

SYNOPTICS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2021



Company number: 01874861

SYNOPTICS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements were prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Synoptics Limited is a private limited company incorporated and domiciled in England and Wales. The address of the registered office is Beacon House, Nuffield Road, Cambridge, CB4 1TF. The financial statements are prepared in sterling and are stated to the nearest £.

GOING CONCERN

The Company meets its cash flow and borrowing requirements through loans from other companies within the Group. The Company and SDI Group plc, of which Synoptics Limited is a 100% subsidiary, has prepared forecasts for the period to 30 April 2023. These indicate that the Company and Group will continue to trade within existing facilities with scope to further manage its cost base if necessary. The Board are confident that continued focus on research and development, new product development and sales & marketing will deliver growth. They consider that the Company and Group will have adequate cash resources within existing facilities to continue to trade for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DISCLOSURE EXEMPTIONS ADOPTED

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- 1 A statement of cash flows and related notes
- 2 The requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the Group as they are wholly owned within the Group
- 3 Disclosure of key management personnel compensation
- 4 Capital management disclosures
- 5 Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
- 6 The effect of future accounting standards not adopted
- 7 Certain share-based payment disclosures
- 8 Disclosures in relation to impairment of assets
- 9 Disclosures in relation to IFRS 7 Financial Instruments

CONSOLIDATED ACCOUNTS

The company is a wholly owned subsidiary of SDI Group plc, a company incorporated in England and Wales, and the figures of the company are included within the Group financial statements of SDI Group plc. Consequently, the company is exempt from the requirement to publish Group consolidated accounts. Accordingly, the information within the financial statements is for the individual undertaking only.

REVENUE RECOGNITION

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Revenue from sales of goods is recognised at the point at which the customer obtains control of the asset. This is usually when the customer receives the goods or when goods are collected by the customer. Revenue from services is recognised straight-line over the length of the service contract being provided as this reflects the inputs and efforts (service employees) which are expended evenly throughout the performance period (length of the contract).

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PRINCIPAL ACCOUNTING POLICIES

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The company applies the following rates:

Computer equipment	33.33% straight-line
Tools and other equipment	33.33% straight-line
Furniture, fixtures and fittings	20% straight-line
Leasehold improvements	20% straight-line
Motor Vehicles	20% straight-line

LEASED ASSETS

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or income statement if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the income statement on a straight-line basis over the lease term. On the balance sheet, right-of-use assets have been included in tangible fixed assets and lease liabilities have been included within creditors.

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PRINCIPAL ACCOUNTING POLICIES

INTANGIBLE ASSETS

In Intangible assets are included at cost less amounts written off. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the economic life of that asset as follows:

Patents	33.33% straight-line
Capitalised development costs	33.33% straight-line

INVESTMENTS

Investments are included at cost less amounts written off.

STOCKS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Work in-progress is reflected in the accounts on a contract by contract basis by recording turnover and related costs as contract activity progresses.

DEBTORS

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

CASH

Cash is represented by cash in hand deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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PRINCIPAL ACCOUNTING POLICIES

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

CONTRIBUTIONS TO PENSION SCHEMES

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

RESEARCH AND DEVELOPMENT

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the following conditions are met:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The company intends to complete the intangible asset or sell it;
- The company has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or the intangible asset itself, or, if it is to be used internally, the asset will be used for generating such benefits; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

The expenditure capitalised includes direct costs of material, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development is stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the Income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite upon completion of the project. Amortisation is shown within administrative expenses in the income statement. The estimated useful lives of current development projects are between three and five years. Until completion of the project the assets are subject to impairment testing.

PROVISIONS

The company provides for warranty costs arising from past events which result in a present obligation. Warranty costs are assessed through analysis of products sold to arrive at a best estimate of the likely costs to the company.

SHARE OPTIONS

SDI Group plc regularly issues share options to Group employees. The fair value of the award granted is recognised as an expense within the Income Statement with a corresponding increase in equity. The fair value is measured at the grant date and allocated over the vesting period based on the best available estimate of the number of share options expected to vest.

PRINCIPAL ACCOUNTING POLICIES

EQUITY

Equity comprises the following:

- “Called up share capital” represents the nominal value of equity shares.
- “Capital contribution reserve” represents a contribution from the parent entity in relation to equity-settled share-based employee remuneration, where the share options are issued and settled by the parent entity.
- “Profit and loss account” represents all current and prior period retained earnings.

FURLOUGH SCHEME

A government grant receivable has been accrued and as well as a credit to match the related employee costs as and when they are incurred, on the assumption that there is reasonable assurance that it will comply with the conditions attaching to the scheme and that the grant will be received.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial information in conformity with FRS 101 requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

Critical judgements in applying the company's accounting policies.

Assessing whether development costs meet the criteria for capitalisation

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable. The carrying value of development assets also depends on management's ability to demonstrate the future economic benefits they will deliver. This judgement requires assumptions about factors outside the business's control such as medium-term economic conditions, technological developments and market changes. The Company tests annually whether the capitalised development costs have been impaired by reference to expected future generation of cash from the technologies developed and the timing of when these will be released. Details of capitalised development costs are detailed in Note 4.

SYNOPTICS LIMITED

BALANCE SHEET

At 30 April 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	2	1,122,023	1,228,719
Intangible assets	4	302,624	478,476
Investments	5	250,000	250,000
Deferred tax asset	10	28,212	27,442
		<u>1,702,859</u>	<u>1,984,637</u>
Current assets			
Stocks	6	679,421	589,214
Debtors	7	2,294,835	866,870
Cash at bank and in hand		41,014	367,016
		<u>3,015,270</u>	<u>1,823,100</u>
Creditors: amounts falling due within one year	8	(970,311)	(506,336)
Lease liabilities	3	(35,655)	(37,998)
		<u>(1,005,966)</u>	<u>(544,334)</u>
Net current assets		2,009,304	1,278,766
Total assets less current liabilities		3,712,163	3,263,403
Lease liabilities due after more than one year	3	(1,034,900)	(1,070,545)
Provisions for liabilities	9	(68,999)	(170,793)
		<u>2,608,264</u>	<u>2,022,065</u>
Net assets		2,608,264	2,022,065
Capital and reserves			
Called-up share capital	11	20,413	20,413
Capital contribution reserve		82,954	74,444
Profit and loss account		2,504,897	1,927,208
Shareholders' funds		<u>2,608,264</u>	<u>2,022,065</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to the companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors on 19 October 2021.



J P Abell
Director
Company Number. 01874861

The accompanying accounting policies and notes form an integral part of these financial statements.

SYNOPTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

1 DIRECTORS AND EMPLOYEES

The average number of employees of the Company during the year was:

	2021 Number	2020 Number
Administration	5	2
Production & development	9	13
Sales and marketing	6	6
	<u>20</u>	<u>21</u>

2 TANGIBLE FIXED ASSETS

	Right of Use assets £	Fixtures & fittings £	Computer Equipment £	Tools and other equipment £	Building and Leasehold improvements £	Total £
Cost						
At 1 May 2020	1,159,284	52,178	109,090	244,692	97,368	1,662,612
Additions	-	6,810	-	26,512	26,788	60,111
Disposals	(4,743)	-	(2,795)	(67,245)	-	(74,783)
At 30 April 2021	<u>1,154,541</u>	<u>58,988</u>	<u>106,295</u>	<u>203,959</u>	<u>124,156</u>	<u>1,647,939</u>
Depreciation						
At 1 May 2020	67,761	51,830	95,635	135,221	83,446	433,893
Charge for year	65,389	733	8,877	48,825	7,405	131,229
Disposals	(4,743)	-	(2,795)	(31,668)	-	(39,206)
At 30 April 2021	<u>128,407</u>	<u>52,563</u>	<u>101,717</u>	<u>152,378</u>	<u>90,851</u>	<u>525,916</u>
Net book value						
At 30 April 2021	<u>1,026,134</u>	<u>6,425</u>	<u>4,578</u>	<u>51,581</u>	<u>33,304</u>	<u>1,122,023</u>
At 30 April 2020	<u>1,091,523</u>	<u>348</u>	<u>13,455</u>	<u>109,471</u>	<u>13,922</u>	<u>1,228,719</u>

3 LEASES

Lease liabilities are presented in the balance sheet as follows:

	2021 £	2020 £
Current	35,655	37,998
Non-current	<u>1,034,900</u>	<u>1,070,545</u>
	<u>1,070,555</u>	<u>1,108,543</u>

The Company has leases for the main warehouse, an office and motor vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its tangible fixed assets (see Note 2).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

3 LEASES (CONTINUED)

For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Furthermore, the Company must insure items of motor vehicles and plant and machinery and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Total contractual undiscounted lease liabilities at 30 April 2021 were as follows:

	2021 £	2020 £
Within one year	69,041	104,507
Within two to five years	265,551	362,413
After five years	1,109,205	1,180,390
Total undiscounted lease liabilities	<u>1,443,797</u>	<u>1,647,309</u>

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

At 30 April 2021 the Company had not committed to any leases which had not yet commenced.

4 INTANGIBLE ASSETS

	Research and development £	Patents £	Total £
Cost			
At 1 May 2020	1,874,041	10,775	1,884,816
Additions	56,302	-	56,302
Disposals	(572,175)	(10,775)	(269,175)
At 30 April 2021	<u>1,358,168</u>	<u>-</u>	<u>1,671,943</u>
Amortisation			
At 1 May 2020	1,398,665	7,675	1,406,340
Amortisation charge for year	176,748	3,100	179,848
Disposals	(519,869)	(10,775)	(216,869)
At 30 April 2021	<u>1,055,544</u>	<u>-</u>	<u>1,369,319</u>
Net book value			
At 30 April 2021	<u>302,624</u>	<u>-</u>	<u>302,624</u>
At 30 April 2020	<u>475,376</u>	<u>3,100</u>	<u>478,476</u>

SYNOPTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

5 INVESTMENTS

Investments in Group undertakings

	Shares £
Cost and net book value	
At 1 May 2020 and 30 April 2021	<u>250,000</u>

Details of the investments are as follows:

Subsidiary undertakings	Country of Incorporation	Holdings	Proportion of voting rights	Nature of Business
Myriad Solutions Limited	England and Wales	Ordinary shares	100%	Dormant
Synoptics Inc	USA	Ordinary shares	100%	Distributor

No Group accounts have been prepared for Synoptics Limited as Synoptics Limited is a subsidiary of SDI Group plc and consolidated Group figures are included within the Group financial statements of SDI Group plc.

6 STOCKS

	2021 £	2020 £
Raw materials and consumables	575,382	478,988
Work in progress	38,063	52,802
Finished goods	65,976	57,424
	<u>679,421</u>	<u>589,214</u>

In the year ended 30 April 2021 a total of £1,799,197 (2020: £1,656,421) of inventories were consumed and charged to the income statement as an expense.

7 DEBTORS

	2021 £	2020 £
Trade debtors	703,629	522,600
Amounts owed by Group undertakings	1,538,459	261,794
Other debtors	19,953	7,316
Prepayments and accrued income	32,794	75,160
	<u>2,294,835</u>	<u>866,870</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	408,467	247,101
Amounts owed to Group undertakings	231,661	60,036
Social security and other taxes	42,415	40,350
Corporation tax	22,050	8,000
Other creditors	50,358	36,000
Accruals and deferred income	215,360	114,849
	<u>970,311</u>	<u>506,336</u>

9 PROVISIONS FOR LIABILITIES

	Deferred Tax £	Warranty £	Total £
At 1 May 2020	130,793	40,000	170,793
Charged/(credited) to the income statement	(86,794)	(15,000)	(101,794)
At 30 April 2021	<u>43,999</u>	<u>25,000</u>	<u>68,999</u>

Warranties of between one and three years are given with the sales of products. There are potential costs associated with the repair of goods under these warranties which could occur at any time over the next three years. The level of costs is uncertain. The warranty provision is based on the historical cost of warranty repairs over the last three years.

10 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below:

	Asset		Liability	
	2021 £	2020 £	2021 £	2020 £
Deferred taxation brought forward	27,442	14,000	(130,793)	(117,135)
Charged/(credited) to the income statement	(27,936)	13,442	86,794	(13,658)
Charged/(credited) to equity	28,706	-	-	-
Deferred taxation carried forward	<u>28,212</u>	<u>27,442</u>	<u>(43,999)</u>	<u>(130,793)</u>
Analysed as follows:				
Timing differences on fixed assets	-	-	(43,999)	(130,793)
Stock options	2,929	15,771	-	-
Other timing differences	25,283	11,671	-	-
Deferred taxation carried forward	<u>28,212</u>	<u>27,442</u>	<u>(43,999)</u>	<u>(130,793)</u>

11 SHARE CAPITAL

	2021 £	2020 £
Authorised		
3,000,000 Ordinary shares of 1p each	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid		
2,041,320 Ordinary shares of 1p each	<u>20,413</u>	<u>20,413</u>

SYNOPTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

12 RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries of the Group.

13 PARENT UNDERTAKING AND CONTROL

SDI Group plc, a company incorporated in England and Wales, listed on the AIM market of the London Stock Exchange, controls the company as a result of owning 100% of the issued share capital of the company. Group accounts are available from www.thesdigroup.net.

14 AUDITOR INFORMATION

The company has taken advantage of the small company provisions to file a balance sheet and related notes. The full annual accounts and directors' report have been subject to audit. The auditor's report was issued on 7 October 2021 by Grant Thornton UK LLP, signed by David White as the senior statutory auditor. The auditor's report was unqualified and did not include a statement under section 498(2) or section 498(3) of the Companies Act 2006.