



MOORE Kingston Smith

Lake Image Systems Limited

Annual Report and Financial Statements

For the year ended 31 March 2023

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Company registration number 02961503 (England and Wales)

Lake Image Systems Limited

Company Information

Directors	J. Harrison R. Pulford
Company number	02961503
Registered office	Domino Printing Sciences Plc Trafalgar Way Bar Hill Cambridge CB23 8TU
Auditor	Moore Kingston Smith LLP The Shipping Building The Old Vinyl Factory Blyth Road Hayes London UB3 1HA
Business address	Unit 1 The Forum Icknield Way Tring Hertfordshire HP23 4JX
Bankers	National Westminster Bank 23 Market Street Cambridge CB2 3PA

Lake Image Systems Limited

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Lake Image Systems Limited

Directors' Report

For the year ended 31 March 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company throughout the year was that of developing, integrating and supplying imaging and vision systems to industrial and scientific markets.

Results and dividends

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J. Harrison
R. Pulford

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Lake Image Systems Limited

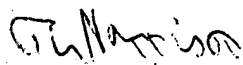
Directors' Report (Continued)

For the year ended 31 March 2023

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



J. Harrison

Director

Date: 20 December 2023

Lake Image Systems Limited

Independent Auditor's Report

To the Members of Lake Image Systems Limited

Opinion

We have audited the financial statements of Lake Image Systems Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (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 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Lake Image Systems Limited

Independent Auditor's Report (Continued)

To the Members of Lake Image Systems Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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.

Lake Image Systems Limited

Independent Auditor's Report (Continued)

To the Members of Lake Image Systems Limited

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 judgement 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 purposes of expressing an opinion on the effectiveness of the company's 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.

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.

Lake Image Systems Limited

Independent Auditor's Report (Continued)

To the Members of Lake Image Systems Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Lake Image Systems Limited

Independent Auditor's Report (Continued)

To the Members of Lake Image Systems Limited

Other matters which we are required to address

The comparative figures in the financial statements were not audited as the company did not require a statutory audit under the Companies Act 2006 in the prior year.

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.

Moore Kingston Smith LP

Jonathan Seymour (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Date: 21 December 2023

Chartered Accountants
Statutory Auditor

The Shipping Building
The Old Vinyl Factory
Blyth Road
Hayes
London
UB3 1HA

Lake Image Systems Limited

Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 £	2022 £
Revenue	3	3,726,601	3,498,606
Cost of sales		(2,235,445)	(2,020,835)
Gross profit		1,491,156	1,477,771
Administrative expenses		(1,516,427)	(1,345,094)
Exceptional items	4	-	67,539
Operating (loss)/profit	5	(25,271)	200,216
Investment income	7	2,340	-
Finance costs	8	(2,424)	(2,332)
(Loss)/profit before taxation		(25,355)	197,884
Tax on (loss)/profit	9	39,421	54,352
Profit and total comprehensive income for the financial year		14,066	252,236

The income statement has been prepared on the basis that all operations are continuing operations.

Lake Image Systems Limited

Statement Of Financial Position

As at 31 March 2023

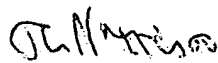
	Notes	2023 £	£	2022 £	£
Non-current assets					
Intangible assets	10		-		71
Property, plant and equipment	11		202,704		232,413
Investments	12		1,200		1,200
			<u>203,904</u>		<u>233,684</u>
Current assets					
Inventories	14	864,879		728,864	
Deferred tax asset	18	2,316		3,215	
Trade and other receivables	15	735,879		626,124	
Cash and cash equivalents		242,365		683,239	
		<u>1,845,439</u>		<u>2,041,442</u>	
Current liabilities					
Trade and other payables	16	655,996		707,520	
Taxation and social security		55,374		11,114	
Lease liabilities	17	23,269		27,918	
Deferred income	19	87,278		291,946	
		<u>821,917</u>		<u>1,038,498</u>	
Net current assets			<u>1,023,522</u>		<u>1,002,944</u>
Total assets less current liabilities			<u>1,227,426</u>		<u>1,236,628</u>
Non-current liabilities					
Lease liabilities	17	169,163		192,431	
		<u>169,163</u>	<u>(169,163)</u>	<u>192,431</u>	<u>(192,431)</u>
Net assets			<u>1,058,263</u>		<u>1,044,197</u>
Equity					
Called up share capital	21	600		600	
Capital redemption reserve	22	400		400	
Retained earnings		1,057,263		1,043,197	
Total equity		<u>1,058,263</u>		<u>1,044,197</u>	

Lake Image Systems Limited

Statement Of Financial Position (Continued)

As at 31 March 2023

The financial statements were approved by the board of directors and authorised for issue on 20 Dec 2023 and are signed on its behalf by:



J. Harrison
Director

Company Registration No. 02961503

Lake Image Systems Limited

Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
Balance at 1 April 2021	600	400	790,961	791,961
Year ended 31 March 2022:				
Profit and total comprehensive income for the year	-	-	252,236	252,236
Balance at 31 March 2022	600	400	1,043,197	1,044,197
Year ended 31 March 2023:				
Profit and total comprehensive income for the year	-	-	14,066	14,066
Balance at 31 March 2023	600	400	1,057,263	1,058,263

Lake Image Systems Limited

Notes to the Financial Statements

For the year ended 31 March 2023

1 Accounting policies

Company information

Lake Image Systems Limited is a company limited by shares incorporated in England and Wales. The registered office is Domino Printing Sciences PLC, Trafalgar Way, Bar Hill, Cambridge, CB23 8TU.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Brother Industries Limited in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

The company's ultimate parent company and ultimate controlling party is Brother Industries Limited, a company incorporated in Japan. The company is therefore exempt from the obligation to prepare and deliver group accounts. Copies of the group financial statements of Brother Industries Limited are available from 15-1 Naeshiro-cho, Mizuho-ku, Nagoya, 467-8561, Japan which is the registered address for Brother Industries Ltd.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The going concern assessment includes continued group support through agreed facilities. The assessment has been made for 12 months from the date of approval of these accounts. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Turnover represents amounts receivable for goods and services provided net of VAT and trade discounts. Income on sale of goods is recognised on despatch. Income on maintenance contracts are recognised over the period of the contract.

1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website development: straight line over 3 years

Patents: straight line over 10 years

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

No depreciation is provided in respect of freehold land.

All other property plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold buildings	straight line over the lease term to rent review date
Fixtures, fittings & equipment	20% straight line
Plant and machinery	20% straight line
Computer equipment	33% straight line
Motor vehicles	25% straight line and straight line over the lease term

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its property plant and equipment, and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

1.11 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is held for trading. This is the case if:

- the asset has been acquired principally for the purpose of selling in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Interest and dividends are included in 'Investment income' and gains and losses on remeasurement included in 'other gains and losses' in the statement of comprehensive income.

Financial assets held at amortised cost

Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held to maturity investments.

Held to maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Financial assets classified as available for sale are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. Where an AFS financial asset is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Dividends and interest earned on AFS financial assets are included in the investment income line item in the statement of comprehensive income.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Inventory provision

Inventories are valued at the lower of cost and net realisable value. This includes, where necessary, provisions for slow moving and obsolete stocks. Valuation of these provisions requires judgements to be made, which are based on ageing and assessment of likely demand based on knowledge and experience.

Trade receivables provision

The company makes an estimate of the expected credit losses of trade and other receivables. When assessing this, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

3 Revenue

An analysis of the company's revenue is as follows:

	2023	2022
	£	£
Revenue analysed by class of business		
Sales and maintenance	3,726,601	3,498,606

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

4 Exceptional items

	2023	2022
	£	£
Income		
Intercompany balance recovered	-	30,623
Profit on the sale of freehold property	-	36,916
	<u>-</u>	<u>67,539</u>

In the prior year, balances owed to Lake Image Systems Limited by Lake Image Systems SARL and Lake Image Systems Asia PTE were written off as irrecoverable as both companies ceased to trade.

5 Operating (loss)/profit

	2023	2022
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	37,717	(7,720)
Fees payable to the company's auditor for the audit of the company's financial statements	18,050	14,150
Depreciation of property, plant and equipment	35,206	39,080
Amortisation of intangible assets (included within administrative expenses)	71	177
Cost of inventories recognised as an expense	<u>1,359,168</u>	<u>1,306,588</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2023	2022
Number	Number
<u>25</u>	<u>23</u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	1,537,964	1,397,524
Social security costs	231,573	230,280
Pension costs	54,269	37,353
	<u>1,823,806</u>	<u>1,665,157</u>

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

7 Investment income	2023	2022
	£	£
Interest income		
Other interest income	2,340	-
	<u>2,340</u>	<u>-</u>
8 Finance costs	2023	2022
	£	£
Interest on lease liabilities	2,424	2,332
	<u>2,424</u>	<u>2,332</u>
9 Taxation	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	5,243	32,709
Adjustments in respect of prior periods	(45,563)	(29,039)
Total UK current tax	<u>(40,320)</u>	<u>3,670</u>
Deferred tax		
Origination and reversal of temporary differences	899	(57,983)
Adjustment in respect of prior periods	-	(39)
	<u>899</u>	<u>(58,022)</u>
Total tax (credit)	<u>(39,421)</u>	<u>(54,352)</u>

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

9 Taxation

(Continued)

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2023 £	2022 £
(Loss)/profit before taxation	(25,355)	197,884
<i>Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2022: 19.00%)</i>	(4,817)	37,598
Effect of expenses not deductible in determining taxable profit	1,693	(5,487)
Adjustment in respect of prior years	(44,174)	(29,077)
Effect of change in UK corporation tax rate	-	(744)
Group relief	3,712	-
Permanent capital allowances in excess of depreciation	523	597
Deferred tax adjustments in respect of prior years	(605)	(57,239)
Withholding taxes	4,247	-
Taxation credit for the year	(39,421)	(54,352)

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

10 Intangible fixed assets

	Website development £	Patents £	Total £
Cost			
At 31 March 2022	12,600	11,850	24,450
At 31 March 2023	12,600	11,850	11,850
Amortisation and impairment			
At 31 March 2022	12,600	11,779	24,379
Charge for the year	-	71	71
At 31 March 2023	12,600	11,850	11,850
Carrying amount			
At 31 March 2023	-	-	-
At 31 March 2022	-	71	71

11 Property, plant and equipment

	Leasehold buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2022	238,318	4,999	3,879	12,445	42,031	301,672
Additions	-	-	4,874	623	-	5,497
Disposals	-	-	-	(3,494)	(27,036)	(30,530)
At 31 March 2023	238,318	4,999	8,753	9,574	14,995	276,639
Accumulated depreciation and impairment						
At 1 April 2022	21,846	2,918	2,822	5,479	36,194	69,259
Charge for the year	23,832	1,000	1,022	3,515	5,837	35,206
Eliminated on disposal	-	-	-	(3,494)	(27,036)	(30,530)
At 31 March 2023	45,678	3,918	3,844	5,500	14,995	73,935
Carrying amount						
At 31 March 2023	192,640	1,081	4,909	4,074	-	202,704
At 31 March 2022	216,472	2,081	1,057	6,966	5,837	232,413

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

11 Property, plant and equipment

(Continued)

Included in property, plant and equipment are right-of-use assets as follows:

Right-of-use assets	Leasehold buildings	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Carrying amount at 1 April 2022	216,472	-	-	-	5,837	222,309
Additions		-	-	-	-	-
Disposals		-	-	-	-	-
Depreciation	(23,832)	-	-	-	(5,837)	(29,669)
Carrying amount at 31 March 2023	192,640	-	-	-	-	192,640

12 Investments

	Current 2023 £	2022 £	Non-current 2023 £	2022 £
Investments in subsidiaries	-	-	1,200	1,200

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Lake Image Systems Inc.	United States	Ordinary	100.00

14 Inventories

	2023 £	2022 £
Finished goods	864,879	728,864

The cost of inventories recognised as an expense includes £12,644 (2022: £19,698) in respect of write-down of inventory to the net realisable value.

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

15 Trade and other receivables

	2023 £	2022 £
Trade receivables	287,014	342,098
Provision for bad and doubtful debts	(10,615)	(5,325)
	<u>276,399</u>	<u>336,773</u>
Corporation tax recoverable	69,244	18,681
Amounts owed by fellow group undertakings	326,922	187,135
Other receivables	550	550
Prepayments and accrued income	62,764	82,985
	<u>735,879</u>	<u>626,124</u>
Deferred tax asset	2,316	3,215
	<u>738,195</u>	<u>629,339</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

16 Trade and other payables

	2023 £	2022 £
Trade payables	159,254	267,606
Amounts owed to fellow group undertakings	290,870	250,532
Accruals and deferred income	205,077	188,587
Other payables	795	795
	<u>655,996</u>	<u>707,520</u>

17 Lease liabilities

	2023 £	2022 £
Maturity analysis		
Within one year	25,000	30,706
In two to five years	100,000	100,000
In over five years	75,000	99,185
	<u>200,000</u>	<u>229,891</u>
Total undiscounted liabilities		
Future finance charges and other adjustments	(7,568)	(9,542)
	<u>192,432</u>	<u>220,349</u>
Lease liabilities in the financial statements		

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

17 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2023 £	2022 £
Current liabilities	23,269	27,918
Non-current liabilities	169,163	192,431
	<u>192,432</u>	<u>220,349</u>
	2023 £	2022 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>2,424</u>	<u>2,332</u>

Deferred tax assets are expected to be recovered within one year

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Other timing differences £
Liability at 1 April 2021	54,807
Deferred tax movements in prior year	
Charge/(credit) to profit or loss	(57,239)
Effect of change in tax rate - profit or loss	(744)
Other	(39)
	<u>(3,215)</u>
Asset at 1 April 2022	(3,215)
Deferred tax movements in current year	
Charge/(credit) to profit or loss	(605)
Effect of change in tax rate - profit or loss	1,504
	<u>(2,316)</u>
Asset at 31 March 2023	

Lake Image Systems Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

Deferred tax assets are expected to be recovered within one year

(Continued)

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

19 Deferred revenue

	2023 £	2022 £
Arising from maintenance contracts and stock to be delivered	87,278	291,946

20 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	54,269	37,353

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Authorised				
Ordinary shares of £1 each	600	600	600	600
Issued and fully paid				
Ordinary shares of £1 each	600	600	600	600

22 Capital redemption reserve

	2023 £	2022 £
At the beginning and end of the year	400	400

23 Controlling party

The company's immediate parent undertaking is Domino Printing Sciences Public Limited Company, which is registered in England and Wales and its registered address is Trafalgar Way, Bar Hill, Cambridge, Cambridgeshire, CB23 8TU.

The company's ultimate parent undertaking is Brother Industries Limited, a company incorporated in Japan and its registered address is 15-1 Naeshiro-cho, Mizuho-ku, Nagoya, 467-8561, Japan.