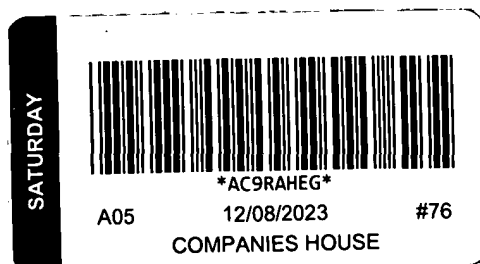


Company Registration Number: 09826758 (England and Wales)

PRFI LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



PRFI LIMITED
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PRFI LIMITED
DIRECTORS REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 2023.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. 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 they have been prepared in accordance with UK adopted international accounting standards, 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 requirements of 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.

Going Concern

The Company's business activities, performance, position and risks are set out in these financial statements. The financial position of the Company, its cash flows, liquidity position, borrowing facilities and the use of financial instruments and policies relating thereto are detailed in the notes to the financial statements. The Company has sufficient financial resources, and the Directors believe that the Company is well placed to manage its business risks successfully.

Given the nature of the markets we operate within, we anticipate our end customers being insulated from a consumer downturn to some extent, although the roll-out of some of the new products may be delayed, dampening demand. Even in these difficult times, we still maintain the belief that the Company is well placed to move positively forward in the medium to long term. This belief is underpinned by a strong balance sheet and no debt.

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

Principal Activity

The Company's principal activities are the provision of radio frequency technology design and consultancy services and our strategy is to continue to grow and expand the customer base within this market.

Directors

The following Directors have served since 1 April 2022: -

L M Devlin
M J McCabe
C A Gurry
N G Clark

Dividends

A dividend of £350,000 was paid in the year (2022: £Nil). No final dividend for the year was proposed (2022: £Nil).

Results

The results for the year are set out in the Statement of Comprehensive Income on page 6. The Company's profit for the financial year was £84,681 (2022: £145,743).

Statement of Disclosure of Information to the Auditor

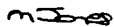
The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish it has been communicated to the auditor.

Auditor

A resolution to re-appoint BDO LLP, as auditor of the Company will be put to the members at the Annual General Meeting.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

By Order of the Board



M Jones

Company Secretary

24 July 2023

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of PRFI Limited ("the Company") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow statement, 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 UK adopted international accounting standards.

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

Independence

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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the financial statements, 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.

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.

Other Companies Act 2006 reporting

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

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

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 or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 Statement of Directors Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- We gained an understanding of the legal and regulatory framework applicable to the Company to the industry in which it operates, through our knowledge of the industry. We focussed on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK adopted international accounting standards, the Bribery Act 2010, and tax legislation;
- We considered compliance with these laws and regulations through discussions with management. Our procedures also included reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- We assessed the susceptibility of the Company's financial statements to material misstatement as an engagement team by meeting with management to understand where it is considered there would be a susceptibility of fraud;
- Our audit planning identified fraud risks in relation to management override and inappropriate or incorrect revenue recognition. Audit procedures were designed to focus on these areas of potential management override including review of journals recognised throughout the period and after year end, testing of a sample of revenue transactions throughout the period and after year end as well as reviewing significant estimates. We obtained an understanding of the processes and controls that the company has established to address risks identified by the entity or that otherwise seek to prevent, deter or detect fraud;
- With regard to the fraud risk in management override, our procedures included targeted journal transactions testing, with a focus on large or unusual transactions based on our knowledge of the business and we tested the application of revenue recognition policies; and
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

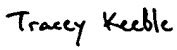
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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.

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.

DocuSigned by:

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Tracey Keeble (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Ipswich, UK

25 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PRFI LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Revenue	2	1,092,216	1,054,635
Cost of sales	3	<u>(516,946)</u>	<u>(462,465)</u>
Gross Profit		575,270	592,170
Distribution and administration expenses	3	<u>(554,266)</u>	<u>(517,173)</u>
		21,004	74,997
Other operating income	3	123,426	39,553
Profit from Operations		<u>144,430</u>	<u>114,550</u>
Finance expense	6	<u>(13,525)</u>	<u>(2,452)</u>
Profit before Taxation		130,905	112,098
Income tax (charge) / credit	7	<u>(46,224)</u>	<u>33,645</u>
Profit after Taxation		<u>84,681</u>	<u>145,743</u>
Total Comprehensive Income attributable to the Equity Owners of the Parent		<u><u>84,681</u></u>	<u><u>145,743</u></u>

There is no other comprehensive income for the financial year.

Revenue and operating profit derive from continuing operations.

The notes on pages 11 to 26 form part of these financial statements.

PRFI LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023
Company Registration Number: 09826758 (England and Wales)

	Notes	2023 £	2023 £	2022 £	2022 £
ASSETS					
Non-current assets					
Property, plant and equipment	10		89,136		30,366
Right-of-use assets	10		311,470		62,257
Deferred tax asset	17		54,986		35,625
			<u>455,592</u>		<u>128,248</u>
Current assets					
Trade and other receivables	11	152,043		149,794	
Tax recoverable		33,372		32,329	
Cash and cash equivalents	13	<u>380,163</u>		<u>383,417</u>	
			565,578		565,540
Total assets			1,021,170		693,788
LIABILITIES					
Current liabilities					
Trade and other payables	15	(551,655)		(233,875)	
Lease Liabilities	16	<u>(50,679)</u>		<u>(62,050)</u>	
			(602,334)		(295,925)
Non-current liabilities					
Lease Liabilities	16		(269,812)		-
Deferred tax liabilities	17		<u>(21,812)</u>		<u>(5,332)</u>
Total liabilities			<u>(893,958)</u>		<u>(301,257)</u>
NET ASSETS			<u>127,212</u>		<u>392,531</u>
CAPITAL AND RESERVES					
Share capital	18		3,853		3,853
Retained earnings			<u>123,359</u>		<u>388,678</u>
TOTAL SHAREHOLDERS' EQUITY			<u>127,212</u>		<u>392,531</u>

The financial statements on pages 7 to 26 were approved and authorised for issue by the board on 24 July 2023

Signed on its behalf by:



M J McCabe
Director



L M Devlin
Director

PRFI LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Operating activities			
Net Profit before taxation		130,905	112,098
Adjustments for:			
Depreciation		14,810	17,522
Depreciation - right-of-use assets		90,553	70,192
Finance expense		13,525	2,452
Movement in working capital	9	226,981	80,290
Cash flows from operating activities		<u>476,774</u>	<u>282,554</u>
Income tax received		38,141	37,837
Net cash flows generated from operating activities		<u>514,915</u>	<u>320,391</u>
Investing activities			
Purchase of property, plant and equipment		<u>(73,580)</u>	<u>(8,784)</u>
Net cash flows used in investing activities		<u>(73,580)</u>	<u>(8,784)</u>
Financing activities			
Lease Liability repayments		(94,973)	(73,215)
Dividends paid to shareholders		<u>(350,000)</u>	<u>-</u>
Net cash flows used in financing activities		<u>(444,973)</u>	<u>(73,215)</u>
(Decrease) / increase in cash and cash equivalents		<u>(3,638)</u>	<u>238,392</u>
Movement in cash and cash equivalents:			
At start of period		383,417	142,530
(Decrease) / increase in cash and cash equivalents		(3,638)	238,392
Effects of exchange rate changes		384	2,495
At end of period		<u>380,163</u>	<u>383,417</u>

The notes on pages 11 to 26 form part of these financial statements.

PRFI LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital £	Accumulated Profits £	Total £
As at 31 March 2021	3,853	242,935	246,788
Profit and total comprehensive income the year	-	145,743	145,743
As at 31 March 2022	<u>3,853</u>	<u>388,678</u>	<u>392,531</u>
Profit and total comprehensive income for year	-	84,681	84,681
Dividend	-	(350,000)	(350,000)
As at 31 March 2023	<u><u>3,853</u></u>	<u><u>123,359</u></u>	<u><u>127,212</u></u>

The notes on pages 11 to 26 form part of these financial statements.

1 Accounting Policies

Company information

PRFI Limited is a private company limited by shares incorporated in England and Wales. The registered office is Oval Park, Hatfield Road, Langford, Maldon, Essex CM9 6WG.

The Company financial statements have been prepared in accordance with UK adopted International Accounting Standards.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(A) *Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company's presentational currency is Pounds Sterling since that is the currency in which the majority of the Company's transactions are denominated. The Company's functional currency is Pounds Sterling and figures are rounded to the nearest pound.

New standards, amendments and interpretations not yet adopted:

Standard Effective from:

Standard	Effective from
IFRS 17 Insurance contracts including Amendments to IFRS 17 (issued on 25 June 2020)	1 January 2023
Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:	
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 - Presentation of Financial Statements (Non-current Liabilities with Covenants)	1 January 2024
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to IFRS 17 – Initial Application of IFRS 17 and IFRS 19 – Comparative Information	1 January 2023
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024

The Directors anticipate that the adoption of these standards and interpretations in future periods will have little or no material impact on the financial statements of the Company.

(B) Going Concern

The Company's business activities, performance, position and risks are set out in these financial statements. The financial position of the Company, its cash flows, liquidity position, borrowing facilities and the use of financial instruments and policies relating thereto are detailed in the notes to the financial statements. The Company has sufficient financial resources, and the Directors believe that the Company is well placed to manage its business risks successfully.

Given the nature of the markets operated within, it is anticipated that our end customers are insulated from a consumer downturn. Even in these difficult times, we still maintain the belief that the Company is well placed to move positively forward in the medium to long term. This belief is underpinned by a strong balance sheet and no debt except for lease liabilities.

After making enquiries, the Directors have reviewed the detailed financial projections for the period ending 31 March 2024 including sensitivity analysis and reverse stress tests, as well as the business plan and cash flows for the twelve months from date of sign off. The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(C) Revenue

The Company recognises revenues from design and development over the period of the contract on the basis of percentage contract completion which determines the point of satisfaction of its performance obligation and at a determined transaction price.

Revenue is measured at the fair value of the consideration receivable excluding discounts, rebates, Value Added Tax and other sales taxes or duties. The company recognises its revenue in any given period in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

In doing this the company therefore ensures it does not recognise future revenues within current revenue. Other income such as interest earned and royalty income are recognised in the period that the event is triggered.

(D) Government Grants

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

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

(E) Property, plant and equipment and investment property

All property, plant and equipment are stated at historical cost. Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Plant and equipment	33% straight line
Computer equipment	20% straight line

The Company does not own any investment property, or freehold or leasehold premises.

(F) Taxation

The tax expense represents the sum of the tax currently payable, adjustments in respect of prior years and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 by using tax rates that have been enacted or substantively enacted by the period end.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based upon tax rates that have been enacted or substantively enacted by the period end. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

(G) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the statement of comprehensive income.

(H) Research and development costs

Development costs are recognised in administrative expenses as they are incurred. Research and other development expenditures that fall outside IAS 38 are charged to the statement of comprehensive income when incurred.

(I) Pensions

The Company operates a salary sacrifice pension scheme. A salary sacrifice pension scheme is a pension scheme under which the Company pays contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. Therefore, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(J) Leases**Company as a lessee****Right-of-use assets**

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Company.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leased property	over the term of the lease
-----------------	----------------------------

Lease liabilities

On commencement of a contract (or part of a contract) which gives the Company the right to use an asset for a period of time in exchange for consideration, the Company recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the Company is reasonably certain to exercise and termination periods that the Company is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate (such as those linked to LIBOR) and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss.

Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

(K) Impairment of property, plant and equipment

At each year end, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. The 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 risks specific to the asset. 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 as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease until the associated revaluation reserve is extinguished.

(L) Critical accounting judgements and Key sources of estimation uncertainty

The preparation of financial statements under IFRS requires the company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future.

Critical accounting judgements

There are no critical accounting judgements.

Key sources of estimation uncertainty

• **Revenue recognition**

In determining the appropriate method of recognising revenue, the Company is required to make judgements as to whether performance obligations are satisfied over a period of time or at a point in time. For performance obligations that are satisfied over a period of time, judgements are made on the basis of contract completion. If performance obligations are not satisfied over time, the Company recognises revenue at a point in time. Revenue is recognised over the period of the contract on the basis of percentage contract completion which determines the point of satisfaction of its performance obligation and at a determined transaction price at a point in time.

(M) Financial instruments

(i) Recognition of financial instruments

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

(ii) Financial assets

Initial and subsequent measurement of financial assets

(a) Trade, group and other receivables

Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

(a) Trade, group and other payables

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

(b) Bank overdrafts

Bank overdrafts are initially measured at fair value, net of direct transaction costs and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the loan using an effective rate of interest.

(c) Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

(iv) Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset it is derecognised.

The gain or loss on de recognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

2 Revenue

The revenue of the Company for the period derives from the same class of business (business segment)

	2023	2022
	£	£
Geographical classification of revenue (by destination):		
Europe	472,137	589,473
United States of America	496,053	328,900
Others	<u>124,026</u>	<u>136,262</u>
	<u><u>1,092,216</u></u>	<u><u>1,054,635</u></u>

In accordance with IFRS 15, the Company's revenue of £1,092,216 is made up of revenue from design and development. Design and development revenue is recognised over the period of the contract on a percentage basis of contract completion, as detailed in the Company's revenue recognition policy (see note 1).

The Company has £17,840 contract assets at 31 March 2023 (£Nil at 31 March 2022) due to the nature of the business the Company will on occasions fulfil some performance obligations in advance of invoicing to its customer. The Company however does have contractual balances in the form of trade receivables. See note 11 for disclosure of this. The Company has contractual liabilities of £149,505 at 31 March 2023 (£103,025 at 31 March 2022).

The Company also does not have any contractual costs capitalised or any outstanding performance obligations at 31 March 2023 and 31 March 2022.

3 Profit from Operations

	2023	2023	2022	2022
	£	£	£	£
Profit from operations is stated after charging or (crediting):-				
Cost of sales		<u>516,946</u>		<u>462,465</u>
		<u>516,946</u>		<u>462,465</u>
Administrative expenses: -				
Depreciation - owned assets	14,810		17,552	
Depreciation - right-of-use assets	90,553		70,192	
Auditor's remuneration - Audit fee	12,695		11,000	
Gain on foreign exchange	(25,463)		(397)	
Other expenses	<u>461,671</u>		<u>418,856</u>	
		<u>554,266</u>		<u>517,173</u>
Other operating income:				
Government Grants		273		3,410
Royalty Income		<u>123,153</u>		<u>36,143</u>
		<u>123,426</u>		<u>39,553</u>

4 Employees

	2023	2022
Staff costs, including directors, during the year amounted to:		
Wages and salaries	429,815	380,663
Social security costs	52,206	43,421
Other pension and health care costs	141,840	157,477
	<u>623,862</u>	<u>581,561</u>

	2023	2022
The average monthly number of employees including directors employed by the Company during the period was:		
	No.	No.
Engineering	<u>9</u>	<u>7</u>
	<u>9</u>	<u>7</u>

5 Directors' Emoluments

	2023	2022
	£	£
Remuneration	87,726	80,757
Pension contributions - salary sacrifice scheme	12,000	35,754
	<u>99,726</u>	<u>116,511</u>

Emoluments disclosed above includes the following amounts paid to the highest director:

	2023	2022
	£	£
Remuneration	87,726	80,757
Pension contribution	12,000	35,754
	<u>99,726</u>	<u>116,511</u>

The amount of accrued pension in respect of this director at the end of the period was £1,618 (2022: £2,822).

6 Finance Income and expense

Finance Expense

	2023	2022
	£	£
Interest payable – lease liabilities	<u>13,525</u>	<u>2,452</u>

7 Income Tax (Charge) / credit

	2023	2022
	£	£
(a) Analysis of tax credit in period		
UK Corporation Tax on result for the period		
Current period	7,828	(32,330)
Prior periods	<u>41,277</u>	<u>7,684</u>
Total current tax credit	49,105	(24,646)
Deferred tax:		
Effect of movement in deferred tax rate	(9,566)	(24,239)
Origination and reversal of timing differences	<u>6,685</u>	<u>15,240</u>
Total deferred tax	<u>(2,881)</u>	<u>(8,999)</u>
Tax on profit on ordinary activities	<u>46,224</u>	<u>(33,645)</u>

(b) Factors affecting tax credit for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19% (2022: 19%).

The differences are explained below:

	£	£
Profit on ordinary activities before tax	<u>130,905</u>	<u>112,098</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	24,872	21,299
Effects of:		
Expenses not deductible for tax purposes	(8,477)	459
Additional deduction for R&D expenditure	(1,882)	(38,848)
Adjustments to current tax charge in respect of previous periods	41,277	7,684
Effect of movement in deferred tax rate	<u>(9,566)</u>	<u>(24,239)</u>
Current tax charge / (credit) for period	<u>46,224</u>	<u>(33,645)</u>

8 Dividends

A dividend of £350,000 was paid in the period (2022: £Nil). No final dividend for the year was proposed (2022: £Nil).

9 Notes to Cash Flow Statement

	2023	2022
	£	£
Movement in working capital:		
(Increase) / decrease in receivables	(2,666)	45,043
Increase in payables	<u>229,647</u>	<u>35,247</u>
	<u><u>226,981</u></u>	<u><u>80,290</u></u>

	2023
	£
Analysis of changes in net cash:	
Net cash as at 1 March 2022	383,417
Cash flow	(3,638)
Exchange movement	<u>384</u>
Net cash as at 31 March 2023	<u><u>380,163</u></u>

10 Property, Plant and Equipment – owned assets

	Computer Equipment £	Plant and Equipment £	TOTAL £
COST			
At 31 March 2021	190,786	5,300	196,086
Additions	<u>1,650</u>	<u>7,134</u>	<u>8,784</u>
At 31 March 2022	192,436	12,434	204,870
Additions	<u>-</u>	<u>73,580</u>	<u>73,580</u>
At 31 March 2023	<u><u>192,436</u></u>	<u><u>86,014</u></u>	<u><u>278,450</u></u>
DEPRECIATION			
At 31 March 2021	156,099	883	156,982
Charge for the period	<u>15,453</u>	<u>2,069</u>	<u>17,522</u>
At 31 March 2022	171,552	2,952	174,504
Charge for the period	<u>8,616</u>	<u>6,194</u>	<u>14,810</u>
At 31 March 2023	<u><u>180,168</u></u>	<u><u>9,146</u></u>	<u><u>189,314</u></u>
NET BOOK VALUE			
At 31 March 2023	<u><u>12,268</u></u>	<u><u>76,868</u></u>	<u><u>89,136</u></u>
At 31 March 2022	<u><u>20,884</u></u>	<u><u>9,482</u></u>	<u><u>30,366</u></u>

Right-of-use assets

	Property Leasehold £
COST	
At 31 March 2021	105,599
Effect of modification lease terms	<u>103,116</u>
At 31 March 2022	208,715
Additions	339,766
Disposals	<u>(208,715)</u>
At 31 March 2023	<u><u>339,766</u></u>
DEPRECIATION	
At 31 March 2021	76,266
Charge for the period	<u>70,192</u>
At 1 March 2022	146,458
Charge for the period	90,553
Disposals	<u>(208,715)</u>
At 31 March 2023	<u><u>28,296</u></u>
NET BOOK VALUE	
At 31 March 2023	<u><u>311,470</u></u>
At 1 March 2022	<u><u>62,257</u></u>

11 Trade and other receivables

	2023 £	2022 £
Amounts falling due within one year:		
Trade receivables	91,891	122,744
Other taxation	3,120	3,572
Prepayments and accrued income	<u>40,832</u>	<u>23,478</u>
	135,843	149,794
Amounts falling due after one year:		
Other receivables	<u>16,200</u>	-
	16,200	-
	<u><u>152,043</u></u>	<u><u>149,794</u></u>

12 Leases

The following shows how lease expenses have been included in the Income Statement, broken down between amounts charged to operating profit and amounts charged to finance costs:

	Leased Offices £
Depreciation – right-of-use assets	90,553
Charge to operating profit	90,553
Finance expense – lease liabilities	13,525
Charge to profit before taxation	13,525
Total charge relating to operating activities	104,078

At the 31 March 2023, the Company had not entered into any leases to which it was committed but had not yet commenced.

13 Cash and Cash Equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>380,163</u>	<u>383,417</u>

There is an unlimited guarantee between the company, ultimate parent company and another subsidiary entity of the ultimate parent company.

14 Financial Instruments

Financial instruments

The Company's financial instruments can comprise cash balances and items such as trade receivables and trade payables that arise directly from its operations. The overall objective of the Board is to reduce risks where possible within a competitive, dynamic and flexible trading environment. The Company has little exposure to credit and cash flow risk. It is and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The risks arising from the Company's financial instruments are interest rate, liquidity risk and foreign currency risk. The policies for managing these risks are summarised below and have been applied throughout the period. Although no specific basis, such as the gearing ratio is used to monitor the capital, the Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce any debt.

Interest rate and liquidity risk

Cash balances are placed so as to maximise interest earned while maintaining the liquidity requirements of the business. The Directors regularly review the placing of cash balances. A significant movement in LIBOR or transition to SONIA would be required to have a material impact on the cash flow of the Company.

Credit Risk

Current financial assets	2023	2022
	£	£
Trade receivables	91,891	122,744
Cash and cash equivalents	380,163	383,417
	<u>472,054</u>	<u>506,161</u>

The average credit period was 31 days (2022: 42 days). There were no impairment losses recognised on any financial assets measured at amortised cost as at 31 March 2023 (2022: £Nil). The Company holds no collateral against receivables at the year end.

There are no significant credit risks arising from financial assets that are neither past due, nor impaired.

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value. Cash and cash equivalents of £380,163 (2022: £383,417) comprise cash and short-term deposits held by the Group treasury function. The carrying amount of these assets approximates their fair values.

Current financial liabilities	2023	2022
	£	£
Trade and other payables	71,629	40,311
Accruals	116,678	36,679
Lease liabilities	320,491	62,050
	<u>508,798</u>	<u>139,040</u>

All balances are due within one year. The carrying amount of these liabilities approximates their fair values.

Sensitivity analysis

The Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the Company as they fall due.

15 Trade and Other Payables

	2023	2022
	£	£
Amounts falling due within one year:		
Trade payables	44,884	14,976
Other taxation and social security costs	26,745	25,335
Deferred income	149,505	103,025
Other payables	213,843	53,859
Accruals	116,678	36,680
	<u>551,655</u>	<u>233,875</u>

16 Lease Liabilities

	2023	2022
	£	£
Current lease liabilities	50,679	62,050
Non-current lease liabilities	<u>269,812</u>	<u>-</u>
	<u>320,491</u>	<u>62,050</u>

	2023
	£
1 April 2022	62,050
Additions	339,766
Effect of lease modification	123
Interest expense	13,525
Repayment of lease liabilities	<u>(94,973)</u>
31 March 2023	<u>320,491</u>

Changes in liabilities arising from financing activities relate to lease liabilities only. The movement during the year in lease liabilities is set out above.

17 Deferred Tax

	2023	2022
	£	£
Provision for deferred taxation comprises:		
Accelerated capital allowances	(21,812)	(5,332)
Tax losses carried forward	51,912	33,187
Share-based payments	-	2,438
Other timing differences	<u>3,074</u>	<u>-</u>
	<u>33,174</u>	<u>30,293</u>
Deferred tax asset	54,986	35,625
Deferred tax liability	<u>(21,812)</u>	<u>(5,332)</u>
	<u>33,174</u>	<u>30,293</u>
At 1 April	30,293	21,294
Deferred tax debited in profit and loss account for year	<u>2,881</u>	<u>8,999</u>
At 31 March	<u>33,174</u>	<u>30,293</u>

18 Share Capital

	2023	2022
	£	£
Allotted:		
36,000,000 A Ordinary shares of 0.0001p each	3,600	3,600
12,145,113 B Ordinary shares of 0.0001p each	1,215	1,215
217,907 C Ordinary shares of 0.0001p each	22	22
	<u>4,837</u>	<u>4,837</u>
Issued and fully paid		
36,000,000 A Ordinary shares of 0.0001p each	3,600	3,600
2,310,000 B Ordinary shares of 0.0001p each	231	231
217,907 C Ordinary shares of 0.001p each	22	22
At 31 March	<u>3,853</u>	<u>3,853</u>

The Company has three classes of ordinary shares.

Class A ordinary shares has the right to receive the notice of, attend and vote at all meetings of the company. Dividends each A ordinary share has the right to participate in dividends return of capital. Each A ordinary share has the right to participate in a distribution on a winding up or on a return of capital and they are non-redeemable.

Class B ordinary shares are not entitled to receive the notice of, attend and vote at all meetings of the company. Dividends each B ordinary share has the right to participate in dividends return of capital. Each B ordinary share has the right to participate in a distribution on a winding up or on a return of capital and they are non-redeemable.

Class C ordinary shares are not entitled to receive the notice of, attend and vote at all meetings of the company. Dividends not entitled to participate in dividends save where profits from a sale or disposal of whole or substantial part of Company's business and undertaking and subject to director discretion, return of capital. Each C ordinary share has the right to participate in a distribution on a winding up or on a return of capital and they are non-redeemable.

19 Pension Commitments

The Company operates a salary sacrifice pension scheme for employees. Company contributions during the period amounted to £124,628 (2022: £150,817). An amount of £11,157 (2022: £12,522) is included in creditors, which represents one month's worth of accumulated pension costs.

20 Related Party Transactions

	2023	2022
	£	£
Transactions with related party companies during the year include the following:		

Sales to group companies	<u>300,000</u>	<u>346,615</u>
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There are no balances with related companies as at 31 March 2023 or 31 March 2022.

	2023	2022
	£	£
The remuneration of the key management personnel of the company, who are the company directors, is set out below:		

Wages and salaries (including benefits in kind)	87,726	80,757
Pension contributions	<u>12,000</u>	<u>35,754</u>
	99,726	116,511
Social security costs	<u>11,268</u>	<u>9,925</u>
	<u>110,994</u>	<u>126,436</u>

21 Ultimate Parent Company and Ultimate Controlling Party

The company's ultimate parent company is CML Microsystems Plc, the parent company of the largest and smallest group which includes the company and for which group accounts are prepared. Copies of the group Annual Report and Accounts of CML Microsystems Plc are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.