

COMPANY REGISTRATION NUMBER: 01367328

Comtrex Systems Corporation Limited
Financial Statements
30 June 2019



Comtrex Systems Corporation Limited

Financial Statements

Period from 1 April 2018 to 30 June 2019

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Comtrex Systems Corporation Limited

Officers and Professional Advisers

The board of directors

S Roberts
J Rice
R Hammond (Appointed 31 July 2018)
P M Edwards (Appointed 31 July 2018)
S J Mclean (Appointed 31 July 2018)
C D Plucknett (Appointed 31 July 2018)

Company secretary

Mr C D Plucknett (Appointed 31 July 2018)

Registered office

C/O Zonal Retail Data Systems Limited
115a Innovation Drive
Milton Park
Abingdon
Oxfordshire
OX14 4RZ

Auditor

Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Comtrex Systems Corporation Limited

Strategic Report

Period from 1 April 2018 to 30 June 2019

Business review

Comtrex designs, develops, assembles, markets, sells and provides services for computer software, electronic terminals and turn-key systems for restaurants, both table and quick service. The Company's hardware and software systems provide transaction processing, operational controls and management information, both in-store and on an enterprise level.

During the fiscal period ended 30 June 2019, all outstanding common shares of our parent Comtrex Systems Inc were acquired Zonal Hospitality Systems Inc, a wholly-owned subsidiary of Zonal Retail Data Systems in the UK. This acquisition has greatly improved our product line which is of benefit to our customers. The company has continued to strengthen its strategic third party relationships which are key to ensuring that its ability to offer a comprehensive solution to both existing and new clients.

The Company continued to operate at levels consistent with past performance while further increasing its cash reserves and strengthening its liquidity and solvency position. Total revenues grew by just over 2.63% when adjusted for the 15 month period of account. Other key performance indicators include gross profit, which reduced slightly from 73.6% in 2018 to 71.5% in 2019, EBITDA, which grew by 9.6%, and profit before tax, which grew by 33.8%. The Company's cash position decreased by £3m due to loans issued during the year, as disclosed in note 16, and stood at £1.2m at the end of fiscal year 2019.

Principal risks and uncertainties

The principal risk facing the business continues to be the general market uncertainty as the UK enters the Brexit negotiations and the effect this has on consumer confidence and the value of Sterling. The casual dining sector which is the company's main area of operation has been under significant pressure which materially affects their attitude to risk when considering capital expenditure. The Company's six largest customers represent approximately 50% of total revenues. The Company believes that its relationship with these customers is excellent and the average length of time the Company has been providing systems and services to those six customers is fifteen (15) years. The Company's ability, and willingness, to provide custom software development for its large customers is one of its primary strengths and a reason key customers continue to do business with the Company.

Research and development

Research and development is a vital part of the Company's plan to continue providing superior and innovative product offerings. Research and development expenditures during fiscal period 2019 continued at historical levels of 8% of total revenues. Major tasks accomplished during the most recent fiscal year included developing a methodology that would create real-time reporting for the Enterprise solution on an overall estate of restaurants or service locations that numbered in excess of 1,000 locations. The goal was to expand reporting to provide granular reporting at an enterprise level on a near real-time basis. Other significant strategic projects included payment at table with solution with Elavon and POYNT. Significant progress was made integrating the companies Menu Planner Solution with the stock solution of its parent company Zonal. This integration is due for completion in 2020 and represents a significant revenue opportunity in 2020. The Company continued to expand the capability not only of its point-of-sale product offering but its enterprise level reporting and inventory system as well.

Future developments

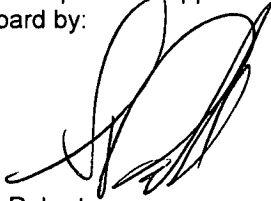
The Company's development efforts are largely determined by the needs of its largest customers. The Company seeks to solve the unique requirements of individual customers through the creative development of software and systems which will have a wider and broader appeal to less technologically sophisticated customers. Examples of such developments in the past include online coupon/voucher systems, online loyalty systems and pay at table systems.

Comtrex Systems Corporation Limited

Strategic Report *(continued)*

Period from 1 April 2018 to 30 June 2019

This report was approved by the board of directors on 27-11-19 and signed on behalf of the board by:



S Roberts
Director

Registered office:
C/O Zonal Retail Data Systems Limited
115a Innovation Drive
Milton Park
Abingdon
Oxfordshire
OX14 4RZ

Comtrex Systems Corporation Limited

Directors' Report

Period from 1 April 2018 to 30 June 2019

The directors present their report and the financial statements of the company for the period ended 30 June 2019.

Directors

The directors who served the company during the period were as follows:

S Roberts	
J Rice	
R Hammond	(Appointed 31 July 2018)
P M Edwards	(Appointed 31 July 2018)
S J Mclean	(Appointed 31 July 2018)
C D Plucknett	(Appointed 31 July 2018)

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk, price risk and liquidity risk.

Credit risk

The company's financial assets are bank balances, trade debtors and other debtors.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for bad debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows. The company does not enter into any formally designated hedging arrangements.

Price risk

The company has a normal level of exposure to price risk arising from its trading activities.

Liquidity risk

The company has significant bank balances which are sufficient to meet trade creditors and other liabilities as they arise.

Comtrex Systems Corporation Limited

Directors' Report *(continued)*

Period from 1 April 2018 to 30 June 2019

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report, including future developments and research and development.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make 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 company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 27-11-19 and signed on behalf of the board by:

S Roberts
Director

Registered office:
C/O Zonal Retail Data Systems Limited
115a Innovation Drive
Milton Park
Abingdon
Oxfordshire
OX14 4RZ

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited

Period from 1 April 2018 to 30 June 2019

Opinion

We have audited the financial statements of Comtrex Systems Corporation Limited (the 'company') for the period ended 30 June 2019 which comprise the income statement, statement of financial position, statement of changes in equity, statement of cash flows 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 FRS 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 company's affairs as at 30 June 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited (continued)

Period from 1 April 2018 to 30 June 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited (continued)

Period from 1 April 2018 to 30 June 2019

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited *(continued)*

Period from 1 April 2018 to 30 June 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Robert Wood (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

27/11/19

Comtrex Systems Corporation Limited

Income Statement

Period from 1 April 2018 to 30 June 2019

	Note	Period from 1 Apr 18 to 30 Jun 19 £	Year to 31 Mar 18 £
Turnover	4	9,053,091	7,056,716
Cost of sales		(2,580,822)	(1,864,555)
Gross profit		6,472,269	5,192,161
Distribution costs		(3,854,296)	(3,221,841)
Administrative expenses		(1,104,266)	(966,114)
Operating profit	5	1,513,707	1,004,206
Other interest receivable and similar income	9	164,249	1,732
Profit before taxation		1,677,956	1,005,938
Tax on profit	10	(165,408)	(75,539)
Profit for the financial period		1,512,548	930,399

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the period as set out above.

The notes on pages 14 to 26 form part of these financial statements.

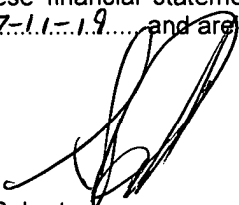
Comtrex Systems Corporation Limited

Statement of Financial Position

30 June 2019

	Note	30 Jun 19 £	31 Mar 18 £
Fixed assets			
Intangible assets	12	40,742	92,284
Tangible assets	13	1,302,092	1,139,731
Investments	14	200	200
		<u>1,343,034</u>	<u>1,232,215</u>
Current assets			
Stocks	15	285,718	177,771
Debtors	16	6,027,492	1,307,834
Cash at bank and in hand		1,199,772	4,215,530
		<u>7,512,982</u>	<u>5,701,135</u>
Creditors: amounts falling due within one year	17	<u>(1,166,950)</u>	<u>(796,311)</u>
Net current assets		<u>6,346,032</u>	<u>4,904,824</u>
Total assets less current liabilities		<u>7,689,066</u>	<u>6,137,039</u>
Provisions			
Taxation including deferred tax	18	(78,119)	(38,640)
Net assets		<u>7,610,947</u>	<u>6,098,399</u>
Capital and reserves			
Called up share capital	22	6,000	6,000
Profit and loss account	23	7,604,947	6,092,399
Shareholders funds		<u>7,610,947</u>	<u>6,098,399</u>

These financial statements were approved by the board of directors and authorised for issue on ~~27.11.19~~ and are signed on behalf of the board by:



S Roberts
Director

Company registration number: 01367328

The notes on pages 14 to 26 form part of these financial statements.

Comtrex Systems Corporation Limited

Statement of Changes in Equity

Period from 1 April 2018 to 30 June 2019

		Called up share capital £	Profit and loss account £	Total £
At 1 April 2017		6,000	5,304,058	5,310,058
Profit for the period		—	930,399	930,399
Total comprehensive income for the period		—	930,399	930,399
Dividends paid and payable	11	—	(142,058)	(142,058)
Total investments by and distributions to owners		—	(142,058)	(142,058)
At 31 March 2018		6,000	6,092,399	6,098,399
Profit for the period		—	1,512,548	1,512,548
Total comprehensive income for the period		—	1,512,548	1,512,548
At 30 June 2019		<u>6,000</u>	<u>7,604,947</u>	<u>7,610,947</u>

The notes on pages 14 to 26 form part of these financial statements.

Comtrex Systems Corporation Limited

Statement of Cash Flows

Period from 1 April 2018 to 30 June 2019

	30 Jun 19 £	31 Mar 18 £
Cash flows from operating activities		
Profit for the financial period	1,512,548	930,399
<i>Adjustments for:</i>		
Depreciation of tangible assets	311,209	247,216
Amortisation of intangible assets	51,542	130,515
Other interest receivable and similar income	(164,249)	(1,732)
Loss on disposal of tangible assets	41,073	31,508
Tax on profit	165,408	75,539
Accrued income	(14,976)	(91,923)
<i>Changes in:</i>		
Stocks	(107,947)	(43,650)
Trade and other debtors	(4,719,658)	38,347
Trade and other creditors	338,600	39,280
Cash generated from operations	(2,586,450)	1,355,499
Interest received	164,249	1,732
Tax paid	(78,914)	(89,460)
Net cash (used in)/from operating activities	<u>(2,501,115)</u>	<u>1,267,771</u>
Cash flows from investing activities		
Purchase of tangible assets	(514,130)	(485,974)
Proceeds from sale of tangible assets	(513)	834
Net cash used in investing activities	<u>(514,643)</u>	<u>(485,140)</u>
Cash flows from financing activities		
Dividends paid	—	(142,058)
Net cash used in financing activities	<u>—</u>	<u>(142,058)</u>
Net (decrease)/increase in cash and cash equivalents	(3,015,758)	640,573
Cash and cash equivalents at beginning of period	4,215,530	3,574,957
Cash and cash equivalents at end of period	<u>1,199,772</u>	<u>4,215,530</u>

The notes on pages 14 to 26 form part of these financial statements.

Comtrex Systems Corporation Limited

Notes to the Financial Statements

Period from 1 April 2018 to 30 June 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is C/O Zonal Retail Data Systems Limited, 115a Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RZ.

The principal activity of the company during the year was supplying point of sale equipment and related stationery.

2. Statement of compliance

The financial statements have been prepared in accordance with FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The amounts in the financial statements are presented to the nearest £, unless otherwise stated.

Comparatives

The accounts cover the period from 1st April 2018 to 30th June 2019. The comparatives cover the year from 1st April 2017 to 31st March 2018 and are therefore not entirely comparable.

The accounting period has been extended to align with the year end of other group companies.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the subsidiary undertakings are dormant.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, 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 the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Stock provision

Provision is made for obsolete or defective items where appropriate during the year end stock takes. A further provision is then applied to write stock down to the estimated net realisable value.

Revenue recognition

Revenue relates to the sale and rental of electronic point of sale systems, and to associated support and maintenance services.

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services such as fixed term rental agreements and service and maintenance contracts is measured by reference to the stage of completion of the service transaction at the end of the reporting period, when the outcome of the transaction can be reliably estimated.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	Straight line over 10 years
Mission Licences	-	Straight line over 3 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	straight line over 50 years
Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	15-33% straight line
Motor Vehicles	-	33% reducing balance
Rental Equipment	-	straight line over the life of the agreement

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Trade and other debtors

Trade and other debtors are initially recorded at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts expect where the effect of discounting would be immaterial. In such cases, receivables and stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Trade and other creditors

Trade and other creditors are initially recognised at the transaction price and are thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	Period from 1 Apr 18 to 30 Jun 19 £	Year to 31 Mar 18 £
Sale of goods	2,312,233	1,748,374
Rendering of services	6,684,432	5,270,926
Commissions	56,426	37,416
	<u>9,053,091</u>	<u>7,056,716</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	Period from 1 Apr 18 to 30 Jun 19 £	Year to 31 Mar 18 £
Amortisation of intangible assets	51,542	130,515
Depreciation of tangible assets	311,209	247,216
Loss on disposal of tangible assets	41,073	31,508
Impairment of trade debtors	88,649	17,402
Foreign exchange differences	16,537	(11,343)
Cost of stock recognised as an expense	<u>2,373,160</u>	<u>1,710,238</u>

Amortisation of intangible assets is included in administration expenses.

6. Auditor's remuneration

	Period from 1 Apr 18 to 30 Jun 19 £	Year to 31 Mar 18 £
Fees payable for the audit of the financial statements	<u>12,500</u>	<u>10,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>10,938</u>	<u>8,750</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

7. Staff costs

The average number of persons employed by the company during the period, including the directors, amounted to:

	30 Jun 19 No.	31 Mar 18 No.
Management staff	1	1
Sales & marketing staff	14	14
Administrative staff	5	5
Development & programming staff	18	20
Support staff	28	28
	<u>66</u>	<u>68</u>

The aggregate payroll costs incurred during the period, relating to the above, were:

	Period from 1 Apr 18 to 30 Jun 19 £	Year to 31 Mar 18 £
Wages and salaries	3,065,670	2,566,386
Social security costs	331,684	286,310
Other pension costs	112,976	63,245
	<u>3,510,330</u>	<u>2,915,941</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Period from 1 Apr 18 to 30 Jun 19 £	Year to 31 Mar 18 £
Remuneration	197,633	175,000
Company contributions to defined contribution pension plans	22,500	18,000
	<u>220,133</u>	<u>193,000</u>

The number of directors who accrued benefits under company pension plans was as follows:

	30 Jun 19 No.	31 Mar 18 No.
Defined contribution plans	<u>1</u>	<u>1</u>

9. Other interest receivable and similar income

	Period from 1 Apr 18 to 30 Jun 19 £	Year to 31 Mar 18 £
Interest on cash and cash equivalents	1,810	1,732
Interest from group undertakings	162,439	—
	<u>164,249</u>	<u>1,732</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

10. Tax on profit

Major components of tax expense

	Period from 1 Apr 18 to 30 Jun 19 £	Year to 31 Mar 18 £
Current tax:		
UK current tax expense	125,929	78,943
Deferred tax:		
Origination and reversal of timing differences	44,058	(1,194)
Impact of change in tax rate	(4,579)	(2,210)
Total deferred tax	39,479	(3,404)
Tax on profit	165,408	75,539

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the period is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	Period from 1 Apr 18 to 30 Jun 19 £	Year to 31 Mar 18 £
Profit on ordinary activities before taxation	1,677,956	1,005,938
Profit on ordinary activities by rate of tax	318,812	191,128
Effect of expenses not deductible for tax purposes	22,725	32,042
Research & Development tax credit	(171,550)	(145,421)
Impact of change in tax rate	(4,579)	(2,210)
Tax on profit	165,408	75,539

11. Dividends

	30 Jun 19 £	31 Mar 18 £
Dividends paid during the period (excluding those for which a liability existed at the end of the prior period)	—	142,058

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

12. Intangible assets

	Goodwill £	Software licence £	Total £
Cost			
At 1 April 2018 and 30 June 2019	<u>412,333</u>	<u>400,972</u>	<u>813,305</u>
Amortisation			
At 1 April 2018	320,049	400,972	721,021
Charge for the period	<u>51,542</u>	<u>–</u>	<u>51,542</u>
At 30 June 2019	<u>371,591</u>	<u>400,972</u>	<u>772,563</u>
Carrying amount			
At 30 June 2019	<u>40,742</u>	<u>–</u>	<u>40,742</u>
At 31 March 2018	<u>92,284</u>	<u>–</u>	<u>92,284</u>

Goodwill represents the difference between the cost of acquiring the business and assets of Redpepper Solutions Limited in 2010 and its net assets at the date of acquisition. Goodwill arising on acquisition amounted to £224,056. In addition, goodwill has since increased by the payment of further deferred contingent consideration amounts of £188,277 due under the agreement for the acquisition of Redpepper Solutions Limited on 1 July 2008. The carrying amount as at 30 June 2019 was £40,742 (2018: £92,284) and the goodwill has an estimated remaining life of 1 year.

Software license of £400,972 relate to software licences acquired upon the acquisition of the business and assets of Mission Integrated Systems Limited in 2014. The carrying amount as at 30 June 2019 was £nil (2018: £nil) and the goodwill has an estimated remaining life of 0 years.

Amortisation cost for the year and prior year are included in administrative expenses.

13. Tangible assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Rental Equipment £	Total £
Cost						
At 1 Apr 2018	954,411	7,550	295,401	205,443	661,226	2,124,031
Additions	–	–	34,520	138,000	341,610	514,130
Disposals	–	–	(6,995)	–	(120,907)	(127,902)
At 30 Jun 2019	<u>954,411</u>	<u>7,550</u>	<u>322,926</u>	<u>343,443</u>	<u>881,929</u>	<u>2,510,259</u>
Depreciation						
At 1 Apr 2018	215,684	7,550	201,269	145,890	413,907	984,300
Charge for the period	23,860	–	47,323	32,364	207,662	311,209
Disposals	–	–	(6,529)	–	(80,813)	(87,342)
At 30 Jun 2019	<u>239,544</u>	<u>7,550</u>	<u>242,063</u>	<u>178,254</u>	<u>540,756</u>	<u>1,208,167</u>
Carrying amount						
At 30 Jun 2019	<u>714,867</u>	<u>–</u>	<u>80,863</u>	<u>165,189</u>	<u>341,173</u>	<u>1,302,092</u>
At 31 Mar 2018	<u>738,727</u>	<u>–</u>	<u>94,132</u>	<u>59,553</u>	<u>247,319</u>	<u>1,139,731</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

13. Tangible assets *(continued)*

Rental Equipment

Included within the net book value of £1,302,093 is £341,174 (2018 - £247,319) relating to assets leased to customers. The depreciation charge to the financial statements in the period in respect of such assets amounted to £207,662 (2018 - £154,317).

14. Investments

	Shares in group undertakings £
Cost	
At 1 April 2018 and 30 June 2019	<u>200</u>
Impairment	
At 1 April 2018 and 30 June 2019	<u>-</u>
Carrying amount	
At 30 June 2019	<u>200</u>
At 31 March 2018	<u>200</u>

Subsidiaries

	Class of share	Percentage of shares held
Subsidiary undertakings		
Redpepper Solutions Limited	Ordinary	100
Mission Integrated Systems Limited	Ordinary	100

The results and capital and reserves for the period are as follows:

	Capital and reserves		Profit/(loss) for the year	
	30 Jun 19	31 Mar 18	30 Jun 19	31 Mar 18
	£	£	£	£
Subsidiary undertakings				
Redpepper Solutions Limited	100	100	-	-
Mission Integrated Systems Limited	<u>100</u>	<u>100</u>	<u>-</u>	<u>-</u>

The above companies were incorporated in England and were dormant during the year.

The registered office of the subsidiaries is C/O Zonal Retail Data Systems Limited, 115a Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RZ.

15. Stocks

	30 Jun 19	31 Mar 18
	£	£
Finished goods and goods for resale	<u>285,718</u>	<u>177,771</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

16. Debtors

	30 Jun 19	31 Mar 18
	£	£
Trade debtors	1,228,462	1,143,197
Amounts owed by group undertakings	4,662,439	–
Prepayments and accrued income	136,591	164,637
	<u>6,027,492</u>	<u>1,307,834</u>

17. Creditors: amounts falling due within one year

	30 Jun 19	31 Mar 18
	£	£
Trade creditors	635,983	206,635
Amounts owed to group undertakings	200	200
Accruals and deferred income	121,322	136,298
Corporation tax	125,963	78,948
Social security and other taxes	271,879	370,968
Other creditors	11,603	3,262
	<u>1,166,950</u>	<u>796,311</u>

18. Provisions

	Deferred tax (note 19) £
At 1 April 2018	38,640
Additions	39,479
At 30 June 2019	<u>78,119</u>

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	30 Jun 19	31 Mar 18
	£	£
Included in provisions (note 18)	<u>78,119</u>	<u>38,640</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	30 Jun 19	31 Mar 18
	£	£
Accelerated capital allowances	79,293	39,257
Pension creditor	(1,174)	(617)
	<u>78,119</u>	<u>38,640</u>

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £112,976 (2018: £63,245).

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

21. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	30 Jun 19 £	31 Mar 18 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	<u>1,228,462</u>	<u>1,143,197</u>
Financial liabilities measured at amortised cost		
Trade creditors	<u>635,983</u>	<u>206,635</u>
Financial assets measured at amortised cost		
Cash at bank and in hand	<u>4,215,530</u>	<u>3,574,957</u>

Income and expenditure incurred in respect of the above financial instruments is disclosed in notes 5 and 9.

22. Called up share capital

Issued, called up and fully paid

	30 Jun 19		31 Mar 18	
	No.	£	No.	£
Ordinary shares of £1 each	<u>6,000</u>	<u>6,000.00</u>	<u>6,000</u>	<u>6,000.00</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

23. Reserves

The profit and loss reserve includes all current and prior retained period profits and losses.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Period from 1 April 2018 to 30 June 2019

24. Related party transactions

During the period, the company purchased goods and services from its parent company, Comtrex Systems Corporation Inc, amounting to £773,405 (2018: £525,215). At the period end, a balance of £114,531 (2018: £nil) was due to Comtrex Systems Corporation Inc.

During the period, the company undertook the following transactions with its ultimate controlling party, Zonal Retail Data Systems Limited:

- The company purchased good and services amounting to £2,726 (2018: £nil). At the period-end, a balance of £nil (2018: £nil) remained outstanding.
- The company advanced a loan amounting to £3,500,000 (2018: £nil). Interest of £162,439 (2018: £nil) was charged. At the period-end, a balance of £3,662,439 remained outstanding (2018: £nil). The balance is repayable on demand.
- The company issued a short term working capital loan of £1,000,000. No interest was charged and the balance is repayable on demand.

The total remuneration for key management personnel for the period totalled £495,388 (2018: £503,914).

During the year, the company paid salaries of £61,563 to close family members of the directors (2018: £61,549).

25. Controlling party

The company is wholly owned by Comtrex Systems Corporation Inc, a company incorporated in the United States of America. The registered office of Comtrex Systems Corporation Inc, is 101B Foster Road, Moorestown, New Jersey, USA.

From 31 July 2018, the ultimate parent company is Zonal Retail Data Systems Limited.

In the opinion of the directors, there is no controlling party.