Registered number: 00966797

QUIXANT UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

QUIXANT UK LIMITED

COMPANY INFORMATION

Directors	S R Fisher J F Jayal
Registered number	00966797
Registered office	Aisle Barn 100 High Street Balsham Cambridge CB21 4EP
Independent auditor	KPMG LLP Chartered Accountants Botanic House 100 Hills Road Cambridge CB2 1AR

QUIXANT UK LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

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

Business review

The principal activity of the company is the supply of computer systems and display products.

The company serves many business sectors, focussing on gaming and the broadcast industry.

On 1 January 2020, the group undertook a restructuring exercise to optimise the number of legal entities and simplify the ownership structure. As a result of this restructure the business of Quixant Gaming Limited and Densitron Technologies Limited was transferred to Quixant UK Limited. The transfer of the businesses was at the net book value of their assets and liabilities as at 1 January 2020. The resulting intergroup creditors in Quixant UK Limited were forgiven to profit or loss resulting in other operating income of $10,145,139.

Profit for the year after taxation amounted to $8,683,671 *(2019 - $828,187)*. The net liabilities of the company have decreased to $230,800 *(2019 - $8,914,471)*.

During the year the company derecognised $1,502,708 of capitalised research and development due to one-off notifications by key suppliers to end-of-life key components utilised in the company's computer systems.

Key performance indicators

The primary financial key performance indicator of the company is profit before tax, on which it reports monthly. The profit before tax for the year ended 31 December 2020 was $9,172,087 *(2019 - $1,022,453)*. The company also monitors its order pipeline, cash balances and gross profit margins.

Principal risks and uncertainties

The board of both the group and the company, as well as the management, review future strategy and risks to the business regularly. Where possible, processes are in place to monitor and mitigate the identified risks.

The key business risks affecting the company are set out below:

Commercial risk

The marketplace for the company's display products is highly competitive. Gaming customers may decide to design their computer platforms and/or monitors in-house or source from another supplier.

Geographical and environmental risk

The company operates across a range of countries, all of which carry a degree of risk, whether it is political risk or environmental issues.

Regulation risk

Additional laws and regulations may be enacted, covering issues such as law enforcement, pricing, taxation and quality of products.

Technological risk

The company's business is dependent upon technology which could be superseded by superior technology, more competitively priced technology or a shift in working practices, which could affect both the potential profitability and saleability of the company's products.

Key persons

The board of both the group and the company recognises the importance of its key employees and the risk of losing the expertise and knowledge that they possess.

Intellectual property protection

The group may be unable to successfully establish and protect its intellectual property. The intellectual property rights may or may not have priority over other parties' claims to the same intellectual property.

The directors' statement on Section 172(1)

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its member as a whole. In doing this, section 172 requires a director to have regard, among other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly with members of the company.

The directors give careful consideration to the factors set out above in discharging their duties under section 172. The stakeholders they consider in this regard are the people who work for the company, buy from it, supply it, own it, regulate it, and live in the societies it serves and the planet we all inhabit. The directors recognise that building strong relationships with the company's stakeholders will help it to deliver its strategy in line with the company's long-term values and will help operate the business in a sustainable way. The directors are committed to effective engagement with all its stakeholders.

The directors regularly receive reports from management on issues concerning customers, the environment, communities, suppliers, employees, regulators, governments and investors, which it takes into account in its discussions and in its decision-making process under section 172. In addition to this, the directors seek to understand the interests and views of the company's stakeholders by engaging with them directly as appropriate. The directors receive updates from senior management on various metrics and feedback tools in relation to employees, including an annual employee survey. Engagement with employees is two-way to ensure that employees are kept well-informed about the business and valuable feedback is received to ensure continuation of being a trusted employer.

One of the directors of the company is also a director of the ultimate parent company, Quixant Plc. This director regularly receives updates on feedback from investors and senior management of Quixant Plc. In addition the director, in his capacity as a director of Quixant Plc meets frequently with the institutional investors of Quixant Plc to discuss and provide updates about – and seek feedback on – the group's business, strategy, long-term financial performance, directors' remuneration policy and dividend policy to the extent appropriate.

Acquisitions are evaluated not only for their financial merits, but on the basis that they fit within the strategy and culture of the company and that synergies and further opportunities can be developed through integration.

Relationships with customers and key suppliers are fostered through a collaborative approach using technical services, evaluation software and products and customer-specific product development where appropriate.

It is the company's policy to manage and operate business activities in conformity with applicable laws and regulations as well as with the highest ethical standards. The directors and senior management are determined to comply fully with the applicable law and regulations, and to maintain the company's reputation for integrity and fairness in business dealings with third parties.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board on 25th March 2022 and signed on its behalf.

SRFisher

S R Fisher
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to $8,683,671 *(2019 - $828,187)*.

The directors do not recommend the payment of a dividend *(2019 - $NIL)*.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

S R Fisher (appointed 9 January 2020)
J F Jayal
A P Miller (appointed 9 January 2020, resigned 30 March 2020)
G L Millward (appointed 9 January 2020, resigned 21 August 2020)
G P Mullins (resigned 23 June 2020)

Political contributions

The company did not make any political donations or incur any political expenditure during the year *(2019 - $NIL)*.

Qualifying third party indemnity provisions

The group has made qualifying third-party indemnity provisions for the benefit of its directors, which includes the company directors. These were made during the year and remain in force at the date of this report. The group has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and all directors.

Disclosure of information to auditor

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's auditor is 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's auditor is aware of that information.

Going concern

The directors have prepared cash flow forecasts for a period in excess of 12 months from the date of signing the financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period. Those forecasts are dependent upon Quixant Plc providing financial support during that period. Quixant Plc has indicated their intention to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The global pandemic continues to create uncertainty that may cast significant doubt about the group's going concern in its most recent annual report.

At the time of writing the directors' believe that the company will continue to have acceptable financial resources to meet obligations as they fall due and accordingly have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis.

Auditor

KPMG LLP will remain as auditor. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board on 25th March 2022 and signed on its behalf.

S R Fisher

S R Fisher
Director

Aisle Barn
100 High Street
Balsham
Cambridge
CB21 4EP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUIXANT UK LIMITED

Opinion

We have audited the financial statements of Quixant UK Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that product sales revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

In regard to the risk that revenue is recorded in the wrong period we identified sales invoices in the pre and post year end cut off period and post year end credit notes to test based on risk and specific item criteria such as amounts and dates, incorporating an element of unpredictability and comparing the revenue recognition to supporting documentation to ensure revenue has been appropriately recognised.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and director's report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in their statement set out on page 4, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

KA Dunn

Kelly Dunn (Senior Statutory Auditor)

for and on behalf of
KPMG LLP
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR
Date: 28 March 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $	*2019* *$*
Turnover	4	**40,084,955**	*11,225,400*
Cost of sales		**(33,184,374)**	*(8,486,165)*
Gross profit		**6,900,581**	*2,739,235*
Administrative expenses		**(7,837,130)**	*(1,716,782)*
Other operating income	5	**10,145,139**	*-*
Operating profit	6	**9,208,590**	*1,022,453*
Interest receivable and similar income		**43,961**	*-*
Interest payable and similar expenses	11	**(80,464)**	*-*
Profit before tax		**9,172,087**	*1,022,453*
Tax on profit	12	**(488,416)**	*(194,266)*
Profit for the financial year		**8,683,671**	*828,187*

There was no other comprehensive income for 2020 (2019 - $NIL).

The notes on pages 14 to 30 form part of these financial statements.

All activities relate to continuing operations in the current and prior year.

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 $		2019 $
Fixed assets					
Intangible assets	13		**6,558,349**		-
Tangible assets	14		**32,332**		*8,663*
Investments	15		**545,419**		*664,127*
			7,136,100		*672,790*
Current assets					
Stocks	16	**1,260,393**		*181,046*	
Debtors: amounts falling due within one year	17	**10,835,062**		*1,922,399*	
Cash at bank and in hand		**11,196,717**		*638,583*	
		23,292,172		*2,742,028*	
Creditors: amounts falling due within one year	18	**(30,155,994)**		*(12,329,289)*	
Net current liabilities			**(6,863,822)**		*(9,587,261)*
Total assets less current liabilities			**272,278**		*(8,914,471)*
Provisions for liabilities					
Deferred tax	19	**(503,078)**		-	
			(503,078)		-
Net liabilities			**(230,800)**		*(8,914,471)*
Capital and reserves					
Called up share capital	20		**583,158**		*583,158*
Capital redemption reserve			**10,451**		*10,451*
Profit and loss account			**(824,409)**		*(9,508,080)*
			(230,800)		*(8,914,471)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
25th March 2022

S R Fisher
Director

The notes on pages 14 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	$	$	$	$
At 1 January 2020	583,158	10,451	(9,508,080)	(8,914,471)
Comprehensive income for the year				
Profit for the year	-	-	8,683,671	8,683,671
At 31 December 2020	583,158	10,451	(824,409)	(230,800)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	$	$	$	$
At 1 January 2019	583,158	10,451	(10,336,267)	(9,742,658)
Comprehensive income for the year				
Profit for the year	-	-	828,187	828,187
At 31 December 2019	583,158	10,451	(9,508,080)	(8,914,471)

The notes on pages 14 to 30 form part of these financial statements.

1. General information

Quixant UK Limited ("the company"), formerly Densitron UK Limited, specialises in the supply of computer systems and display products.

The company is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP.

The company is exempt from the requirement to prepare group accounts in accordance with section 400 of the Companies Act 2006 by virtue of the fact that it is a wholly owned subsidiary of its immediate parent undertaking, Densitron Technologies Limited until 1 January 2020, then Quixant Plc, both companies are incorporated in England. The company's parent undertaking from 1 January 2020, Quixant Plc, includes the company in its consolidated financial statements. The consolidated financial statements of Quixant Plc are available to the public and may be obtained from Companies House.

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 management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Quixant Plc as at 31 December 2020 and these financial statements may be obtained from Companies House.

2. Accounting policies (continued)

2.3 Going concern

The directors have prepared cash flow forecasts for a period in excess of 12 months from the date of signing the financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period. Those forecasts are dependent upon Quixant Plc providing financial support during that period. Quixant Plc has indicated their intention to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The global pandemic continues to create uncertainty that may cast significant doubt about the group's going concern in its most recent annual report.

At the time of writing the directors' believe that the company will continue to have acceptable financial resources to meet obligations as they fall due and accordingly have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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 company has transferred the significant risks and rewards of ownership to the buyer;
- the company 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 company 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.

Services

Revenue from services relates to the recharges of employee costs to other group companies and are recognised when the charge is made.

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of comprehensive income over its useful economic life.

The estimated useful lives range as follows:

Goodwill	-	10	years

Other 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.

2.6 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.

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:

Plant and machinery	- 20%-50%
Fixtures and fittings	- 20%-50%
Office equipment	- 20%-50%
Computer equipment	- 20%-50%

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. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Operating leases: the company as lessee

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

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 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 weighted average basis.

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.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

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

2.12 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.

2.13 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. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is the United States Dollar. This is consistent with the parent company, Quixant Plc.

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 profit and loss account.

2.15 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.

2.16 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees contributing a fixed percentage of the employees salary into personally held pension funds. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.18 Borrowing costs

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

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.20 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.21 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 their useful economic lives of five years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events which are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future which will seldom equal actual results. The directors do not consider that there are any critical accounting judgements that must be applied nor are there any key sources of estimation uncertainty.

4. Turnover

Analysis of turnover by country of destination:

	2020 $	*2019* *$*
Asia	1,384,751	*607,832*
Europe	11,379,557	*6,084,387*
North America	19,701,874	*1,672,309*
Rest of World	3,895,573	*603,257*
United Kingdom	3,723,200	*2,257,615*
	40,084,955	*11,225,400*

5. Other operating income

	2020 $	*2019* *$*
Other operating income	10,145,139	-
	10,145,139	-

On 1 January 2020 the business of Quixant Gaming Limited and Densitron Technologies Limited was transferred to Quixant UK Limited. The transfer of the businesses was at the net book value of their assets and liabilities as at 1 January 2020. The resulting intergroup creditors in Quixant UK Limited were forgiven to profit or loss resulting in other operating income of $10,145,139.

6. Operating profit

The operating profit is stated after charging:

	2020 $	*2019* *$*
Depreciation of tangible fixed assets	**104,231**	*8,327*
Amortisation of intangible assets	**1,101,710**	*-*
Research and development derecognised	**1,502,708**	*-*
Exchange differences	**32,767**	*1,866*
Lease payments	**27,912**	*18,464*

7. Auditor's remuneration

	2020 $	*2019* *$*
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**13,600**	*50,132*

Remuneration paid to the auditors for their services to the company in the current year was borne by Quixant Plc, a fellow group company.

8. Employees

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

	2020 $	*2019* *$*
Wages and salaries	**2,762,009**	*591,690*
Social security costs	**322,575**	*76,909*
Cost of defined contribution scheme	**141,261**	*20,706*
	3,225,845	*689,305*

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

	2020 No.	*2019* *No.*
Administration	**12**	*5*
Sales and marketing	**12**	*5*
Production and manufacturing	**12**	-
Research and customer service	**1**	-
	37	*10*

9. Directors' remuneration

	2020 $	*2019* *$*
Directors' emoluments	**109,507**	-
Company contributions to defined contribution pension schemes	**5,475**	-
	114,982	-

J F Jayal, A P Miller, G L Millward and G P Mullins were employed by Quixant Plc and received their remuneration for services provided to that company. Their remuneration has been disclosed in the financial statements of the group.

10. Interest receivable and similar income

	2020 $	*2019 $*
Interest receivable from group companies	8,438	-
Other interest receivable	35,523	-
	43,961	-

11. Interest payable and similar expenses

	2020 $	*2019 $*
Bank interest payable	80,464	-
	80,464	-

12. Taxation

	2020 $	*2019 $*
Corporation tax		
Adjustments in respect of previous periods	386,721	-
Total current tax	386,721	-
Deferred tax		
Origination and reversal of timing differences	101,695	-
Movement in deferred tax on previously recognised tax losses	-	*194,266*
Total deferred tax	101,695	*194,266*
Taxation on profit	488,416	*194,266*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2019 - the same as)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)*. The differences are explained below:

	2020 $	*2019 $*
Profit before tax	**9,172,087**	*1,022,453*
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**1,742,697**	*194,266*
Effects of:		
Expenses not deductible for tax purposes	**60,903**	-
Income not deductible for tax purposes	**(1,927,918)**	-
Enhanced research and development claim	**(172,769)**	-
Patent box tax relief	**(136,134)**	-
Other	**(61,759)**	-
Unutilised tax losses	**489,534**	-
Utilisation of tax losses	**-**	*(194,266)*
Movement in deferred tax on previously recognised tax losses	**-**	*194,266*
Change in deferred tax rate to 19% from 17%	**85,412**	-
Exercise of share options	**21,729**	-
Adjustments to tax charge in respect of prior periods	**386,721**	-
Total tax charge for the year	**488,416**	*194,266*

Factors that may affect future tax charges

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

13. Intangible assets

	Development costs $	Goodwill $	Total $
Cost			
Additions	2,675,403	-	2,675,403
Transfers intra group	5,824,377	2,402,543	8,226,920
At 31 December 2020	8,499,780	2,402,543	10,902,323
Amortisation			
Charge for the year on owned assets	861,457	240,253	1,101,710
Transfers intra group	1,659,471	80,085	1,739,556
Disposals	1,502,708	-	1,502,708
At 31 December 2020	4,023,636	320,338	4,343,974
Net book value			
At 31 December 2020	4,476,144	2,082,205	6,558,349
At 31 December 2019	-	-	-

A number of in-progress and completed development projects have been abandoned in full due to the supplier notifications to end-of-life key components utilised in the company's computer systems; citing changing market demands and supply chain issues brought about by the COVID-19 pandemic. Therefore, these intangible assets, which had a carrying value of $1.5m, were derecognised as no future economic benefits were expected.

Intangible assets were transferred from Quixant Gaming Limited and Densitron Technologies Limited at net book value on 1 January 2020.

14. Tangible fixed assets

	Plant and machinery $	Fixtures and fittings $	Office equipment $	Computer equipment $	Total $
Cost or valuation					
At 1 January 2020	14,112	1,985	-	12,419	28,516
Additions	-	-	-	7,664	7,664
Transfers intra group	163,505	85,236	11,292	64,287	324,320
At 31 December 2020	177,617	87,221	11,292	84,370	360,500
Depreciation					
At 1 January 2020	11,937	1,765	-	6,151	19,853
Charge for the year on owned assets	59,144	14,094	6,302	24,691	104,231
Transfers intra group	97,951	71,362	-	34,771	204,084
At 31 December 2020	169,032	87,221	6,302	65,613	328,168
Net book value					
At 31 December 2020	8,585	-	4,990	18,757	32,332
At 31 December 2019	*2,175*	*220*	-	*6,268*	*8,663*

Tangible fixed assets were transferred from Quixant Gaming Limited and Densitron Technologies Limited at net book value on 1 January 2020.

15. Fixed asset investments

	Investments in subsidiary companies $
Cost or valuation	
At 1 January 2020	**664,127**
Disposals	**(118,708)**
At 31 December 2020	**545,419**

Disposals in the year relate to the disposal of Densitron Deutschland GmbH.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Densitron Deutschland GmbH	Sale of electronic products in Germany and Austria	Ordinary	100%
Densitron France SAS	Sale of electronic products in France	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

Name	Profit/(Loss) $
Densitron Deutschland GmbH	-
Densitron France SAS	**596,912**

The company addresses are:

Densitron Deutschland GmbH - Airport Business Centre, AM Soldnermoos 17, Hallbergmoos, 85399, Germany.

Densitron France SAS - 3 Rue de Tasmanie, 44115, Basse-Goulaine, France.

16. Stocks

	2020 $	*2019* *$*
Finished goods and goods for resale	**1,260,393**	*181,046*
	1,260,393	*181,046*

17. Debtors

	2020 $	*2019* *$*
Trade debtors	**4,602,798**	*1,231,779*
Amounts owed by group undertakings	**6,128,722**	*281,341*
Other debtors	**34,475**	*102,054*
Prepayments and accrued income	**69,067**	*4,331*
Deferred taxation	**-**	*302,894*
	10,835,062	*1,922,399*

Amounts owed by group undertakings relate to trading balances repayable as per payment terms and non-trading balances repayable on demand. All balances are interest free.

18. Creditors: Amounts falling due within one year

	2020 $	*2019* *$*
Bank loans	**33,218**	*-*
Trade creditors	**217,748**	*53,922*
Amounts owed to group undertakings	**28,671,473**	*11,832,292*
Corporation tax	**620,596**	*-*
Other taxation and social security	**165,202**	*66,011*
Other creditors	**20,576**	*13,992*
Accruals and deferred income	**427,181**	*363,072*
	30,155,994	*12,329,289*

Amounts owed to group undertakings relate to trading balances repayable as per payment terms and non-trading balances repayable on demand. All balances are interest free.

19. Deferred taxation

	2020 $	*2019* *$*
At beginning of year	**302,894**	*493,000*
Charged to profit or loss	**(101,695)**	*(190,106)*
Arising on business combinations	**(704,277)**	-
At end of year	**(503,078)**	*302,894*

The deferred taxation balance is made up as follows:

	2020 $	*2019* *$*
Tax losses	**302,894**	*302,894*
Relieved share based payments	**(20,086)**	-
Intangible assets - capitalised development costs	**(850,467)**	-
Tangible fixed assets	**64,581**	-
	(503,078)	*302,894*

20. Share capital

	2020 $	*2019* *$*
Allotted, called up and fully paid		
435,225 Ordinary shares of $1.3399	**583,158**	*583,158*

21. Pension commitments

The company operates a defined contributions pension scheme contributing a fixed percentage of the employees salary into personally held pension funds. The pension cost charge represents contributions payable by the company to the fund and amounted to $141,261 *(2019 - $20,706)*.

22. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 $	2019 $
Not later than 1 year	58,586	6,682
Later than 1 year and not later than 5 years	439,397	-
Later than 5 years	585,863	-
	1,083,846	6,682

23. Related party transactions

During the year the company had the following transactions with Densitron Nordic Oy where less than 100% of the voting rights were controlled within the group.

	2020 $	2019 $
Revenue	-	1,440
	-	1,440

The company has been controlled throughout the year by its parent company, Quixant Plc, previously controlled by Densitron Technologies Limited until 1 January 2020. The company has taken advantage of the exemption given within FRS102 from disclosing transactions with other wholly owned members of the group. As such there are no other related party transactions that require disclosure.

24. Controlling party

The controlling party is Quixant Plc, a company registered in England and Wales. The address of the registered office is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP.

The largest and smallest group in which the results of the company are consolidated is that headed by Quixant Plc. The consolidated financial statements of this group are available to the public at www.quixant.com.