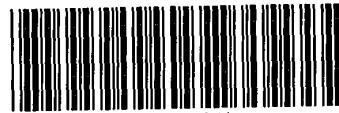


STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
COGENT TECHNOLOGY LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021

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COGENT TECHNOLOGY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS: J Pratt
D Pratt
N Slator
R Stainer
D Goddard

SECRETARY: J Pratt

REGISTERED OFFICE: Landguard Point Enterprise Centre
Langer Road
Felixstowe
Suffolk
IP11 2ER

REGISTERED NUMBER: 01855453 (England and Wales)

AUDITORS: Lambert Chapman LLP
Chartered Accountants and Statutory Auditors
3 Warners Mill
Silks Way
Braintree
Essex
CM7 3GB

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their strategic report for the year ended 31 December 2021.

REVIEW OF BUSINESS

Following the unexpected huge increase in turnover (£20.5 million) and profit (£3.2 million) in 2020 (primarily as a result of being in a position to help meet the sudden demand for its services during the Covid outbreak) and the move to a larger premises in the Summer of that year, the company continued to see a high level of sales of £9.75 million in 2021 that was still up by 46% on its pre-Covid levels. A Gross Profit of £3.0 million achieved a margin of 30.6% which also showed an increase over the pre-Covid results.

These improvements in performance were mitigated by a large increase in operating overheads - increasing from £1.6 million pre-Covid to £3.0 million in 2021. The majority of this increase represents the higher running costs of the larger building from which we now operate much more efficiently and with considerable scope to grow our business to the next level. We have also invested in high quality staff at all levels, again putting ourselves in position to move forward over the coming years. These decisions have been taken on the back of acquiring numerous new customers who are themselves growing rapidly and should hopefully lead to a very high level of business being passed to Cogent Technology Limited. There have been the expected teething troubles in developing the new products that will form the basis of this growth, but the directors are confident that the effort and costs being incurred now will lead to a period of high profitability over the next few years.

The accounts do show a loss before taxation of £30,895 for 2021 which, together with an increased provision for deferred tax, has reduced Shareholders Funds from £3,625,138 to £3,578,183, but the Balance Sheet still shows a healthy position overall with adequate cash resources available.

The company invested £201,289 in capital equipment and improvements during the year, again reflecting the aim of the directors to modernise and provide the very best environment in which to base our trade.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are fully aware of the risks and uncertainties inherent in the current economic climate and are actively seeking to mitigate these with a comprehensive and far reaching business plan. They are aware that the company is dependent upon the growth of their customers, and in particular their success in developing relevant products that will provide Cogent with the bulk of its business. There is also a need to invest substantial amounts of capital in stock and WIP while large projects are ongoing, and the company addresses this issue by requesting advance payments on many orders to fund them. Despite the high level of orders in place the directors are not complacent and still adopt an active marketing approach in order to expand our client base and make use of the facilities available for higher levels of production.

Health and safety, and environmental concerns, are also taken extremely seriously with the result that internal and external procedures are reviewed on a regular basis.

STAFF POLICY

Although the majority of directors are male, as are the majority of the management team, approximately one third of staff at all other levels are female, and the company makes every effort to ensure that there is no discrimination on grounds of gender, race and disability.

ON BEHALF OF THE BOARD:



N Slator - Director

27 September 2022

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture of electronic products.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

J Pratt
D Pratt
N Slator
R Stainer
D Goddard

POLITICAL DONATIONS AND EXPENDITURE

There were no political donations in the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITORS

The auditors, Lambert Chapman LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



N Slator - Director

27 September 2022

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
COGENT TECHNOLOGY LIMITED**

Opinion

We have audited the financial statements of Cogent Technology Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 2021 and of its loss for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion on the financial statements

Due to there being no requirement for an audit last year a stock take was not conducted as at 31 December 2020. We are therefore unable to confirm the physical existence of the inventories held at that date. Consequently we were unable to determine whether any adjustments to the inventory figure of £1,630,170 as at 31 December 2020 were necessary or whether there was any consequential effect on the cost of sales for the year ended 31 December 2021. Our audit work was restricted purely on the physical verification aspect of the inventory testing as at 31 December 2020.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Emphasis of matter

We draw attention to the fact that the accounts for the prior period, the period ended 31 December 2020, were not audited.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
COGENT TECHNOLOGY LIMITED**

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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.

As described in the basis for qualified opinion section of our report, due to there being no requirement for an audit last year no stock take was conducted as at 31 December 2020. We were therefore unable to confirm the physical existence of the inventories held at that date. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales and gross profit, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified 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 possible effects of the matter described in the basis for qualified section of our report, in the light of our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
COGENT TECHNOLOGY LIMITED**

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 focused on specific laws and regulations which we considered may have a material effect on the financial statements or the operation 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 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; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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; and
- enquiring of management as to actual and potential litigation and claims.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS 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 a Report of the Auditors 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

29 September 2022

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

		Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
TURNOVER	3	9,745,897	20,529,919
Cost of sales		<u>6,759,476</u>	<u>12,563,927</u>
GROSS PROFIT		2,986,421	7,965,992
Administrative expenses		<u>3,014,824</u>	<u>4,745,428</u>
OPERATING (LOSS)/PROFIT	5	(28,403)	3,220,564
Interest receivable and similar income		<u>43</u>	<u>11,744</u>
		(28,360)	3,232,308
Interest payable and similar expenses	7	<u>2,535</u>	<u>56,152</u>
(LOSS)/PROFIT BEFORE TAXATION		(30,895)	3,176,156
Tax on (loss)/profit	8	<u>16,060</u>	<u>369,676</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(46,955)</u>	<u>2,806,480</u>

The notes form part of these financial statements

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
(LOSS)/PROFIT FOR THE YEAR		(46,955)	2,806,480
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(46,955)</u>	<u>2,806,480</u>

The notes form part of these financial statements

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

BALANCE SHEET
31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9		847,134		751,867
CURRENT ASSETS					
Stocks	10	3,254,517		1,630,170	
Debtors	11	2,016,233		1,364,453	
Cash at bank		<u>450,723</u>		<u>1,295,895</u>	
		5,721,473		4,290,518	
CREDITORS					
Amounts falling due within one year	12	<u>2,891,919</u>		<u>1,331,472</u>	
NET CURRENT ASSETS			<u>2,829,554</u>		<u>2,959,046</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,676,688		3,710,913
PROVISIONS FOR LIABILITIES	16		<u>98,505</u>		<u>85,775</u>
NET ASSETS			<u>3,578,183</u>		<u>3,625,138</u>
CAPITAL AND RESERVES					
Called up share capital	17		1,000		1,000
Share premium	18		56,482		56,482
Retained earnings	18		<u>3,520,701</u>		<u>3,567,656</u>
SHAREHOLDERS' FUNDS			<u>3,578,183</u>		<u>3,625,138</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2022 and were signed on its behalf by:



N Slator - Director

The notes form part of these financial statements

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 October 2019	752	761,176	-	761,928
Changes in equity				
Issue of share capital	248	-	56,482	56,730
Total comprehensive income	-	2,806,480	-	2,806,480
Balance at 31 December 2020	<u>1,000</u>	<u>3,567,656</u>	<u>56,482</u>	<u>3,625,138</u>
Changes in equity				
Total comprehensive income	-	(46,955)	-	(46,955)
Balance at 31 December 2021	<u>1,000</u>	<u>3,520,701</u>	<u>56,482</u>	<u>3,578,183</u>

The notes form part of these financial statements

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

		Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
Cash flows from operating activities			
Cash generated from operations	1	(526,866)	2,523,785
Interest paid		(2,535)	(54,475)
Interest element of hire purchase payments paid		-	(1,677)
Tax paid		<u>(314,495)</u>	<u>4</u>
Net cash from operating activities		<u>(843,896)</u>	<u>2,467,637</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(201,289)	(637,029)
Sale of tangible fixed assets		-	3,588
Interest received		<u>43</u>	<u>11,744</u>
Net cash from investing activities		<u>(201,246)</u>	<u>(621,697)</u>
Cash flows from financing activities			
Capital repayments in year		(2,820)	2,820
Share issue		<u>-</u>	<u>1,000</u>
Net cash from financing activities		<u>(2,820)</u>	<u>3,820</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,047,962)</u>	<u>1,849,760</u>
Cash and cash equivalents at beginning of year	2	1,295,895	(553,865)
Cash and cash equivalents at end of year	2	<u>247,933</u>	<u>1,295,895</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
(Loss)/profit before taxation	(30,895)	3,176,156
Depreciation charges	168,018	88,013
Loss on disposal of fixed assets	-	19,065
Finance costs	2,535	56,152
Finance income	<u>(43)</u>	<u>(11,744)</u>
	139,615	3,327,642
Increase in stocks	(1,624,347)	(1,630,170)
(Increase)/decrease in trade and other debtors	(651,780)	36,772
Increase in trade and other creditors	<u>1,609,646</u>	<u>789,541</u>
Cash generated from operations	<u><u>(526,866)</u></u>	<u><u>2,523,785</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31.12.21 £	1.1.21 £
Cash and cash equivalents	450,723	1,295,895
Bank overdrafts	<u>(202,790)</u>	<u>-</u>
	<u><u>247,933</u></u>	<u><u>1,295,895</u></u>

Period ended 31 December 2020

	31.12.20 £	1.10.19 £
Cash and cash equivalents	1,295,895	111,699
Bank overdrafts	<u>-</u>	<u>(665,564)</u>
	<u><u>1,295,895</u></u>	<u><u>(553,865)</u></u>

The notes form part of these financial statements

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.21 £	Cash flow £	At 31.12.21 £
Net cash			
Cash at bank	1,295,895	(845,172)	450,723
Bank overdrafts	<u>-</u>	<u>(202,790)</u>	<u>(202,790)</u>
	<u>1,295,895</u>	<u>(1,047,962)</u>	<u>247,933</u>
Debt			
Finance leases	<u>(2,820)</u>	<u>2,820</u>	<u>-</u>
	<u>(2,820)</u>	<u>2,820</u>	<u>-</u>
Total	<u>1,293,075</u>	<u>(1,045,142)</u>	<u>247,933</u>

The notes form part of these financial statements

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. STATUTORY INFORMATION

Cogent Technology Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

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 amounts 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 above 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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long leasehold	- 14% on cost
Plant and machinery	- 10% on cost
Computer equipment	- 10% on cost

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **TURNOVER**

The turnover and loss (2020 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Year Ended	Period
	31.12.21	1.10.19
	£	to
	£	31.12.20
	£	£
United Kingdom	9,163,072	19,368,900
Rest of the World	<u>582,825</u>	<u>1,161,019</u>
	<u>9,745,897</u>	<u>20,529,919</u>

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. EMPLOYEES AND DIRECTORS

	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
Wages and salaries	2,199,333	3,420,953
Social security costs	265,491	356,060
Other pension costs	<u>133,172</u>	<u>584,194</u>
	<u>2,597,995</u>	<u>4,361,207</u>

The average number of employees during the year was as follows:

	Year Ended 31.12.21	Period 1.10.19 to 31.12.20
Administration	35	32
Manufacturing	<u>65</u>	<u>48</u>
	<u>100</u>	<u>80</u>

	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
Directors' remuneration	217,080	752,302
Directors' pension contributions to money purchase schemes	<u>45,949</u>	<u>495,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

No directors exercised share options during the year (2020 - two directors).

Information regarding the highest paid director is as follows:

	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
Emoluments etc	<u>86,078</u>	<u>299,317</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

5. OPERATING (LOSS)/PROFIT

The operating loss (2020 - operating profit) is stated after charging:

	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
Hire of plant and machinery	84,624	110,728
Depreciation - owned assets	168,017	63,475
Depreciation - assets on hire purchase contracts	-	2,286
Loss on disposal of fixed assets	-	19,065
Exchange losses	<u>3,414</u>	<u>1,533</u>

6. AUDITORS' REMUNERATION

	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>13,000</u>	<u>-</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
Bank interest	2,535	17,494
Directors loan interest	-	36,981
Hire purchase	<u>-</u>	<u>1,677</u>
	<u>2,535</u>	<u>56,152</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

8. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
Current tax:		
UK corporation tax	-	311,165
Underprovision in prior year	<u>3,330</u>	<u>(4)</u>
Total current tax	3,330	311,161
Deferred tax	<u>12,730</u>	<u>58,515</u>
Tax on (loss)/profit	<u>16,060</u>	<u>369,676</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.12.21 £	Period 1.10.19 to 31.12.20 £
(Loss)/profit before tax	<u>(30,895)</u>	<u>3,176,156</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(5,870)	603,470
Effects of:		
Expenses not deductible for tax purposes	-	11,736
Income not taxable for tax purposes	-	(193,703)
Capital allowances in excess of depreciation	-	(70,134)
Depreciation in excess of capital allowances	5,870	-
Adjustments to tax charge in respect of previous periods	3,330	-
Effect of R & D Credit	-	(40,204)
Deferred tax charge	<u>12,730</u>	<u>58,511</u>
Total tax charge	<u>16,060</u>	<u>369,676</u>

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2021	279,013	1,197,318	179,790	259,412	1,915,533
Impairment	-	(98,302)	-	-	(98,302)
Additions	<u>4,675</u>	<u>126,878</u>	<u>55,822</u>	<u>13,914</u>	<u>201,289</u>
At 31 December 2021	<u>283,688</u>	<u>1,225,894</u>	<u>235,612</u>	<u>273,326</u>	<u>2,018,520</u>
DEPRECIATION					
At 1 January 2021	1,836	915,859	96,913	149,058	1,163,666
Impairment	-	(160,297)	-	-	(160,297)
Charge for year	<u>39,547</u>	<u>68,282</u>	<u>22,100</u>	<u>38,088</u>	<u>168,017</u>
At 31 December 2021	<u>41,383</u>	<u>823,844</u>	<u>119,013</u>	<u>187,146</u>	<u>1,171,386</u>
NET BOOK VALUE					
At 31 December 2021	<u>242,305</u>	<u>402,050</u>	<u>116,599</u>	<u>86,180</u>	<u>847,134</u>
At 31 December 2020	<u>277,177</u>	<u>281,459</u>	<u>82,877</u>	<u>110,354</u>	<u>751,867</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 January 2021	14,183
Transfer to ownership	<u>(14,183)</u>
At 31 December 2021	<u>-</u>
DEPRECIATION	
At 1 January 2021	3,427
Transfer to ownership	<u>(3,427)</u>
At 31 December 2021	<u>-</u>
NET BOOK VALUE	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>10,756</u>

10. STOCKS

	2021	2020
	£	£
Raw materials	2,182,123	1,064,086
Work-in-progress	<u>1,072,394</u>	<u>566,084</u>
	<u>3,254,517</u>	<u>1,630,170</u>

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£	£
Trade debtors	1,536,878	855,609
Other debtors	120,805	133,681
Prepayments and accrued income	<u>358,550</u>	<u>375,163</u>
	<u>2,016,233</u>	<u>1,364,453</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£	£
Invoice finance creditor (see note 13)	202,790	-
Hire purchase contracts (see note 14)	-	2,820
Trade creditors	1,537,974	373,869
Corporation tax	-	311,165
Social security and other taxes	210,458	53,482
Other creditors	103,238	-
Accruals and deferred income	<u>837,459</u>	<u>590,136</u>
	<u>2,891,919</u>	<u>1,331,472</u>

Included within creditors is £15,267 (2020 £15,710) relating to outstanding pension contributions.

13. **LOANS**

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Invoice finance creditor	<u>202,790</u>	<u>-</u>

14. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>2,820</u>

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

14. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	284,468	239,020
Between one and five years	1,022,568	998,703
In more than five years	<u>918,750</u>	<u>1,163,750</u>
	<u><u>2,225,786</u></u>	<u><u>2,401,473</u></u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Invoice finance creditor	202,790	-
Hire purchase contracts	<u>-</u>	<u>2,820</u>
	<u><u>202,790</u></u>	<u><u>2,820</u></u>

16. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax		
Accelerated capital allowances	132,045	85,775
Tax losses carried forward	<u>(33,540)</u>	<u>-</u>
	<u><u>98,505</u></u>	<u><u>85,775</u></u>

	Deferred tax
	£
Balance at 1 January 2021	85,775
Charge to Income Statement during year	<u>12,730</u>
Balance at 31 December 2021	<u><u>98,505</u></u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:		
			£	£
1000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

COGENT TECHNOLOGY LIMITED (REGISTERED NUMBER: 01855453)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

18. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2021	3,567,656	56,482	3,624,138
Deficit for the year	<u>(46,955)</u>	<u> </u>	<u>(46,955)</u>
At 31 December 2021	<u>3,520,701</u>	<u>56,482</u>	<u>3,577,183</u>

19. RELATED PARTY DISCLOSURES

Certain directors and members of this company are also directors and members of Real World Developments Limited. During the year Real World Developments Limited charged administrative expenses to this company of £nil (2020 £97,974).

During the year £60,507 was paid to members of families of directors.

20. ULTIMATE CONTROLLING PARTY

The company is controlled by J D Pratt.