

Company Registration No. 03244452 (England and Wales)

**FFEI LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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# FFEI LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Cook J Payne R Wilson
<b>Secretary</b>	J Payne
<b>Company number</b>	03244452
<b>Registered office</b>	The Cube Maylands Avenue Hemel Hempstead Hertfordshire HP2 7DF
<b>Auditor</b>	Moore Northern Home Counties Limited First Floor 73-75 High Street Stevenage Hertfordshire SG1 3HR
<b>Bankers</b>	Barclays Bank plc Blenheim Gate 22-24 Upper Marlborough Road St Albans Hertfordshire AL1 3AL
<b>Solicitors</b>	Taylor Walton LLP 28-44 Alma Street Luton Bedfordshire LU1 2PL

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# FFEI LIMITED

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# FFEI LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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The directors present their strategic report for the year ended 31 March 2020.

#### **Business review**

Revenues have decreased 4% year on year to £11,559,000 (2019: £12,041,000). Revenues include income from strategic partners for development funding.

This decrease in revenues was primarily due to a slow down within the Labels and Packaging printing business which has been partially offset by increased development funding in the Digital Pathology sector.

Overall gross profit has increased to 32% for the year (2019: 24%) as a result of the increase in this development funding, and operating costs have increased by 3% year on year.

As a result of these changes the Company has reported an Operating Profit of £921,000 (2019: £145,000).

The Company has developed its business model in recent years which is to engage with world leading organisations that wish to bring new products to market. These partnerships allow the Company to offer its digital imaging technology and productisation capability to organisations that have extensive market knowledge and reach.

The Company has several partnerships in place with organisations that primarily serve the Labels and Packaging printing sector and the Digital Pathology sector. The Company operates to formal product development processes to achieve product quality, cost and delivery targets.

#### **Principal risks and uncertainties**

The company's principal risks and uncertainties relate to the facts that the company is involved with developing technology-based products. Whilst the full likelihood of success can be difficult to assess, the company manages this risk through its strategic partnerships and the targeting of growth market sectors.

The company also maintains a strong capital base to ensure the effects of any downturn in the market or increased timescales for product traction on the market can be accommodated.

Whilst subject to credit risk the customer base is predominantly blue chip and careful credit management is maintained.

#### **COVID-19**

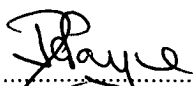
Following the outbreak of COVID-19, the Company has implemented several measures which include additional hygiene, social distancing, home-working where practical, and arrangements to ensure development and production continuity.

Whilst the health and safety of our staff remains our first priority, we are fully committed to maintaining the development and production of our products, and to serve the needs of our customers.

#### **Future developments**

The company recognises that successfully integrating digital imaging technology into a commercially viable solution requires an extensive range of expertise, IP and resources. Consequently, the barriers to entry can often be too high for many businesses wishing to exploit the benefits of digital imaging across a variety of sectors. FFEI has the portfolio of technology and experience to not only help design digital imaging solutions but also develop them into products, manufacture and support them.

By order of the board



J Payne

**Secretary**

Date: 13<sup>th</sup> July 2020

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# FFEI LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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

#### **Principal activities**

The principal activity of the company continued to be that of the development and supply of digital imaging products.

#### **Directors**

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

A Cook  
J Payne  
R Wilson

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a further dividend.

#### **Directors' qualifying third party indemnity provisions**

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying indemnity provisions remain in place as at the date of approving the directors' report.

#### **Research and development**

The company is strongly committed to investing in the design and development of its future products. We have formed good working relations with several take to market partners enabling us to develop some exciting products in both the digital print & pathology market.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The company has a policy of providing information about the company by regular meetings between management and the elected employee representatives. Employees are encouraged to present their suggestions and views on the company's performance through their elected representatives.

# FFEI LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### Going concern

The Company's business activities, together with factors likely to affect its future performance, and its financial position, are discussed above.

The Company has strong financial resources and well-established relationships and with a wide network of customers and suppliers in all relevant geographies. The directors have always maintained a strong cash balance, with no external debt, which has enabled the Company to deal with the challenging market conditions without funding issues. As a consequence, the directors believe that the Company is well placed to successfully manage its business risks and meet liabilities as they fall due.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis for preparing the annual report and financial statements.

#### Auditor

Moore Northern Home Counties Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### 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:

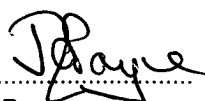
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

#### 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.

By order of the board



J Payne  
Secretary

Date: 13<sup>th</sup> July 2020

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# FFEI LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF FFEI LIMITED

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#### Opinion

We have audited the financial statements of FFEI Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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.

#### Conclusions relating to going concern

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

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# FFEI LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF FFEI LIMITED

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#### **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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

# FFEI LIMITED

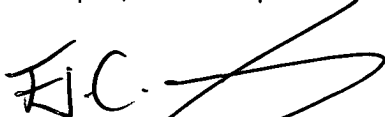
## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF FFEI LIMITED

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#### Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



**Francis Corbishley (Senior Statutory Auditor)**  
for and on behalf of Moore Northern Home Counties Limited

#### Chartered Accountants

#### Statutory Auditor

First Floor

73-75 High Street

Stevenage

Hertfordshire

SG1 3HR

23/07/2020 .

# FFEI LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

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	Notes	2020 £000	2019 £000
Turnover	3	11,559	12,041
Cost of sales		(7,889)	(9,178)
<b>Gross profit</b>		<u>3,670</u>	<u>2,863</u>
Distribution costs		(48)	(77)
Administrative expenses		(2,701)	(2,641)
<b>Profit before taxation</b>		<u>921</u>	<u>145</u>
Tax on profit	7	93	301
<b>Profit for the financial year</b>		<u><u>1,014</u></u>	<u><u>446</u></u>

All amounts relate to continuing activities.

# FFEI LIMITED

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 MARCH 2020

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	Notes	Share capital £000	Profit and loss reserves £000	Total £000
<b>Balance at 1 April 2018</b>		100	2,956	3,056
<b>Year ended 31 March 2019:</b>				
Profit and total comprehensive income for the year		-	446	446
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance at 31 March 2019</b>		100	3,402	3,502
<b>Year ended 31 March 2020:</b>				
Profit and total comprehensive income for the year		-	1,014	1,014
Dividends	8	-	(1,000)	(1,000)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance at 31 March 2020</b>		<u>100</u>	<u>3,416</u>	<u>3,516</u>

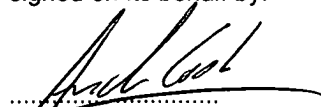
# FFEI LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	9	157	265
<b>Current assets</b>			
Stocks	10	1,845	1,541
Debtors	11	3,314	2,546
Cash at bank and in hand		1,724	1,894
		<u>6,883</u>	<u>5,981</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,398)</u>	<u>(2,596)</u>
<b>Net current assets</b>		<u>3,485</u>	<u>3,385</u>
<b>Total assets less current liabilities</b>		<u>3,642</u>	<u>3,650</u>
<b>Provisions for liabilities</b>	13	<u>(126)</u>	<u>(148)</u>
<b>Net assets</b>		<u>3,516</u>	<u>3,502</u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss reserves		<u>3,416</u>	<u>3,402</u>
<b>Total equity</b>		<u>3,516</u>	<u>3,502</u>

The financial statements were approved by the board of directors and authorised for issue on 13<sup>th</sup> July 2020 and are signed on its behalf by:



A. Cook  
Director

Company Registration No. 03244452

# FFEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

##### Company information

FFEI Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Cube, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7DF.

#### 1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of FFEI Holdings Limited (Limited company incorporated in England and Wales, registration number 05896705). These consolidated financial statements are available from its registered office: The Cube, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7DF.

#### 1.2 Going concern

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

The directors have considered the impact of the COVID-19 pandemic on the business and do not believe there to be any change in the going concern status of the company.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

# FFEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

Revenue from the sale of goods is 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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Research and 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 financial feasibility can be demonstrated.

#### 1.5 Tangible fixed assets

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

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

Plant and equipment	3-7 years
Fixtures and fittings	up to 10 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 credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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).

#### 1.7 Stocks

Stocks 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 stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

# FFEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

##### 1.9 Equity instruments

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

##### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.11 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### 1.12 Employee benefits

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

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

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

# FFEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

##### 1.13 Retirement benefits

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

##### 1.14 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

##### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 2 Judgements and key sources of estimation uncertainty

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

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

#### 3 Turnover and other revenue

	2020	2019
	£000	£000
<b>Turnover analysed by class of business</b>		
Sales of manufactured goods	7,922	9,210
Consulting, funder research and development service income	3,637	2,831
	<u>11,559</u>	<u>12,041</u>

# FFEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 3 Turnover and other revenue

	2020	2019
	£000	£000
<b>Turnover analysed by geographical market</b>		
United Kingdom	288	1,161
Continental Europe	2,713	5,281
Rest of the World	8,558	5,599
	<u>11,559</u>	<u>12,041</u>

#### 4 Operating profit

	2020	2019
	£000	£000
Operating profit for the year is stated after charging/(crediting):		
Loss on currency translation	2	9
Research and development - unfunded	317	452
Research and development tax credit	(192)	(158)
Fees payable to the company's auditor for the audit of the company's financial statements	23	27
Depreciation of owned tangible fixed assets	174	297
Operating lease charges	350	350
	<u>          </u>	<u>          </u>

#### 5 Directors' remuneration

The directors are remunerated through the parent company, FFEI Holdings Limited, and their remuneration is disclosed in the group accounts.

The directors are all members of individual money purchase pension schemes.

#### 6 Employees

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

	2020	2019
	Number	Number
Administration	49	47
Manufacturing	24	26
	<u>          </u>	<u>          </u>
Total	<u>73</u>	<u>73</u>

# FFEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 6 Employees

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	2,872	2,728
Social security costs	302	286
Pension costs	261	249
	<u>3,435</u>	<u>3,263</u>

#### 7 Taxation

	2020 £000	2019 £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	(92)	(151)
Adjustments in respect of prior periods	(1)	(150)
	<u>(93)</u>	<u>(301)</u>
Total current tax	(93)	(301)

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £000	2019 £000
Profit before taxation	<u>921</u>	<u>145</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	175	28
Tax effect of expenses that are not deductible in determining taxable profit	66	26
Group relief	-	16
Research and development tax credit	(92)	(65)
Under/(over) provided in prior years	(1)	(150)
Movement on unprovided deferred tax	(139)	(156)
Tax losses surrendered	121	-
Deferred tax not provided	(223)	-
	<u>(93)</u>	<u>(301)</u>
Taxation credit for the year	(93)	(301)

#### 8 Dividends

	2020 £000	2019 £000
Final paid	<u>1,000</u>	<u>-</u>

# FFEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 9 Tangible fixed assets

	Plant and equipment £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At 1 April 2019	7,324	296	7,620
Additions	53	13	66
At 31 March 2020	<u>7,377</u>	<u>309</u>	<u>7,686</u>
<b>Depreciation and impairment</b>			
At 1 April 2019	7,065	290	7,355
Depreciation charged in the year	170	4	174
At 31 March 2020	<u>7,235</u>	<u>294</u>	<u>7,529</u>
<b>Carrying amount</b>			
At 31 March 2020	<u>142</u>	<u>15</u>	<u>157</u>
At 31 March 2019	<u>259</u>	<u>6</u>	<u>265</u>

#### 10 Stocks

	2020 £000	2019 £000
Raw materials and consumables	1,662	1,429
Finished goods and goods for resale	183	112
	<u>1,845</u>	<u>1,541</u>

The difference between purchase price or production cost of inventories and their replacement cost is not material.

Inventories recognised as an expense in the period were £5,761,000 (2019: £6,695,000). Impairment losses recognised in the period were £147,000 (2019: £32,000).

#### 11 Debtors

	2020 £000	2019 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	2,787	1,559
Corporation tax recoverable	248	309
Amounts owed by group undertakings	-	500
Other debtors	149	8
Prepayments and accrued income	130	170
	<u>3,314</u>	<u>2,546</u>

# FFEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 12 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	1,742	1,940
Taxation and social security	3	4
Deferred income	1,413	250
Accruals	240	402
	<u>3,398</u>	<u>2,596</u>

#### 13 Provisions for liabilities

	2020 £000	2019 £000
Warranty obligations	<u>126</u>	<u>148</u>
Movements on provisions:		<b>Warranty obligations £000</b>
At 1 April 2019		148
Additional provisions in the year		82
Utilisation of provision		(104)
At 31 March 2020		<u>126</u>

As is the case with most manufacturing businesses, the company has on-going warranty obligations for the products that it sells. Such costs are generally incurred within one to five years post-delivery. At the end of the year, the company had a provision of £126,000 in respect of these (2019: £148,000).

#### 14 Share capital

	2020 £000	2019 £000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The company has granted total options of 1,500 Ordinary A Shares of £1 each to certain employees. These shares can be exercised no later than 10 years from the date of grant at £25 per share, in the event of a sale, demerger or voluntary winding up of the company. The Ordinary A shares have no voting, dividend or redemption rights. The share options are considered to have zero fair value and therefore no associated charge has been recorded. In the event of winding up the company the Ordinary A shares shall be entitled to participate in any surplus assets available to the shareholders.

# FFEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2020**

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### 15 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 company's contribution to this scheme during the year was £261,000 (2019: £249,000). There are £39,000 contributions outstanding at the year-end relating to this scheme (2019: £44,000).