

Registered number: 03253370

McGeoch Technology Limited

Directors' Report and Financial Statements

For the Year Ended 31 December 2021

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ACCOUNTANTS

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McGeoch Technology Limited

Company Information

Directors

Dr S Amer
Mr N Hussain
Mr J D'Ambrogio
Mr G Randle (resigned 24 January 2022)
Mr S Swallow
Mr S Smith (resigned 2 November 2021)
Mr I Robertshaw (appointed 16 December 2021)
Mr D Asprey (appointed 16 December 2021)

Registered number

03253370

Registered office

86 Lower Tower Street
Birmingham
West Midlands
B19 3PA

Independent auditors

Dains LLP
15 Colmore Row
Birmingham
B3 2BH

McGeoch Technology Limited

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McGeoch Technology Limited

Group Strategic Report For the Year Ended 31 December 2021

Introduction

The directors present their strategic report for the financial year below.

Business review

Whilst the Covid pandemic had an impact on the business the Board is pleased that it managed to maintain continuity of supply and again achieved a positive trading result for 2021 under challenging circumstances. It achieved sales of over £12m with a positive EBITDA of £1.2m.

In 2021 the two core activities of McGeoch Technology Ltd (Defence and Ceramics) were demerged to enable greater focus by each business on its sector and to provide each business with greater autonomy to focus on its core activity and to build an independent profile in its markets. The company demerged the ceramics part of the business into Precision Ceramics Ltd, with McGeoch Technology Ltd maintaining and continuing its focus on the Defence sector.

The two companies continue to ultimately share common banking relationships and common ownership and control providing the group continuity of management and financial support. Both owners and bankers continue to regard the two businesses as a trading group.

As part of management strengthening and succession of senior leadership, the companies exercised share options equivalent to approximately 25% of the group, at the same time new directors were appointed to strengthen the operational management team for the future. The shareholders, then exchanged their shares in McGeoch Technology Limited for shares in McGeoch Group Holdings Limited, the new parent company of the group following a restructure.

In 2020 a significant one time contract for a prime subcontractor was completed, and so in 2021 sales returned to normal levels, and which are strongly backed by a stable orderbook. The company has maintained its commitment to R&D and engineering investment and is confident of returns in future years. With greater autonomy the company has initiated investments into new markets including export orientated opportunities.

The Ceramics business continues to develop new materials and expand its product offering in the UK , USA and through its newly opened European subsidiary which has had encouraging initial trading. The company continues to develop its materials for satellite applications and also entered into its first licensing agreement for its Durashock ballistic protection material for military and civil use to a US listed business.

Principal risks and uncertainties

The delivery and execution of the company's strategy is subject to a number of risks, these mainly relate to the level and timing of orders and material availability in the supply chain. In order to mitigate these risks the company works closely with its key customers and supply chain partners to secure stocks of long lead time items.

The group also consider liquidity risk and cashflow management as key to the business, and the Board continues to maintain a mixture of short and long term financing instruments to meets its foreseeable requirements.

Financial key performance indicators

The Board continues to maintain a mixture of short and long term financing instruments to meets its requirements and the Board regularly monitors the company's progress using key performance indicators such as order intake, operating and gross margin results and management of working capital.

The board are pleased with the progress in the results this year when measured against those indicators

McGeoch Technology Limited

Group Strategic Report (continued)
For the Year Ended 31 December 2021

This report was approved by the board on 22 September 2022 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'S. Swallow', written over a horizontal line.

Mr S Swallow
Director

McGeoch Technology Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activities of the group is the manufacture and assembly of electrical components for Defence and harsh industrial environments and the machining of ceramic components.

Directors

The directors who served during the year were:

Dr S Amer
Mr N Hussain
Mr J D'Ambrogio
Mr G Randle (resigned 24 January 2022)
Mr S Swallow
Mr S Smith (resigned 2 November 2021)
Mr I Robertshaw (appointed 16 December 2021)
Mr D Asprey (appointed 16 December 2021)

Results and dividends

The profit for the year, after taxation, amounted to £289,705 (2020 - £414,272).

The directors do not recommend payment of a final dividend for the year ended 31 December 2021 (2020 - £Nil). A dividend in specie was declared in relation to the shares held in Precision Ceramics Limited of £10,000 (2020 - £Nil).

McGeoch Technology Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Research and development activities

Research and development for the group is concentrated on its continuing activities and capitalised within intangible assets where it is identified as a specific project anticipated to generate future benefits. The group work extremely closely with its customers to ensure that any developments of new products or projects are executed to the specification needed to maintain its high standards of quality and durability.

Going concern

The group's business activities together with factors likely to affect its future development and its financial position are described within the strategic report, this directors report and throughout the notes to the financial statements. The directors have reviewed the projections for the forthcoming 12 month period from the date of signing of these financial statements and based on the level of existing cash, projected income and expenditure, the directors are satisfied that the group have adequate resources to continue for a period of at least 12 months from the date of signing of these financial statements, as a result the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

Future developments

The directors maintain policies and a set strategy which have resulted in the group's performance over the recent years. The future indication of works on the Defence and Ceramics business is strong and the directors consider that the next few years will show improved and further growth from continuing operations and more from new markets.

McGeoch Technology Limited

**Directors' Report (continued)
For the Year Ended 31 December 2021**

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Disclosure of information to auditors

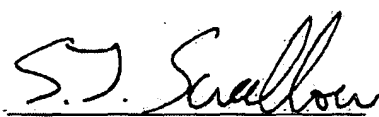
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 September 2022 and signed on its behalf.



Mr S Swallow
Director

McGeoch Technology Limited

Independent Auditors' Report to the Members of McGeoch Technology Limited

Opinion

We have audited the financial statements of McGeoch Technology Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 group'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 Annual Report, other than the financial statements and our Auditors' 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

McGeoch Technology Limited

Independent Auditors' Report to the Members of McGeoch Technology Limited (continued)

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 matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of McGeoch Technology Limited (continued)

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

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

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 senior statutory auditor 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 sector;
- 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 financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental 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.

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 set out in Notes 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
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

McGeoch Technology Limited

Independent Auditors' Report to the Members of McGeoch Technology Limited (continued)

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 Auditors' Report.

Use of our report

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



Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

22 September 2022

McGeoch Technology Limited

Consolidated Profit and Loss Account
For the Year Ended 31 December 2021

	Note	Continuing operations 2021 £	Demerged operations 2021 £	Total 2021 £	Continuing operations 2020 £	Demerged operations 2020 £	Total 2020 £
Turnover	4	7,840,634	4,493,507	12,334,141	11,165,464	5,280,582	16,446,046
Cost of sales		(6,072,036)	(3,315,986)	(9,388,022)	(9,826,833)	(3,821,680)	(13,648,513)
Gross profit		1,768,598	1,177,521	2,946,119	1,338,631	1,458,902	2,797,533
Distribution costs		(429,252)	(433,446)	(862,698)	(537,517)	(538,276)	(1,075,793)
Administrative expenses		(1,101,581)	(523,298)	(1,624,879)	(698,535)	(728,714)	(1,427,249)
Other operating income	5	6,000	-	6,000	89,546	(61,272)	28,274
Operating profit	6	243,765	220,777	464,542	192,125	130,640	322,765
Profit from demerged subsidiaries		-	222,444	222,444	-	-	-
Interest payable and similar expenses	10	(184,731)	(33,651)	(218,382)	(206,266)	(14,785)	(221,051)
Profit before tax		59,034	409,570	468,604	(14,141)	115,855	101,714
Tax on profit	11	(127,899)	(51,000)	(178,899)	322,056	(9,498)	312,558
Profit for the financial year		(68,865)	358,570	289,705	307,915	106,357	414,272
Profit for the year attributable to:							
Owners of the parent		(68,865)	358,570	289,705	307,915	106,357	414,272
		(68,865)	358,570	289,705	307,915	106,357	414,272

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2021**

	Note	2021 £	2020 £
Profit for the financial year		289,705	414,272
Other comprehensive income			
Foreign exchange movement in reserves		6,857	1,432
Other comprehensive income for the year		6,857	1,432
Total comprehensive income for the year		296,562	415,704
Profit for the year attributable to:			
Owners of the parent Company		289,705	414,272
		289,705	414,272
Total comprehensive income attributable to:			
Owners of the parent Company		296,562	415,704
		296,562	415,704

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited
Registered number:03253370

Consolidated Balance Sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	6,413,033	5,325,891
Tangible assets	15	794,792	2,371,861
		<u>7,207,825</u>	<u>7,697,752</u>
Current assets			
Stocks	17	1,828,318	2,358,877
Debtors	18	4,215,960	4,033,293
Cash at bank and in hand	19	119,470	22,585
		<u>6,163,748</u>	<u>6,414,755</u>
Creditors: amounts falling due within one year	20	(5,775,130)	(7,340,807)
Net current assets/(liabilities)		<u>388,618</u>	<u>(926,052)</u>
Total assets less current liabilities		<u>7,596,443</u>	<u>6,771,700</u>
Creditors: amounts falling due after more than one year	21	(921,636)	(1,270,355)
Provisions for liabilities			
Deferred taxation	25	(1,461,400)	(574,500)
		<u>(1,461,400)</u>	<u>(574,500)</u>
Net assets		<u>5,213,407</u>	<u>4,926,845</u>
Capital and reserves			
Called up share capital	26	347,438	347,438
Share premium account	27	50,514	50,514
Capital redemption reserve	27	59,915	59,915
Profit and loss account	27	4,755,540	4,468,978
Equity attributable to owners of the parent Company		<u>5,213,407</u>	<u>4,926,845</u>

McGeoch Technology Limited
Registered number:03253370

Consolidated Balance Sheet (continued)
As at 31 December 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 September 2022.

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Mr S Swallow
Director

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited
Registered number:03253370

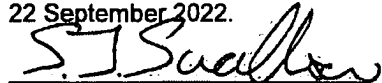
Company Balance Sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	6,413,033	5,325,891
Tangible assets	15	794,794	2,198,702
Investments	16	14,237	24,302
		<u>7,222,064</u>	<u>7,548,895</u>
Current assets			
Stocks	17	1,828,318	2,296,923
Debtors	18	4,198,792	4,428,070
Cash at bank and in hand	19	118,669	1,142
		<u>6,145,779</u>	<u>6,726,135</u>
Creditors: amounts falling due within one year	20	(5,839,045)	(7,202,022)
Net current assets/(liabilities)		<u>306,734</u>	<u>(475,887)</u>
Total assets less current liabilities		<u>7,528,798</u>	<u>7,073,008</u>
Creditors: amounts falling due after more than one year	21	(822,636)	(1,171,355)
Provisions for liabilities			
Deferred taxation	25	(1,452,900)	(574,500)
		<u>(1,452,900)</u>	<u>(574,500)</u>
Net assets		<u>5,253,262</u>	<u>5,327,153</u>
Capital and reserves			
Called up share capital	26	347,438	347,438
Share premium account	27	50,514	50,514
Capital redemption reserve	27	59,915	59,915
Profit and loss account	27	4,795,395	4,869,286
		<u>5,253,262</u>	<u>5,327,153</u>

McGeoch Technology Limited
Registered number:03253370

Company Balance Sheet (continued)
As at 31 December 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 September 2022.

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Mr S Swallow
Director

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	347,438	50,514	59,915	4,468,978	4,926,845
Comprehensive income for the year					
Profit for the year	-	-	-	289,705	289,705
Foreign exchange movement in reserves	-	-	-	6,857	6,857
Total comprehensive income for the year	-	-	-	296,562	296,562
Dividends	-	-	-	(10,000)	(10,000)
At 31 December 2021	347,438	50,514	59,915	4,755,540	5,213,407

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	347,438	50,514	59,915	4,053,274	4,511,141
Comprehensive income for the year					
Profit for the year	-	-	-	414,272	414,272
Foreign exchange movement in reserves	-	-	-	1,432	1,432
Total comprehensive income for the year	-	-	-	415,704	415,704
At 31 December 2020	347,438	50,514	59,915	4,468,978	4,926,845

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited

**Company Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	347,438	50,514	59,915	4,869,286	5,327,153
Comprehensive income for the year					
Loss for the year	-	-	-	(63,891)	(63,891)
Contributions by and distributions to owners					
Dividends	-	-	-	(10,000)	(10,000)
At 31 December 2021	347,438	50,514	59,915	4,795,395	5,253,262

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited

**Company Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	347,438	50,514	59,915	4,511,891	4,969,758
Comprehensive Income for the year					
Profit for the year	-	-	-	357,395	357,395
At 31 December 2020	347,438	50,514	59,915	4,869,286	5,327,153

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited

**Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	289,705	414,272
Adjustments for:		
Amortisation of intangible assets	552,566	518,312
Depreciation of tangible assets	381,286	450,656
Loss on disposal of tangible assets	(844)	1,364
Government grants	(6,000)	(28,274)
Interest paid	218,382	221,051
Taxation charge	178,899	(312,558)
(Increase)/decrease in stocks	(403,901)	221,636
(Increase) in debtors	(361,458)	(1,266,519)
Increase in creditors	2,379,176	911,873
Corporation tax received	-	375,623
Gain from demerged subsidiaries	(222,444)	-
Net cash generated from operating activities	3,005,367	1,507,436
Cash flows from investing activities		
Capitalised intangible fixed assets and development costs	(1,749,702)	(1,578,725)
Purchase of tangible fixed assets	(50,360)	(234,786)
Sale of tangible fixed assets	27,624	350
Government grants received	6,000	28,274
HP interest paid	(29,031)	(30,377)
Net cash from investing activities	(1,795,469)	(1,815,264)
Cash flows from financing activities		
New secured loans	450,000	500,000
Repayment of loans	(180,220)	(333,333)
Repayment of/new finance leases	(84,525)	(387,463)
Dividends paid	(10,000)	-
Interest paid	(189,351)	(190,674)
Movement on invoice discounting facilities	(858,943)	809,229
Net cash used in financing activities	(873,039)	397,759
Net increase in cash and cash equivalents	336,859	89,931
Cash and cash equivalents at beginning of year	(217,389)	(307,320)
Cash and cash equivalents at the end of year	119,470	(217,389)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	119,470	22,585

McGeoch Technology Limited

Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 December 2021

	2021	2020
	£	£
Bank overdrafts	-	(239,974)
	119,470	(217,389)

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited

**Consolidated Analysis of Net Debt
For the Year Ended 31 December 2021**

	At 1 January 2021 £	Cash flows £	Demerged subsidiaries £	New finance leases £	At 31 December 2021 £
Cash at bank and in hand	22,585	195,641	(98,756)	-	119,470
Bank overdrafts	(239,974)	239,974	-	-	-
Bank and other loans due after 1 year	(442,824)	(203,750)	-	-	(646,574)
Bank and other loans due within 1 year	(3,241,919)	1,462,058	-	-	(1,779,861)
Finance leases	(1,065,167)	84,525	755,079	(37,177)	(262,740)
	(4,967,299)	1,778,448	656,323	(37,177)	(2,569,705)

The notes on pages 23 to 48 form part of these financial statements.

McGeoch Technology Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

McGeoch Technology Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The address of the Company's registered office is shown on the company information page.

The principal activities of the company and its subsidiaries (the Group) and the nature of the group's operations and its principal activities are set out in the Directors Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Directors have reviewed the projections for the forthcoming 12 month period from the date of signing of these financial statements and based on the level of existing cash, projected income and expenditure, the Directors are satisfied that the Company and the Group have adequate resources to continue for a period of at least 12 months from the date of signing of these financial statements, as a result the Directors consider it appropriate for the financial statements to be prepared on a going concern basis.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Profit and Loss Account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term.

2. Accounting policies (continued)

2.7 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over the anticipated useful life of the benefits arising from the completed product or project.

Capitalised development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss 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 Consolidated Profit and Loss Account in the same period as the related expenditure.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.13 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.16 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- straight line over the term of the lease
Plant and machinery	- 10%/ straight line / over estimated useful economic life
Motor vehicles	- 20% straight line
Fixtures and fittings	- 20%-33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.19 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

2.21 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.22 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the Financial Statements
For the Year Ended 31 December 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following judgement has had a significant effect on amounts recognised in the financial statements:

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to the project management. In determining the amounts capitalised management made assumptions regarding the expected future cash flows of the assets and expected period of benefits.

4. Turnover

The whole of the turnover is attributable to the principal activities of the group.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	9,959,345	14,034,828
Rest of Europe	967,503	1,142,390
Rest of the world	1,407,293	1,268,828
	<u>12,334,141</u>	<u>16,446,046</u>

5. Other operating income

	2021 £	2020 £
Government grants receivable	6,000	28,274
	<u>6,000</u>	<u>28,274</u>

Included in other operating income are amounts receivable under the Government Job Retention Scheme totalling £Nil (2020 - £22,274).

McGeoch Technology Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Research & development charged as an expense	32,242	52,439
Exchange differences	2,543	23,360
Other operating lease rentals	142,771	156,047
Depreciation	180,765	450,656
Amortisation of intangible assets	552,560	518,312
Government grants receivable	(6,000)	(28,274)
Defined contribution pension scheme expense	219,665	185,756
	<u>219,665</u>	<u>185,756</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	16,000	17,600
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	5,200	4,150
	<u>5,200</u>	<u>4,150</u>

McGeoch Technology Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	4,284,755	5,171,940	2,616,921	4,822,727
Social security costs	494,985	504,566	330,824	479,620
Cost of defined contribution scheme	219,665	185,756	154,709	185,756
	4,999,405	5,862,262	3,102,454	5,488,103

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Production	74	65	60	63
Other	59	74	36	70
	133	139	96	133

On 6 January 2021, the company hived-down certain trade and assets of the business to a connected company, Precision Ceramics Limited and as part of this a number of employees have been TUPE'd across. Following a demerger on 1 November 2021, Precision Ceramics Limited, Precision Ceramics EU Limited and Precision Ceramics USA Inc. left the group.

McGeoch Technology Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	242,699	510,027
Company contributions to defined contribution pension schemes	46,048	61,560
	<u>288,747</u>	<u>571,587</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £159,002 (2020 - £166,943).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,179 (2020 - £12,730).

The total accrued pension provision of the highest paid director at 31 December 2021 amounted to £Nil (2020 - £Nil).

Following the demerger of the ceramics business, certain Director remuneration and fees have been recharged to this entity during the year.

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	65,537	98,701
Other loan interest payable	123,814	91,973
Finance leases and hire purchase contracts	29,031	30,377
	<u>218,382</u>	<u>221,051</u>

McGeoch Technology Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(484,321)	-
Adjustments in respect of previous periods	(481,280)	3,427
	(965,601)	3,427
Foreign tax		
Foreign tax on income for the year	-	9,515
	-	9,515
Total current tax	(965,601)	12,942
Deferred tax		
Origination and reversal of timing differences	1,144,500	(325,500)
Total deferred tax	1,144,500	(325,500)
Taxation on profit/(loss) on ordinary activities	178,899	(312,558)

McGeoch Technology Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 -lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	468,604	101,714
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	89,034	19,326
Effects of:		
Capital items expensed and other fixed asset differences	7,627	3,593
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	39,535	2,212
Other permanent differences, tax adjustments, reliefs and transfers	(255,980)	-
Adjustments to tax charge in respect of prior periods relating to R&D claims	(481,278)	3,427
Other timing differences leading to an increase (decrease) in taxation and foreign tax adjustments	(42,264)	(3,100)
Movement in deferred tax not recognised and remeasurement of deferred tax for change in rates	1,041,534	101,742
Surrender of tax losses for R&D tax credit refund	634,689	-
Additional deduction for R&D expenditure and R&D tax credit claim	(853,998)	(439,758)
Total tax charge for the year	178,899	(312,558)

Factors that may affect future tax charges

At the end of the year, the group had tax losses of approximately £0.6m (2020: £3.6m) to carry forward and offset against future taxable trading profits.

12. Dividends

	2021 £	2020 £
Dividends in specie	10,000	-

During the year the company declared a dividend in specie of the investment held in Precision Ceramics Limited to McGeoch Group Holdings Limited.

McGeoch Technology Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****13. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The loss after tax of the parent Company for the year was £63,891 (2020 - profit £357,395).

14. Intangible assets**Group**

	Development expenditure £	Goodwill £	Total £
Cost			
At 1 January 2021	7,135,139	1,956,060	9,091,199
Additions	1,749,702	-	1,749,702
Disposals following demerger of subsidiaries	(315,206)	-	(315,206)
At 31 December 2021	8,569,635	1,956,060	10,525,695
Amortisation			
At 1 January 2021	1,809,248	1,956,060	3,765,308
Charge for the year on owned assets	552,560	-	552,560
On disposals following demerger of subsidiaries	(205,206)	-	(205,206)
At 31 December 2021	2,156,602	1,956,060	4,112,662
Net book value			
At 31 December 2021	6,413,033	-	6,413,033
At 31 December 2020	5,325,891	-	5,325,891

McGeoch Technology Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

14. Intangible assets (continued)

Company

	Development expenditure £	Goodwill £	Total £
Cost			
At 1 January 2021	7,135,139	780,972	7,916,111
Additions	1,749,702	-	1,749,702
Disposals following demerger of subsidiaries	(315,206)	-	(315,206)
At 31 December 2021	<u>8,569,635</u>	<u>780,972</u>	<u>9,350,607</u>
Amortisation			
At 1 January 2021	1,809,248	780,972	2,590,220
Charge for the year	552,560	-	552,560
On disposals following demerger of subsidiaries	(205,206)	-	(205,206)
At 31 December 2021	<u>2,156,602</u>	<u>780,972</u>	<u>2,937,574</u>
Net book value			
At 31 December 2021	<u>6,413,033</u>	<u>-</u>	<u>6,413,033</u>
At 31 December 2020	<u>5,325,891</u>	<u>-</u>	<u>5,325,891</u>

McGeoch Technology Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

15. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2021	359,010	4,613,587	19,999	279,363	5,271,959
Additions	9,423	23,108	21,178	33,828	87,537
Disposals	-	(49,636)	(12,600)	(11,179)	(73,415)
Demerger of subsidiaries	(20,733)	(3,085,866)	-	(69,703)	(3,176,302)
At 31 December 2021	347,700	1,501,193	28,577	232,309	2,109,779
Depreciation					
At 1 January 2021	192,548	2,512,138	4,260	191,152	2,900,098
Charge for the year on owned assets	31,886	79,008	-	29,708	140,602
Charge for the year on financed assets	-	35,352	4,357	454	40,163
Disposals	-	(6,311)	(5,250)	(311)	(11,872)
Demerger of subsidiaries	(10,339)	(1,691,215)	-	(52,450)	(1,754,004)
At 31 December 2021	214,095	928,972	3,367	168,553	1,314,987
Net book value					
At 31 December 2021	133,605	572,221	25,210	63,756	794,792
At 31 December 2020	166,462	2,101,449	15,739	88,211	2,371,861

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Plant and machinery	306,030	1,507,654
Motor vehicles	25,904	15,740
	331,934	1,523,394

McGeoch Technology Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

15. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2021	359,010	4,395,751	19,999	216,488	4,991,248
Additions	9,423	23,108	21,178	33,828	87,537
Disposals and demerger of subsidiaries	(20,733)	(2,917,665)	(12,600)	(18,007)	(2,969,005)
At 31 December 2021	347,700	1,501,194	28,577	232,309	2,109,780
Depreciation					
At 1 January 2021	192,548	2,454,386	4,260	141,352	2,792,546
Charge for the year on owned assets	31,886	79,008	-	29,708	140,602
Charge for the year on financed assets	-	35,352	4,357	454	40,163
Disposals and demerger of subsidiaries	(10,339)	(1,639,775)	(5,250)	(2,961)	(1,658,325)
At 31 December 2021	214,095	928,971	3,367	168,553	1,314,986
Net book value					
At 31 December 2021	133,605	572,223	25,210	63,756	794,794
At 31 December 2020	166,462	1,941,365	15,739	75,136	2,198,702

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Plant and machinery	306,030	1,507,654
Motor vehicles	25,904	15,740
	<u>331,934</u>	<u>1,523,394</u>

McGeoch Technology Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****16. Fixed asset investments****Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	263,582
Disposals	(10,065)
At 31 December 2021	253,517
Impairment	
At 1 January 2021	239,280
At 31 December 2021	239,280
Net book value	
At 31 December 2021	14,237
At 31 December 2020	24,302

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Hose Systems Technology Limited	86 Lower Tower Street, Birmingham, B19 3PA, United Kingdom	Ordinary	100%
Littletape Limited	86 Lower Tower Street, Birmingham, B19 3PA, United Kingdom	Ordinary	100%
William White & Co (London) 1968 Limited	86 Lower Tower Street, Birmingham, B19 3PA, United Kingdom	Ordinary	100%
McGeoch Group Limited	86 Lower Tower Street, Birmingham, B19 3PA, United Kingdom	Ordinary	100%
McGeoch USA Inc.	9843 81th Street North, St Petersburg, Florida, 33716, USA	Ordinary	100%

McGeoch Technology Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

16. Fixed asset Investments (continued)

Indirect subsidiary undertaking

The following was an indirect subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Witton Manufacturing Limited	86 Lower Tower Street, Birmingham, B19 3PA, United Kingdom	Ordinary	99%

17. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Raw materials and consumables	1,224,398	1,606,875	1,224,398	1,544,921
Work in progress	472,825	324,248	472,825	324,248
Finished goods and goods for resale	131,095	427,754	131,095	427,754
	1,828,318	2,358,877	1,828,318	2,296,923

18. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Other debtors	84,000	84,000	84,000	84,000
	84,000	84,000	84,000	84,000
Due within one year				
Trade debtors	2,072,472	3,737,499	2,072,472	3,731,575
Amounts owed by group undertakings	-	-	8,766	429,697
Other debtors	1,952,898	20,807	1,926,964	263
Prepayments and accrued income	106,590	190,987	106,590	182,535
	4,215,960	4,033,293	4,198,792	4,428,070

McGeoch Technology Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

19. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	119,470	22,585	118,669	1,142
Less: bank overdrafts	-	(239,974)	-	(239,974)
	119,470	(217,389)	118,669	(238,832)

20. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	-	239,974	-	239,974
Bank loans	201,111	138,805	201,111	57,176
Other loans	1,578,750	3,103,114	1,578,750	3,073,813
Trade creditors	932,708	1,988,574	932,708	1,982,410
Amounts owed to group undertakings	-	-	66	131
Corporation tax	-	3,427	-	3,427
Other taxation and social security	1,855,085	1,169,023	1,855,085	1,168,953
Obligations under finance lease and hire purchase contracts	86,678	336,636	86,678	336,636
Other creditors	42,654	54,769	42,654	54,769
Accruals and deferred income	1,078,144	306,485	1,141,993	284,733
	5,775,130	7,340,807	5,839,045	7,202,022

McGeoch Technology Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

21. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	646,574	442,824	646,574	442,824
Net obligations under finance leases and hire purchase contracts	176,062	728,531	176,062	728,531
Other creditors	99,000	99,000	-	-
	921,636	1,270,355	822,636	1,171,355

The bank loans, overdrafts and invoice discounting facilities contained within other loans and for both, within one year and over one year, are secured by a fixed and floating charge over the company's assets and a charge over the debtor book.

Included within bank loans is a CBILS loan supported by the Enterprise Finance Guarantee Program, managed by the British Business Bank on behalf of, and with the financial backing of, the Secretary of State for Business, Energy and Industrial Strategy. The loan is repayable over a 5 year period. Interest is to be charged at 4.35% per annum (2020 - 4.35%) above the Bank of England's base rate, within the first twelve months being covered by a grant from the Government. In addition, the group also obtained a Recovery Loan Scheme facility of £450,000 through their current banking provider with repayment terms of 5 years and interest charged at 4.48% per annum, above the Bank of England base rate. The Recovery Loan Scheme is also partly guaranteed by the UK government.

Obligations under finance leases and hire purchase contracts are secured over the assets to which they relate to.

All security and charges as mentioned above in connection with ongoing facilities available to the company remain in force both pre and post hive down and de-merger of Precision Ceramics Limited from McGeoch Technology Limited Group of companies.

22. Loans and invoice discounting facilities

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Bank loans	201,111	138,805	201,111	57,176
Other loans	1,578,750	3,103,114	1,578,750	3,073,813
Amounts falling due 1-2 years				
Bank loans	201,111	114,351	201,111	114,351
Amounts falling due 2-5 years				
Bank loans	445,463	328,473	445,463	328,473
	2,426,435	3,684,743	2,426,435	3,573,813

McGeoch Technology Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Within one year	86,678	336,636	86,678	336,636
Between 1-5 years	176,062	680,040	176,062	680,040
Over 5 years	-	48,491	-	48,491
	<u>262,740</u>	<u>1,065,167</u>	<u>262,740</u>	<u>1,065,167</u>

24. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets measured at undiscounted amounts receivable	<u>3,121,217</u>	<u>3,844,084</u>	<u>3,248,371</u>	<u>4,246,414</u>
Financial liabilities				
Other financial liabilities measured at undiscounted amounts payable	2,152,506	2,448,828	2,117,421	2,322,043
Financial liabilities measured at amortised cost	<u>2,689,175</u>	<u>4,989,884</u>	<u>2,689,175</u>	<u>4,878,954</u>
	<u>4,841,681</u>	<u>7,438,712</u>	<u>4,806,596</u>	<u>7,200,997</u>

Financial assets measured at undiscounted amounts receivable comprise trade and certain other debtors and for the company disclosure amounts receivable from group companies.

Financial liabilities measured at amortised cost comprise bank overdrafts, loans, invoice discounting facilities and hire purchase liabilities.

Financial liabilities measured at undiscounted amounts payable comprise trade, other creditors, accruals and for the company disclosure amounts owed to group undertakings.

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For the Year Ended 31 December 2021**

25. Deferred taxation

Group and company

	2021 £	2020 £
At beginning of year	(574,500)	(900,000)
Charged to profit or loss	(1,102,000)	325,500
Hived-down to subsidiary undertaking and disposal	215,100	-
At end of year	(1,461,400)	(574,500)

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	1,621,425	1,280,200	1,612,925	1,280,200
Tax losses carried forward	(156,500)	(683,100)	(156,500)	(683,100)
Short term timing differences	(3,525)	(22,600)	(3,525)	(22,600)
	(1,461,400)	(574,500)	(1,452,900)	(574,500)

26. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
347,438 (2020 -347,438) Ordinary shares of £1.00 each	347,438	347,438

27. Reserves

Share premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Capital redemption reserve

Where shares have been redeemed wholly out of profits available for distribution, an amount equal to the nominal value of shares is transferred to this reserve.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

McGeoch Technology Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

28. Share based payments

During the year ended 31 December 2019 a share option scheme agreement was drawn up between S Amer and certain directors of the parent company, granting options over 95,546 ordinary shares held by S Amer in McGeoch Technology Limited. The share options may be exercised at any time on or after they vest and the share options vest in full on an exit or such earlier date as the grantor may in his discretion decide, subject to the rules. At the balance sheet date all share options were exercised in full. The directors had considered the fair value of the share options at grant date, using a Monte Carlo pricing model and have concluded that the charge for any year would not be significant or material and therefore no expense has been recognised in these financial statements.

29. Discontinued operations

Following a group restructuring on 1 November 2021, the Group demerged the following subsidiaries: Precision Ceramics Limited, Precision Ceramics USA Inc. and Precision Ceramics Europe Limited.

Net assets disposed of:

Intangible and tangible fixed assets	1,448,900	
Stocks	934,460	
Debtors	1,594,556	
Cash	98,756	
Creditors, long-term creditors, hire purchase and finance leases	(4,041,516)	
Deferred tax	(257,600)	
		222,444
Profit on disposal before tax		222,444

30. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £152,368 (2020 : £169,470). Contributions totalling £25,037 (2020 - £33,544) were payable to the fund at the balance sheet date and are included in creditors.

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Notes to the Financial Statements For the Year Ended 31 December 2021

31. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Land, buildings and other				
Not later than 1 year	201,632	68,609	201,632	68,609
Later than 1 year and not later than 5 years	164,666	130,594	164,666	164,666
Later than 5 years	125,115	90,000	125,115	125,115
	<u>491,413</u>	<u>289,203</u>	<u>491,413</u>	<u>358,390</u>

32. Related party transactions

In accordance with Financial Reporting Standard 102, transactions with other group undertakings of McGeoch Technology Limited, have not been disclosed in these financial statements.

The company utilises a property owned by a connected business in which a director has an interest. During the year the company incurred rent of £130,000 and raised a credit of £Nil (2020 : £130,943). The lease is considered an operating lease and the commitment is included within the notes to the accounts. At the start of the lease a deposit was paid to the business of £50,000 and a subsequent increase was then made of £34,000. At the balance sheet date this is presented within other debtors over one year of £84,000 (2020 : £84,000). The same director has another business interest which transacts with the company and during the year this business charged the company £90,000 (2020: £Nil) in respect of consultancy fees. In addition and during the year, this business loaned the company £1,081,778 (2020 : £460,000) and received payments from the company of £1,081,778 (2020: £455,778). Interest was also charged by the business of £30,000 during the year, which was paid in full (2020 : £80,000). As a result, at the balance sheet date, the company reported amounts due to the business of £nil (2020 : £30,000). During the year, the spouse of this director also transacted with the company, through a business interest she has. This business charged the company £30,000 (2020 : £30,000) in respect of consultancy services. At the balance sheet date, amounts outstanding to the business were £Nil (2020 : £Nil). During the year the company was charged corporate costs of £31,000 (2020 : £Nil) and a management charge of £50,000 (2020 : £nil) to a connected company. Associated company debts were written off of £100,000, due from the same entity (2020 : £nil) At the balance sheet date £964,464 (2020 : £Nil) was outstanding from the connected companies. During the two month period following these connected companies leaving the group, the group made sales of £2,098 (2020 - £Nil) to the entities.

During the year the company transacted with a business interest of another director. This business charged the company £4,504 (2020 : £Nil) in respect of consultancy fees and services to the company. In addition, the company paid expenses of £nil (2020 : £Nil) in connection with these services.

During the year the company transacted with a business interest of another director. This business charged the company £44,225 net of VAT (2020 : £107,365 net of VAT) in respect of consultancy fees and services to the company. There was £nil (2020 : £Nil) outstanding at the balance sheet date.

McGeoch Technology Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

33. Controlling party

The immediate parent company is McGeoch Group Holdings Limited, a company incorporated in England and Wales under the Companies Act. The registered office is 86 Lower Tower Street, Birmingham, B19 3PA.

The ultimate controlling party is S Amer, by virtue of his shareholdings in the parent undertaking.