,427	1,135,466	158,104	593,201	2,154,198
Additions	-	13,369	-	15,208	28,577
Additions - IFRS 16	27,653	-	-	-	27,653
At 31 December 2020	295,080	1,148,835	158,104	608,409	2,210,428
Accumulated depreciation and impairment					
At 31 December 2019	65,609	934,490	158,104	576,989	1,735,192
Charge for the year	62,666	46,214	-	10,912	119,792
At 31 December 2020	128,275	980,704	158,104	587,901	1,854,984
Carrying amount					
At 31 December 2020	166,805	168,131	-	20,508	355,444
At 31 December 2019	201,818	200,976	-	16,212	419,006

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2020	2019
	£	£
Net values		
Property	159,900	188,571
Additions	27,653	235,714
Depreciation charge for the year		
Property	56,324	47,143

ACEAXIS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****15 Investments**

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Investments in subsidiaries	-	-	1,042,266	1,042,266

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Movements in non-current investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2020 & 31 December 2020	1,042,266
Carrying amount	
At 31 December 2020	1,042,266
At 31 December 2019	1,042,266

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Class of share held	Nature of business
Wireless Technology Laboratories Limited	602 Delata Business Park, Welton Road, Swindon, UK SN5 7XF	100	Ordinary	Dormant
Axis US Network Technology LLC	7 Forest Rock Court, Catonsville, MD 21228 USA	100	Ordinary	Technological services

The investments in subsidiaries are all stated at cost less any impairment.

17 Inventories

	2020 £	2019 £
Raw materials	-	50,964
Finished goods	258,720	118,068
	<u>258,720</u>	<u>169,032</u>

18 Trade and other receivables

	2020 £	2019 £
Trade receivables	79,209	289,282
VAT recoverable	24,837	56,599
Amount owed by parent undertaking	49,705	189,466
Amounts owed by fellow group undertakings	61,631	117,550
Other receivables	166,898	230,402
Prepayments and accrued income	16,233	37,848
	<u>398,513</u>	<u>921,147</u>

ACEAXIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

18 Trade and other receivables **(Continued)**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

19 Liabilities

	Notes	Current		Non-current	
		2020 £	2019 £	2020 £	2019 £
Borrowings	20	1,683,280	2,036,291	-	-
Trade and other payables	21	22,033,710	22,336,475	-	-
Taxation and social security		47,587	32,587	-	-
Lease liabilities	22	68,586	51,830	118,328	171,565
		<u>23,833,163</u>	<u>24,457,183</u>	<u>118,328</u>	<u>171,565</u>

20 Borrowings

	2020 £	2019 £
Borrowings held at amortised cost:		
Bank loans	1,683,280	2,036,291

Bank loan is secured via corporate guarantee provided by the parent company, bears interest at a rate of 3.28% and is repayable November 2021.

21 Trade and other payables

	2020 £	2019 £
Trade payables	125,606	85,473
Amount owed to parent undertaking	14,809,108	14,915,500
Amounts owed to fellow group undertakings	6,946,567	7,157,439
Accruals and deferred income	151,970	177,956
Other payables	459	107
	<u>22,033,710</u>	<u>22,336,475</u>

Amounts owed to group undertakings include loans which are unsecured and bear interest at a rate of 4%.

ACEAXIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

22 Lease liabilities

	2020	2019
	£	£
Maturity analysis		
Within one year	74,220	60,000
In two to five years	121,185	180,000
	<u>195,405</u>	<u>240,000</u>
Total undiscounted liabilities	195,405	240,000
Future finance charges and other adjustments	(8,491)	(16,605)
	<u>186,914</u>	<u>223,395</u>
Lease liabilities in the financial statements	186,914	223,395

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020	2019
	£	£
Current liabilities	68,586	51,830
Non-current liabilities	118,328	171,565
	<u>186,914</u>	<u>223,395</u>

Amounts recognised in profit or loss include the following:

	2020	2019
	£	£
Interest on lease liabilities	8,901	10,638
	<u>8,901</u>	<u>10,638</u>

23 Provisions for liabilities

	2020	2019
	£	£
Warranty provision	7,500	7,500
	<u>7,500</u>	<u>7,500</u>

Movements on provisions:

	Warranty provision
	£
At 1 January 2020 and 31 December 2020	<u>7,500</u>

ACEAXIS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****24 Retirement benefit schemes****Defined contribution schemes**

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

The total costs charged to the income statement in respect of defined contribution plans is £69,124 (2019 - £78,605).

25 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of 10p each	3,366,250	3,366,250	336,625	336,625

26 Share premium account

	2020	2019
	£	£
At the beginning and end of the year	<u>3,552,293</u>	<u>3,552,293</u>

27 Retained earnings

	2020	2019
	£	£
At the beginning of the year	(25,166,035)	(24,603,008)
Profit/(loss) for the year	326,464	(563,027)
At the end of the year	<u>(24,839,571)</u>	<u>(25,166,035)</u>

28 Other leasing information**Lessee**

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2020	2019
	£	£
Expense relating to short-term leases	<u>-</u>	<u>2,340</u>

Information relating to lease liabilities is included in note 22.

ACEAXIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

29 Related party transactions

During the year, the company made sales of £1,444,234 (2019: £130,282) to and purchases of £nil (2019: £989,588) from Ace Technologies Corp (“ATC”), its parent company. At the year end, the company was owed £49,705 (2019: £189,466) by ATC and owed ATC £11,205,854 (2019: 11,234,122).

The company also received loans from ATC on which interest of £113,336 (2019: £96,884) was payable in the year. Balance due at the year end was £2,561,513 (2019: £2,639,637).

ATC has also given a corporate guarantee to the lenders of the company.

During the year, the company made purchases of £1,049 (2019: £185,337) from Shin Ah Limited, its fellow group subsidiary. Balance due at the year end was £138,196 (2019 : £141,417).

The company received a loan from Shin Ah Limited, a fellow group subsidiary on which interest of £301,742 (2019: £293,968) was payable in the year. Balance due at the year end was £6,806,281 (2019: £7,013,867).

During the year, the company made sales of £60,395 (2019: £123,193) to Ace Antenna Limited, its fellow group subsidiary. At the year end, the company was owed £61,631 (2019: £115,395) by Ace Antenna Limited.

At the year end, there was a balance owed to Ace Antenna Vietnam, a fellow group undertaking, of £2,090 (2019 : £2,090).

30 Controlling party

The company is controlled by Ace Technologies Corporation, a company incorporated and listed in Korea.

The financial statements of this company is consolidated with the financial statements of Ace Technologies Corporation which is available at 16, Harmony-ro 187 beon-gil, Yeonsu-gu, Incheon, 22013, Republic of Korea.