

Registrar copy

Registration number: 01855453

Cogent Technology Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2022

Lambert Chapman LLP
Statutory Auditor
3 Warners Mill
Silks Way
Braintree
Essex
CM7 3GB

Cogent Technology Limited

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Cogent Technology Limited

Company Information

Directors

C P Course
N C Slator
R D Stainer
D J Goddard
N R Groom

Registered office

Dairy Farm Office
Dairy Road
Semer
Ipswich
IP7 6RA

Bankers

NatWest
2 Tavern Street
Ipswich
Suffolk
IP1 3BD

Auditors

Lambert Chapman LLP
Statutory Auditor
3 Warners Mill
Silks Way
Braintree
Essex
CM7 3GB

Cogent Technology Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is the manufacture of electronic products in the Medtech and Greentech sectors.

Fair review of the business

The company has been successful in onboarding a number of clients with new products as it gains momentum in the Medtech and Greentech sectors. This is not an easy process as the challenge of innovation that this presents can take longer than projected to reach its potential. The Directors are confident that the combined efforts of Cogent and its customers combined with the innovation and investments made is laying the foundation for future profits.

Sales increased in the period by 41.69% in the year to £11,704,241 (2021 - £8,260,497) with an increase in gross profit percentage to 27.74% from 8.61% in 2021. In order to support this growth the business has invested in quality staff at all levels and continues to actively invest in their development to support the ambitions of the business. This meant that we report a loss of £38,139 before tax for the financial year (2022: loss before tax of £1,679,697).

KPI's

The Board monitor a number of key performance indicators in their management of the business:-

- Monthly and year to date gross profit percentages
- Our EBITDA as a value for the period and year to date
- Our order book as a sales value, both year to date and year on year
- Our number of customers
- Our deliveries to establish timeliness
- Our returns to establish quality
- Our balance sheet ratios to identify liquidity

Principal risks and uncertainties

The Directors recognise the risks and uncertainties inherent in the economic climate and continue to mitigate these. A detailed business plan has been drawn up and is being reviewed and refined as necessary whilst customers look at their own demand levels. As part of this pro forma and deposit invoices have been used to fund stock requirements on contracts.

The Felixstowe factory has capacity that outstrips the existing level of activity and the board are looking at ways of increasing business levels both with new and existing customers.

Health and Safety is taken extremely seriously by the Company to provide a safe and stable environment in which to work and as a business involved in the Greentech sector we look to reduce waste and operate policies that support this sector to the benefit of us all.

Cogent Technology Limited

Strategic Report for the Year Ended 31 December 2022

Staff policy

The Company adopts a policy to provide opportunities to individuals of all groups and has invited N. R. Groom onto the Board during the year. Every effort is taken to ensure that there is no discrimination on the grounds of gender, race and disability.

Approved by the Board on 20 March 2024 and signed on its behalf by:

N C Slator
Director

Cogent Technology Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors of the company

The directors who held office during the year were as follows:

N C Slator

R D Stainer

D J Goddard

N R Groom (appointed 14 October 2022)

J D Pratt (ceased 18 January 2024)

D J Pratt (ceased 18 January 2024)

The following director was appointed after the year end:

C P Course (appointed 18 January 2024)

Financial instruments

Objectives and policies

The Company's operation expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk.

Working capital is monitored on a daily basis and a sufficient cash balance is maintained enabling the company to meet its liabilities. Invoice finance was used during the year with some customers and deposits utilised in contract negotiations to fund material purchases for large contracts so that the company can continue its growth plans.

As the Company renders its sales and acquires the majority of its purchases and overheads in sterling the risk of currency exposure is low.

Price risk, credit risk, liquidity risk and cash flow risk

Liquidity risk:

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company expects to meet its financial obligations through operating cashflows but has set up an invoice discounting facility and used deposits with its customers where this has not proved possible.

Credit risk:

The Company offers credit terms to its customers which allow payment of invoices under standard trade terms agreed between the parties. This risk exists if the customers are unable to do so. This risk is mitigated by maintaining strong customer relationships and closely monitoring the debtors ledger.

Interest rate risk:

The Company has interest bearing facilities to invoice discounting and on finance leases. The interest cost of these is not material at this time and the risk is more likely to come from a slow down in activity with projects delaying whilst customers hope rates will come down before projects begin. The Board monitor this risk with customers so that they are aware of their thoughts and policies.

Cogent Technology Limited

Directors' Report for the Year Ended 31 December 2022

Events Since the End of the Year

On 18 January 2024 our founders John and Deborah Pratt sold their holdings in the Company to Camden Boss Ltd and retired from the business. The Board would like to place on record their thanks to them both for starting this exciting journey that has brought Cogent to where it is today and wish them well in their retirement.

As a subsidiary of Camden Boss Ltd, Cogent Technology joins the Heathpatch group of companies. The acquisition will underpin the growth ambitions of the business both in terms of synergies with Camden Boss and any investments required to support that growth.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 20 March 2024 and signed on its behalf by:

N C Slator
Director

Cogent Technology Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Cogent Technology Limited

Independent Auditor's Report to the Members of Cogent Technology Limited

Qualified opinion

We have audited the financial statements of Cogent Technology Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Profit and Loss Account and Statement of Retained Earnings, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 qualified opinion on financial statements

We were not appointed as auditors of the company until after 31 December 2020 and thus did not observe the counting of physical inventories at that period end. We were unable to satisfy ourselves by alternative means concerning the inventory quantities representing the value of £1,542,647 held at 31 December 2020 by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount as at 31 December 2021 was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 December 2021.

Our audit opinion on the financial statements for the period ended 31 December 2021 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the comparative figures.

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 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 qualified opinion.

Cogent Technology Limited

Independent Auditor's Report to the Members of Cogent Technology Limited

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements which indicates that the company is reporting a profit for the year of £37,844 after a tax credit and following prior period adjustments a loss of £1,368,438 for December 2021.

As stated in this note these events indicate a material uncertainty exists that may cast doubt on the Company's ability 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 directors use of the going concern basis of accounting in the financial statements is appropriate. Our evaluation of the directors assessment of the entity's ability to continue to adopt the going concern basis of accounting included detailed discussions with them to include reviewing their future forecasts and in particular the two years to 31 December 2025. A significant factor in this conclusion came from the commitment of support from Heathpatch Limited.

Our responsibilities and the responsibility 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 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.

Opinion on other matter prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of our 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:

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Independent Auditor's Report to the Members of Cogent Technology Limited

- 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 set out on page 6, 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 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. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the manufacturing sectors;
 - we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining

Cogent Technology Limited

Independent Auditor's Report to the Members of Cogent Technology Limited

- an understanding of how fraud might occur, by;
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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Independent Auditor's Report to the Members of Cogent Technology 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.

Nicholas Forsyth FCA (Senior Statutory Auditor)
For and on behalf of Lambert Chapman LLP, Statutory Auditor
3 Warners Mill
Silks Way
Braintree
Essex
CM7 3GB

20 March 2024

Cogent Technology Limited

Profit and Loss Account for the Year Ended 31 December 2022

		2022	(As restated) 2021
	Note	£	£
Turnover	<u>3</u>	11,704,241	8,260,497
Cost of sales		<u>(8,457,690)</u>	<u>(7,549,232)</u>
Gross profit		3,246,551	711,265
Administrative expenses		<u>(3,260,026)</u>	<u>(2,388,470)</u>
Operating loss		<u>(13,475)</u>	<u>(1,677,205)</u>
Other interest receivable and similar income	<u>5</u>	898	43
Interest payable and similar expenses	<u>6</u>	<u>(25,562)</u>	<u>(2,535)</u>
		<u>(24,664)</u>	<u>(2,492)</u>
Loss before tax		(38,139)	(1,679,697)
Taxation	<u>10</u>	<u>75,983</u>	<u>311,259</u>
Profit/(loss) for the financial year		<u><u>37,844</u></u>	<u><u>(1,368,438)</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

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Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022	(As restated) 2021
	£	£
Profit/(loss) for the year	37,844	(1,368,438)
Total comprehensive income for the year	<u>37,844</u>	<u>(1,368,438)</u>

Cogent Technology Limited
(Registration number: 01855453)
Balance Sheet as at 31 December 2022

	Note	2022 £	(As restated) 2021 £
Fixed assets			
Tangible assets	<u>11</u>	842,728	847,134
Current assets			
Stocks	<u>12</u>	4,184,086	3,003,592
Debtors	<u>13</u>	2,785,823	2,343,552
Cash at bank and in hand	<u>14</u>	<u>1,582,496</u>	<u>450,723</u>
		8,552,405	5,797,867
Creditors: Amounts falling due within one year	<u>15</u>	<u>(6,733,037)</u>	<u>(4,377,319)</u>
Net current assets		<u>1,819,368</u>	<u>1,420,548</u>
Total assets less current liabilities		2,662,096	2,267,682
Creditors: Amounts falling due after more than one year	<u>15</u>	(328,795)	-
Provisions for liabilities	<u>16</u>	<u>(126,280)</u>	<u>(98,505)</u>
Net assets		<u><u>2,207,021</u></u>	<u><u>2,169,177</u></u>
Capital and reserves			
Called up share capital	<u>18</u>	1,000	1,000
Share premium reserve		56,482	56,482
Retained earnings		<u>2,149,539</u>	<u>2,111,695</u>
Shareholders' funds		<u><u>2,207,021</u></u>	<u><u>2,169,177</u></u>

Approved and authorised by the Board on 20 March 2024 and signed on its behalf by:

N C Slator
Director

Cogent Technology Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2022	1,000	56,482	3,520,701	3,578,183
Prior period adjustment	-	-	(1,409,006)	(1,409,006)
At 1 January 2022 (As restated)	1,000	56,482	2,111,695	2,169,177
Profit for the year	-	-	37,844	37,844
At 31 December 2022	1,000	56,482	2,149,539	2,207,021

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2021	1,000	56,482	3,567,656	3,625,138
Prior period adjustment	-	-	(87,523)	(87,523)
At 1 January 2021 (As restated)	1,000	56,482	3,480,133	3,537,615
Loss for the year	-	-	(1,368,438)	(1,368,438)
At 31 December 2021	1,000	56,482	2,111,695	2,169,177

Cogent Technology Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	2022	(As restated)
	£	2021
		£
Cash flows from operating activities		
Profit/(loss) for the year	37,844	(1,368,438)
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	189,122	168,018
Loss on disposal of tangible assets	590	-
Finance income	(898)	(43)
Finance costs	25,562	2,535
Corporation tax	(75,983)	(311,259)
	176,237	(1,509,187)
Working capital adjustments		
Increase in stocks	(1,180,494)	(1,373,422)
Increase in debtors	(338,513)	(1,066,622)
Increase in creditors	887,242	3,157,042
	(455,528)	(792,189)
Cash generated from operations	(455,528)	(792,189)
Corporation tax received	-	12,824
Net cash flow from operating activities	(455,528)	(779,365)
Cash flows from investing activities		
Interest received	898	43
Acquisitions of tangible assets	(185,306)	(201,289)
Proceeds from sale of tangible assets	-	(61,995)
Net cash flows from investing activities	(184,408)	(263,241)
Cash flows from financing activities		
Interest paid	(25,562)	(2,535)
Proceeds from other borrowing draw downs	521,968	-
Repayment of other borrowing	-	(2,821)
Net cash flows from financing activities	496,406	(5,356)
Net decrease in cash and cash equivalents	(143,530)	(1,047,962)
Cash and cash equivalents at 1 January	247,933	1,295,895
Cash and cash equivalents at 31 December	104,403	247,933

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is: Dairy Farm Office, Dairy Road, Semer, Ipswich, IP7 6RA, England.

The principal place of business is: Landguard Point Enterprise Centre, Langer Road, Felixstowe, Suffolk, IP11 2ER.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are presented in Sterling (£), which is the company's functional currency.

Going concern

The financial statements have been prepared on a going concern basis. The Company is reporting a profit in the year to December 2022 after establishing a deferred tax asset and a substantial loss in the 2021 year after prior period adjustments.

The Board have held discussions on this matter and prepared detailed forecasts for the three years to 31 December 2026 and remain confident that ample demand exists in the Medtech and Greentech sectors to deliver this financial plan. They believe that adequate resources exist for them to do so for the foreseeable future. This is underpinned by the financial support provided by Heathpatch Limited.

Based upon the above the directors consider it appropriate to prepare financial statements on the going concern basis.

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Notes to the Financial Statements for the Year Ended 31 December 2022

Prior period errors

The results for the current year were reviewed in detail during the course of the audit and due diligence which uncovered issues connected to the recognition of revenue and reporting of costs in earlier periods.

Invoices had been raised and paid in full during 2021 which represented deposits in that year for product manufactured and then delivered in 2022. An adjustment to the revenue of 2021 has been made to accurately reflect what had taken place and report it correctly in the 2022 year. We have also recognised the taxation losses relating to this adjustment and the original refund that was received during the year.

As part of their work for 2022 our auditors have identified issues with the valuation of the labour element of our work in progress and we have made adjustments accordingly in both the 2021 and 2020 closing valuations.

The net effect of these adjustments are as follows:

	Relating to the current period disclosed in these financial statements	Relating to the prior period disclosed in these financial statements	Relating to periods before the prior period disclosed in these financial statements
	£	£	£
Revenue	-	1,485,400	-
Opening work in progress	-	(87,523)	-
Closing work in progress	-	250,925	87,523
Corporation tax (profit and loss)	-	(327,319)	-
Work in progress (balance sheet)	(250,925)	(250,925)	(87,523)
Other debtors	327,319	327,319	-
Accruals	(1,485,400)	(1,485,400)	-
Profit and loss account brought forward	1,409,006	87,523	-

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amount of assets and liabilities. The directors judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an on-going 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 directors do not believe that there have been judgements made in the process of applying the below accounting policies that have had a significant effect on amounts recognised in the financial statements. Furthermore, the directors consider that there are no areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision and delivery of electronic devices in the ordinary course of the company's activities. It is shown net of value added tax, returns, rebates and discounts.

The Company recognises revenue when:

- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity;
- It has been signed off ready for delivery to the customer;
- And specific criteria has been met for each of the companies activities.

Tax

Current Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation.

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	14% Straight line
Computer equipment	20% Straight line
Plant and machinery	10% Straight line
Fixtures and fittings	10% Straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Trade debtors

Trade debtors are amounts due from customers for devices sold in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress 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. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

All financial instruments are classified as basic financial instruments and are held at either amortised cost or at cost less impairment.

3 Turnover

The analysis of the company's Turnover for the year from continuing operations is as follows:

	2022	(As restated) 2021
	£	£
Sale of goods	11,704,241	8,260,497

The analysis of the company's Turnover for the year by market is as follows:

	2022	(As restated) 2021
	£	£
UK	10,332,434	7,677,672
Rest of world	1,371,807	582,825
	11,704,241	8,260,497

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2022	2021
	£	£
Loss on disposal of Tangible assets	(590)	-
	(590)	-

5 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	898	43
	898	43

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest on invoice discounting facility	23,534	2,535
Loan interest payable	2,028	-
	25,562	2,535

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	3,266,293	2,199,333
Social security costs	313,765	265,491
Pension costs, defined contribution scheme	106,449	133,171
Compensation for loss of office	13,200	10,712
Other employee expense	106,995	98,216
	3,806,702	2,706,923

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Production	84	65
Administration and support	39	35
	123	100

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	353,662	217,080
Contributions paid to money purchase schemes	27,481	45,949
	<u>381,143</u>	<u>263,029</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Accruing benefits under money purchase pension scheme	<u>-</u>	<u>3</u>

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration	<u>96,580</u>	<u>86,078</u>

9 Auditors' remuneration

	2022	2021
	£	£
Audit of the financial statements	<u>24,000</u>	<u>13,000</u>

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

10 Taxation

Tax charged/(credited) in the profit and loss account

	2022	(As restated)
	£	2021
		£
Current taxation		
UK corporation tax adjustment to prior periods	-	(323,989)
Deferred taxation		
Arising from origination and reversal of timing differences	27,774	12,730
Arising from unrelieved tax losses	(103,757)	-
	<u>(75,983)</u>	<u>12,730</u>
Total deferred taxation	(75,983)	12,730
Tax receipt in the income statement	<u>(75,983)</u>	<u>(311,259)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022	(As restated)
	£	2021
		£
Loss before tax	<u>(38,139)</u>	<u>(1,679,697)</u>
Corporation tax at standard rate	(7,246)	(319,142)
Effect of expense not deductible in determining taxable profit (tax loss)	342	-
Recognised tax losses	16,690	343,912
Movement in deferred tax provision	(75,983)	12,730
Adjustments to tax charge in respect of prior periods	-	(323,989)
Tax movement from effect of capital allowances and depreciation	(14,976)	(16,271)
Tax decrease from changes in general provisions	5,190	(8,499)
	<u>(75,983)</u>	<u>(311,259)</u>

Deferred tax

Deferred tax assets and liabilities

	Asset	Liability
	£	£
2022		
Unrelieved tax losses	103,757	-
Accelerated capital allowances	-	126,280
	<u>103,757</u>	<u>126,280</u>

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

	Asset	Liability
	£	£
2021		
Accelerated capital allowances	-	98,505
	-	98,505
	-	98,505

11 Tangible assets

	Land and buildings	Computer equipment	Fixtures and fittings	Plant and machinery	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2022	283,688	273,326	235,612	1,225,894	2,018,520
Additions	11,309	6,877	2,815	164,305	185,306
Disposals	-	(3,294)	(100)	-	(3,394)
	294,997	276,909	238,327	1,390,199	2,200,432
	294,997	276,909	238,327	1,390,199	2,200,432
Depreciation					
At 1 January 2022	41,383	187,146	119,013	823,844	1,171,386
Charge for the year	40,773	37,915	25,123	85,311	189,122
Eliminated on disposal	-	(2,772)	(32)	-	(2,804)
	82,156	222,289	144,104	909,155	1,357,704
	82,156	222,289	144,104	909,155	1,357,704
Carrying amount					
At 31 December 2022	212,841	54,620	94,223	481,044	842,728
At 31 December 2021	242,305	86,180	116,599	402,050	847,134

Included within the net book value of land and buildings above is £212,841 (2021 - £242,305) in respect of long leasehold land and buildings.

12 Stocks

	2022	(As restated) 2021
	£	£
Raw materials and consumables	2,828,814	1,907,717
Work in progress	1,241,774	821,469
Finished goods and goods for resale	113,498	274,406
	4,184,086	3,003,592
	4,184,086	3,003,592

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

13 Debtors

	2022	(As restated) 2021
Current	£	£
Trade debtors	2,358,693	1,536,878
Other debtors	397,497	448,124
Prepayments and accrued income	29,633	358,550
	2,785,823	2,343,552
	2,785,823	2,343,552

The carrying amount of trade debtors pledged as security for liabilities amounted to £2,358,693 (2021 - £1,536,878).

Trade debtors have been pledged as security under invoice financing arrangements.

14 Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	1,582,212	450,723
Cash on hand	284	-
	1,582,496	450,723
	1,582,496	450,723

15 Creditors

	Note	2022	(As restated) 2021
		£	£
Due within one year			
Invoice finance facility		1,478,093	202,790
Loans and borrowings	<u>19</u>	193,173	-
Trade creditors		2,143,824	1,537,974
Social security and other taxes		178,001	210,458
Other creditors		2,552,545	2,063,757
Accruals and deferred income		187,401	362,340
		6,733,037	4,377,319
		6,733,037	4,377,319
Due after one year			
Loans and borrowings	<u>19</u>	328,795	-
		328,795	-

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Secured creditors

Included in amounts due within one year are amounts due under invoice financing arrangements and loans and borrowings on which security has been given totalling £1,671,266 (2021 - £202,790).

Included in amounts due after one year are loans and borrowings on which security has been given totalling £328,795 (2021 - £Nil).

16 Provisions for liabilities

	Deferred tax	Total
	£	£
At 1 January 2022	98,505	98,505
Increase (decrease) in existing provisions	27,775	27,775
At 31 December 2022	<u>126,280</u>	<u>126,280</u>

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £106,449 (2021 - £133,171).

18 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares carry equal voting rights, equal rights to dividend distribution and equal right to capital distributions. They are all non redeemable.

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

19 Loans and borrowings

	2022	2021
	£	£
Current loans and borrowings		
Bank borrowings	193,173	-

	2022	2021
	£	£
Non-current loans and borrowings		
Bank borrowings	328,795	-

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	279,517	284,468
Later than one year and not later than five years	1,003,945	1,022,568
Later than five years	673,750	918,750
	<u>1,957,212</u>	<u>2,225,786</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £300,444 (2021 - £281,984).

Cogent Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

21 Analysis of changes in net debt

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash and cash equivalents			
Cash and cash equivalents	450,723	1,131,773	1,582,496
Borrowings			
Invoice finance facilities	(202,790)	(1,275,303)	(1,478,093)
	<u>247,933</u>	<u>(143,530)</u>	<u>104,403</u>

22 Related party transactions

Summary of transactions with other related parties

During the year a loan of £400,000 was given by Real World Developments Limited who share common Directors with Cogent Technology Limited. As part of the transaction referred to in Note 24 below this loan was surrendered.

During the year wages amounting to £64,041 (2021 - £60,507) were paid to family members of the directors.

23 Parent and ultimate parent undertaking

The ultimate controlling party at the balance sheet date was J D Pratt.

This holding was sold on 18 January 2024 and J D Pratt retired from the Board of Directors on that date. Heathpatch Limited became the Ultimate controlling party on that date.

24 Events after the financial period

On 18 January 2024 J D Pratt disposed of his interest in the Company to Camden Boss Limited who become the parent company of Cogent Technology Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.