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COMPANY REGISTRATION NUMBER: 05286537

**Pico Technology (Holdings) Limited**  
**Consolidated Financial Statements**  
**For the year ended**  
**30 June 2020**

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**Pico Technology (Holdings) Limited**  
**Consolidated Financial Statements**  
**Year ended 30 June 2020**

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# **Pico Technology (Holdings) Limited**

## **Officers and Professional Advisers**

### **The board of directors**

A Tong  
Mrs C Tong  
G A Roderick (Retired 31 December 2019)  
M C Jones (Appointed 18 September 2019)

### **Company secretary**

Mrs J E A Percy

### **Registered office**

James House  
Colmworth Business Park  
Eaton Socon  
St Neots  
Cambridgeshire  
PE19 8PY

### **Auditor**

Streets Audit LLP  
Chartered accountants & statutory auditor  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

# **Pico Technology (Holdings) Limited**

## **Strategic Report**

**Year ended 30 June 2020**

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

The group specialises in the development and manufacture of PC oscilloscopes and data loggers.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover, net current assets and retained shareholders' funds.

Turnover has increased by 14% and cost of sales have increased by 12% whilst administrative costs have increased by 14%. At 30 June 2020 the group had generated a pre tax profit of £4.1m (2019 £3.3m) and had net assets of £20.1m (2019 £16.8m).

The group is looking to achieve continued turnover growth during the forthcoming year. Employee numbers grew again, and we have a good record of staff retention, helped by a generous pay structure and wide ranging staff benefits. We foster strong relationships with customers and suppliers, and where possible, we seek to place business with local companies. The company has achieved ISO 14001 accreditation, and is continually monitoring its progress.

The risks and uncertainties facing the group at this time arise as follows:

1. The continued impact of "Brexit".
2. The impact of the Covid pandemic on the worldwide automotive industry from which a significant proportion of the company's turnover is derived.
3. The future effect of the expansion of the Chinese manufacturing industry.

The group's principal financial instruments comprise cash deposits and items such as trade debtors and creditors that arise directly from its operations. The main purpose of these instruments is to provide working capital. The existence of these financial instruments exposes the company to a number of financial risks.

1. Irrecoverable debts from customers. This may cause problems with cash-flow as well as profitability. The group manages debt collection closely to ensure that any risk in this area is mitigated.
2. Fluctuations in foreign exchange rates. The group trades in a number of currencies and so is exposed to the daily changes in the relative rates of those currencies. However, we do try to minimise exposure wherever possible.
3. Reduction in demand. The group operates through a number of distributors worldwide and record and compares the pattern of orders received. This enables us to assess, with a degree of accuracy, the short term effects of changes in demand.

The group monitors its financial affairs with particular attention to gross margins by product. Management accounting information covering all areas of the business is reviewed on a regular basis.

# **Pico Technology (Holdings) Limited**

## **Strategic Report** *(continued)*

**Year ended 30 June 2020**

This report was approved by the board of directors on 22 December 2020 and signed on behalf of the board by:



Mrs J E A Percy  
Company Secretary

# **Pico Technology (Holdings) Limited**

## **Directors' Report**

**Year ended 30 June 2020**

The directors present their report and the Consolidated Financial Statements of the group for the year ended 30 June 2020.

### **Directors**

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

A Tong	
Mrs C Tong	
M C Jones	(Appointed 18 September 2019)
G A Roderick	(Retired 31 December 2019)

### **Dividends**

Particulars of recommended dividends are detailed in note 13 to the Consolidated Financial Statements.

### **Research and development**

The group carries out research and development activities in order to enhance its product range and to establish developments in technology that will enable it to design new product and processes within its core market. Research and development expenditure by the group in the year amounted to £477,501 (2019 - £957,091).

### **Disclosure of information in the strategic report**

The group has chosen to set out in the strategic report information about the future developments of the group and the financial instruments.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Consolidated Financial Statements for each financial year. Under that law the directors have elected to prepare the Consolidated 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 Consolidated Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these Consolidated 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 Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# **Pico Technology (Holdings) Limited**

## **Directors' Report** *(continued)*

**Year ended 30 June 2020**

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 Consolidated 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 group and 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 group and the company's auditor is aware of that information.

This report was approved by the board of directors on 22 December 2020 and signed on behalf of the board by:



Mrs J E A Percy  
Company Secretary

# **Pico Technology (Holdings) Limited**

## **Independent Auditor's Report to the Members of Pico Technology (Holdings) Limited**

**Year ended 30 June 2020**

### **Opinion**

We have audited the Consolidated Financial Statements of Pico Technology (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated 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 Consolidated Financial Statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of the group's profit for the year 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 consolidated financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the Consolidated 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 Consolidated Financial Statements is not appropriate; or
- the directors have not disclosed in the Consolidated Financial Statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 Consolidated Financial Statements are authorised for issue.



# **Pico Technology (Holdings) Limited**

## **Independent Auditor's Report to the Members of Pico Technology (Holdings) Limited** *(continued)*

**Year ended 30 June 2020**

### **Other information**

The other information comprises the information included in the annual report, other than the Consolidated Financial Statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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 Consolidated 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 year for which the Consolidated Financial Statements are prepared is consistent with the Consolidated 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 group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company Consolidated 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.

## **Pico Technology (Holdings) Limited**

### **Independent Auditor's Report to the Members of Pico Technology (Holdings) Limited *(continued)***

**Year ended 30 June 2020**

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Consolidated 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 Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated Financial Statements.

## **Pico Technology (Holdings) Limited**

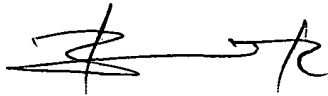
### **Independent Auditor's Report to the Members of Pico Technology (Holdings) Limited *(continued)***

**Year ended 30 June 2020**

A further description of our responsibilities for the audit of the Consolidated Financial Statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **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.



Benjamin Halstead (Senior Statutory Auditor)

For and on behalf of  
Streets Audit LLP  
Chartered accountants & statutory auditor  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

22 December 2020

**Pico Technology (Holdings) Limited**  
**Consolidated Statement of Comprehensive Income**  
**Year ended 30 June 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	<b>5</b>	<b>24,441,440</b>	21,466,881
Cost of sales		<u>12,065,636</u>	<u>10,795,281</u>
<b>Gross profit</b>		<b>12,375,804</b>	10,671,600
Administrative expenses		8,596,739	7,566,097
Other operating income	6	<u>247,873</u>	<u>85,850</u>
<b>Operating profit</b>	7	<b>4,026,938</b>	3,191,353
Other interest receivable and similar income	11	<u>52,013</u>	<u>88,780</u>
<b>Profit before taxation</b>		<b>4,078,951</b>	3,280,133
Tax on profit	12	<u>623,912</u>	<u>530,099</u>
<b>Profit for the financial year</b>		<b>3,455,039</b>	2,750,034
Foreign currency retranslation		<u>89,692</u>	<u>121,341</u>
<b>Total comprehensive income for the year</b>		<b>3,544,731</b>	2,871,375
Profit for the financial year attributable to:			
The owners of the parent company		3,011,630	2,413,747
Non-controlling interests		<u>443,409</u>	<u>336,287</u>
		<b>3,455,039</b>	2,750,034
Total comprehensive income for the year attributable to:			
The owners of the parent company		3,101,322	2,535,088
Non-controlling interests		<u>443,409</u>	<u>336,287</u>
		<b>3,544,731</b>	2,871,375

All the activities of the group are from continuing operations.

The notes on pages 18 to 33 form part of these Consolidated Financial Statements.

**Pico Technology (Holdings) Limited**  
**Consolidated Statement of Financial Position**

**30 June 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	14	8,742	20,997
Tangible assets	15	4,638,949	4,301,618
Investments	16	455	449
		<u>4,648,146</u>	<u>4,323,064</u>
<b>Current assets</b>			
Stocks	17	5,701,756	4,601,017
Debtors	18	3,701,269	4,353,584
Cash at bank and in hand		8,375,139	5,587,087
		<u>17,778,164</u>	<u>14,541,688</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>2,315,781</u>	<u>2,093,439</u>
<b>Net current assets</b>		<u>15,462,383</u>	<u>12,448,249</u>
<b>Total assets less current liabilities</b>		<u>20,110,529</u>	<u>16,771,313</u>
<b>Provisions</b>			
Taxation including deferred tax	20	13,466	11,068
<b>Net assets</b>		<u>20,097,063</u>	<u>16,782,381</u>
<b>Capital and reserves</b>			
Called up share capital	25	1,000	1,000
Share premium account	26	99,000	99,000
Revaluation reserve	26	121,059	121,059
Other reserves, including the fair value reserve	26	576	576
Profit and loss account	26	18,458,756	15,407,434
<b>Equity attributable to the owners of the parent company</b>		<u>18,680,391</u>	<u>15,629,069</u>
<b>Non-controlling interests</b>		<u>1,416,672</u>	<u>1,153,312</u>
		<u>20,097,063</u>	<u>16,782,381</u>

The consolidated statement of financial position  
continues on the following page.

The notes on pages 18 to 33 form part of these Consolidated Financial Statements.

# **Pico Technology (Holdings) Limited**

## **Consolidated Statement of Financial Position** *(continued)*

**30 June 2020**

These Consolidated Financial Statements were approved by the board of directors and authorised for issue on 22 December 2020, and are signed on behalf of the board by:

A Tong  
Director



Company registration number: 05286537

The notes on pages 18 to 33 form part of these Consolidated Financial Statements.

# Pico Technology (Holdings) Limited

## Company Statement of Financial Position

30 June 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	15	3,668,274	3,705,969
Investments	16	<u>916,722</u>	<u>916,722</u>
		<b>4,584,996</b>	<b>4,622,691</b>
<b>Current assets</b>			
Debtors	18	320,962	1,298,641
Cash at bank and in hand		<u>1,809,084</u>	<u>813,513</u>
		<b>2,130,046</b>	<b>2,112,154</b>
<b>Creditors: amounts falling due within one year</b>	19	<u>647,120</u>	<u>884,173</u>
<b>Net current assets</b>		<b>1,482,926</b>	<b>1,227,981</b>
<b>Total assets less current liabilities</b>		<b>6,067,922</b>	<b>5,850,672</b>
<b>Provisions</b>			
Taxation including deferred tax	20	<u>13,528</u>	<u>12,104</u>
<b>Net assets</b>		<b><u>6,054,394</u></b>	<b><u>5,838,568</u></b>
<b>Capital and reserves</b>			
Called up share capital	25	1,000	1,000
Share premium account	26	99,000	99,000
Revaluation reserve	26	121,059	121,059
Profit and loss account	26	<u>5,833,335</u>	<u>5,617,509</u>
<b>Shareholders funds</b>		<b><u>6,054,394</u></b>	<b><u>5,838,568</u></b>

The profit for the financial year of the parent company was £265,826 (2019: £686,082).

These Consolidated Financial Statements were approved by the board of directors and authorised for issue on 22 December 2020, and are signed on behalf of the board by:



A Tong  
Director

Company registration number: 05286537

The notes on pages 18 to 33 form part of these Consolidated Financial Statements.

**Pico Technology (Holdings) Limited**  
**Consolidated Statement of Changes in Equity**  
**Year ended 30 June 2020**

	Called up share capital £	Share premium account £	Reval- uation reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	Equity attributabl e to the owners of the parent company £	Non-contro lling interests £	Total £
<b>At 1 July 2018</b>	1,000	99,000	121,059	576	13,372,346	13,593,981	949,136	14,543,117
Profit for the year					2,413,747	2,413,747	336,287	2,750,034
Other comprehensive income for the year:								
Foreign currency retranslation	-	-	-	-	121,341	121,341	-	121,341
<b>Total comprehensive income for the year</b>	-	-	-	-	2,535,088	2,535,088	336,287	2,871,375
Dividends paid and payable	13	-	-	-	(500,000)	(500,000)	(132,111)	(632,111)
<b>Total investments by and distributions to owners</b>	-	-	-	-	(500,000)	(500,000)	(132,111)	(632,111)
<b>At 30 June 2019</b>	1,000	99,000	121,059	576	15,407,434	15,629,069	1,153,312	16,782,381

The consolidated statement of changes in equity  
continues on the following page.  
The notes on pages 18 to 33 form part of these Consolidated Financial Statements.



**Pico Technology (Holdings) Limited**  
**Consolidated Statement of Changes in Equity** *(continued)*  
**Year ended 30 June 2020**

	Called up share capital £	Share premium account £	Reval- uation reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non-contro- lling interests £	Total £
Profit for the year					3,011,630	3,011,630	443,409	3,455,039
Other comprehensive income for the year:								
Foreign currency retranslation	-	-	-	-	89,692	89,692	-	89,692
<b>Total comprehensive income for the year</b>	-	-	-	-	3,101,322	3,101,322	443,409	3,544,731
Dividends paid and payable	13	-	-	-	(50,000)	(50,000)	(180,049)	(230,049)
<b>Total investments by and distributions to owners</b>	-	-	-	-	(50,000)	(50,000)	(180,049)	(230,049)
<b>At 30 June 2020</b>	<u>1,000</u>	<u>99,000</u>	<u>121,059</u>	<u>576</u>	<u>18,458,756</u>	<u>18,680,391</u>	<u>1,416,672</u>	<u>20,097,063</u>

The notes on pages 18 to 33 form part of these Consolidated Financial Statements.

**Pico Technology (Holdings) Limited**

**Company Statement of Changes in Equity**

**Year ended 30 June 2020**

		Called up share capital £	Share premium account £	Revaluatio n reserve £	Profit and loss account £	Total £
<b>At 1 July 2018</b>		1,000	99,000	121,059	5,431,427	5,652,486
Profit for the year					686,082	686,082
<b>Total comprehensive income for the year</b>					686,082	686,082
Dividends paid and payable	13				(500,000)	(500,000)
<b>Total investments by and distributions to owners</b>					(500,000)	(500,000)
<b>At 30 June 2019</b>		1,000	99,000	121,059	5,617,509	5,838,568
Profit for the year					265,826	265,826
<b>Total comprehensive income for the year</b>					265,826	265,826
Dividends paid and payable	13				(50,000)	(50,000)
<b>Total investments by and distributions to owners</b>					(50,000)	(50,000)
<b>At 30 June 2020</b>		1,000	99,000	121,059	5,833,335	6,054,394

The notes on pages 18 to 33 form part of these Consolidated Financial Statements.

# Pico Technology (Holdings) Limited

## Consolidated Statement of Cash Flows

Year ended 30 June 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	3,455,039	2,750,034
<i>Adjustments for:</i>		
Depreciation of tangible assets	260,599	208,547
Amortisation of intangible assets	12,255	12,255
Government grant income	(247,873)	(85,850)
Other interest receivable and similar income	(52,013)	(88,780)
Gains on disposal of tangible assets	–	(18,000)
Tax on profit	623,912	530,099
Accrued expenses	199,664	17,666
<i>Changes in:</i>		
Stocks	(1,100,739)	(1,610,418)
Trade and other debtors	652,315	(776,663)
Trade and other creditors	336,602	(147,732)
Cash generated from operations	4,139,761	791,158
Interest received	52,013	88,780
Tax paid	(431,628)	(509,140)
Net cash from operating activities	<u>3,760,146</u>	<u>370,798</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(583,297)	(326,442)
Proceeds from sale of tangible assets	1,174	18,000
Net cash used in investing activities	<u>(582,123)</u>	<u>(308,442)</u>
<b>Cash flows from financing activities</b>		
Loan repayments	(481,968)	459,463
Government grant income	247,873	85,850
Non cash adjustment for foreign exchange on consolidation	74,173	99,091
Dividends paid	(230,049)	(632,111)
Net cash (used in)/from financing activities	<u>(389,971)</u>	<u>12,293</u>
<b>Net increase in cash and cash equivalents</b>	2,788,052	74,649
<b>Cash and cash equivalents at beginning of year</b>	5,587,087	5,512,438
<b>Cash and cash equivalents at end of year</b>	<u>8,375,139</u>	<u>5,587,087</u>

The notes on pages 18 to 33 form part of these Consolidated Financial Statements.

**Pico Technology (Holdings) Limited**  
**Notes to the Consolidated Financial Statements**  
**Year ended 30 June 2020**

**1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is James House, Colmworth Business Park, Eaton Socon, St Neots, Cambridgeshire, PE19 8PY.

**2. Statement of compliance**

These Consolidated Financial Statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. Group and company information**

Pico Technology (Holdings) Limited is a Limited company, incorporated in England and Wales. The registered office is the principal place of business for its subsidiary company Pico Technology Limited. The principal activity of the company during the year was that of a holding company and the principal activity of its subsidiary companies was that of software development and manufacture of software and electrical products.

The business activities of the group, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the group, the group objectives, policies and processes for managing its exposure to financial risks.

**4. Accounting policies**

**Basis of preparation**

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

**Consolidation**

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

# **Pico Technology (Holdings) Limited**

## **Notes to the Consolidated Financial Statements** *(continued)*

**Year ended 30 June 2020**

### **4. Accounting policies** *(continued)*

#### **Non-controlling interests**

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as disclosed in the accounting policies.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as disclosed in the accounting policies and below.

##### **1 Depreciation charge**

The annual depreciation charge for each class of tangible fixed asset is based on an estimate of the useful economic life of the respective assets. This is reviewed periodically by the directors to ensure that they reflect both the external and internal factors.

##### **2 Stock provision**

Stock and work in progress are stated net of a provision for slow moving and obsolete stock. The directors review this provision periodically to ensure slow moving and obsolete stock is identified and the provisions are appropriately calculated.

# **Pico Technology (Holdings) Limited**

## **Notes to the Consolidated Financial Statements** *(continued)*

**Year ended 30 June 2020**

### **4. Accounting policies** *(continued)*

#### **Revenue recognition**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods 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.

#### **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.

Deferred tax is recognised in respect of all material 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.

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.

#### **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.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

# **Pico Technology (Holdings) Limited**

## **Notes to the Consolidated Financial Statements *(continued)***

**Year ended 30 June 2020**

### **4. Accounting policies *(continued)***

#### **Goodwill**

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

#### **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 on consolidation - 10% straight line

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. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### **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	- Land 0%, buildings 2.5% per annum straight line
Plant and machinery	- 20% reducing balance
Fixtures and fittings	- 20% reducing balance or 33% straight line
Motor Vehicles	- 25% straight line

# **Pico Technology (Holdings) Limited**

## **Notes to the Consolidated Financial Statements** *(continued)*

**Year ended 30 June 2020**

### **4. Accounting policies** *(continued)*

#### **Investments**

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

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is computed on a first in first out basis.

#### **Government grants**

Other operating income relates to research and development grant income receivable in the year of £165,596 and CJRS income of £82,277.

#### **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.

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.



# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2020

### 4. 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.

### 5. Turnover

Turnover arises from:

	2020 £	2019 £
Sale of goods	<u>24,441,440</u>	<u>21,466,881</u>

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020 £	2019 £
United Kingdom	4,576,103	5,031,173
Europe	8,452,951	6,562,106
Rest of the World	<u>11,412,386</u>	<u>9,873,602</u>
	<u>24,441,440</u>	<u>21,466,881</u>

### 6. Other operating income

	2020 £	2019 £
Government grant income	<u>247,873</u>	<u>85,850</u>

Other operating income relates to research and development grant income receivable in the year of £165,596 and CJRS income of £82,277.

### 7. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020 £	2019 £
Amortisation of intangible assets	12,255	12,255
Depreciation of tangible assets	260,599	208,547
Gains on disposal of tangible assets	—	(18,000)
Impairment of trade debtors	53,510	2,886
Foreign exchange differences	<u>(889,770)</u>	<u>(651,239)</u>

# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2020

### 8. Auditor's remuneration

	2020 £	2019 £
Fees payable for the audit of the consolidated financial statements	<u>13,450</u>	<u>13,300</u>
Fees payable to the company's auditor and its associates for other services: Other non-audit services	<u>13,950</u>	<u>11,590</u>

### 9. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2020 No.	2019 No.
Administrative staff	17	16
Directors	3	3
Sales, marketing and distribution	34	35
Production and purchasing	25	22
Development	70	56
Technical support	12	13
	<u>161</u>	<u>145</u>

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

	2020 £	2019 £
Wages and salaries	7,563,141	5,870,590
Social security costs	577,250	483,141
Other pension costs	527,215	434,351
	<u>8,667,606</u>	<u>6,788,082</u>

### 10. Directors' remuneration

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

	2020 £	2019 £
Remuneration	174,707	144,098
Company contributions to defined contribution pension plans	2,107	20,000
	<u>176,814</u>	<u>164,098</u>

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

	2020 No.	2019 No.
Defined contribution plans	<u>3</u>	<u>2</u>

# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2020

### 10. Directors' remuneration *(continued)*

G A Roderick, a director of the company, received fees from a subsidiary company for consultancy services. The total chargeable for the year was £22,774 (2019 - £42,145). At the year end G A Roderick was owed £Nil (2019 - £672) by the group.

### 11. Other interest receivable and similar income

	2020 £	2019 £
Interest on loans and receivables	23,079	58,574
Interest on cash and cash equivalents	24,982	26,617
Interest on bank deposits	3,952	3,589
	<u>52,013</u>	<u>88,780</u>

### 12. Tax on profit

#### Major components of tax expense

	2020 £	2019 £
<b>Current tax:</b>		
UK current tax expense	276,412	277,248
Adjustments in respect of prior periods	—	54,909
Total UK current tax	<u>276,412</u>	<u>332,157</u>
Foreign current tax expense	317,816	165,687
Adjustments in respect of prior periods	5,444	11,296
Total foreign tax	<u>323,260</u>	<u>176,983</u>
Total current tax	<u>599,672</u>	<u>509,140</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	24,240	20,959
<b>Tax on profit</b>	<u>623,912</u>	<u>530,099</u>

# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2020

### 12. Tax on profit *(continued)*

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	<u>4,078,951</u>	<u>3,280,133</u>
Profit on ordinary activities by rate of tax	775,001	623,406
Adjustment to tax charge in respect of prior periods	5,444	54,909
Effect of expenses not deductible for tax purposes	3,547	9,937
Effect of capital allowances and depreciation	17,497	(450)
Enhanced research and development relief	(182,453)	(163,233)
Patent box claim	(27,161)	(26,658)
Other items including adjustments as a result of consolidation	612	1,877
Adjustments due to tax rates in other countries	<u>31,425</u>	<u>30,311</u>
Tax on profit	<u>623,912</u>	<u>530,099</u>

### 13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2020 £	2019 £
Equity dividends on ordinary shares	<u>50,000</u>	<u>500,000</u>

### 14. Intangible assets

Group	Goodwill £
<b>Cost</b>	
At 1 July 2019 and 30 June 2020	<u>122,557</u>
<b>Amortisation</b>	
At 1 July 2019	101,560
Charge for the year	<u>12,255</u>
At 30 June 2020	<u>113,815</u>
<b>Carrying amount</b>	
At 30 June 2020	<u>8,742</u>
At 30 June 2019	<u>20,997</u>

The company has no intangible assets.

# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2020

### 15. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Investment property £	Total £
<b>Cost</b>						
At 1 Jul 2019	2,531,987	428,694	975,684	135,507	1,943,572	<b>6,015,444</b>
Additions	330,231	151,650	49,526	51,890	–	<b>583,297</b>
Disposals	–	–	(2,316)	–	–	<b>(2,316)</b>
Other movements	15,523	5,361	4,458	732	–	<b>26,074</b>
<b>At 30 Jun 2020</b>	<b>2,877,741</b>	<b>585,705</b>	<b>1,027,352</b>	<b>188,129</b>	<b>1,943,572</b>	<b>6,622,499</b>
<b>Depreciation</b>						
At 1 Jul 2019	577,276	337,832	694,538	104,180	–	<b>1,713,826</b>
Charge for the year	79,631	46,403	112,584	21,981	–	<b>260,599</b>
Disposals	–	–	(1,142)	–	–	<b>(1,142)</b>
Other movements	2,622	4,117	3,321	207	–	<b>10,267</b>
<b>At 30 Jun 2020</b>	<b>659,529</b>	<b>388,352</b>	<b>809,301</b>	<b>126,368</b>	<b>–</b>	<b>1,983,550</b>
<b>Carrying amount</b>						
<b>At 30 Jun 2020</b>	<b>2,218,212</b>	<b>197,353</b>	<b>218,051</b>	<b>61,761</b>	<b>1,943,572</b>	<b>4,638,949</b>
At 30 Jun 2019	1,954,711	90,862	281,146	31,327	1,943,572	4,301,618

# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2020

### 15. Tangible assets *(continued)*

Company	Long leasehold property £	Plant and machinery £	Investment property £	Total £
<b>Cost</b>				
At 1 July 2019	1,868,965	15,000	1,943,572	3,827,537
Additions	5,504	—	—	5,504
<b>At 30 June 2020</b>	<b>1,874,469</b>	<b>15,000</b>	<b>1,943,572</b>	<b>3,833,041</b>
<b>Depreciation</b>				
At 1 July 2019	121,568	—	—	121,568
Charge for the year	43,199	—	—	43,199
<b>At 30 June 2020</b>	<b>164,767</b>	<b>—</b>	<b>—</b>	<b>164,767</b>
<b>Carrying amount</b>				
<b>At 30 June 2020</b>	<b>1,709,702</b>	<b>15,000</b>	<b>1,943,572</b>	<b>3,668,274</b>
At 30 June 2019	1,747,397	15,000	1,943,572	3,705,969

Included in Land and buildings is land totalling £37,718 (2019 - £37,718) which is not subject to depreciation.

The group and company hold investment properties in Southwold, Horning and the Peak District which have been made available to all UK group employees as holiday accommodation. The group and company also hold further investment property. The investment properties have been valued by the directors at open market value.

### 16. Investments

Group	Other investment s £
<b>Cost</b>	
At 1 July 2019	449
Revaluations	6
<b>At 30 June 2020</b>	<b>455</b>
<b>Impairment</b>	
At 1 July 2019 and 30 June 2020	—

# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2020

### 16. Investments *(continued)*

Group	Other investment s £
Carrying amount	
At 30 June 2020	455
At 30 June 2019	449
Company	Shares in group undertaking s £
Cost	
At 1 July 2019 and 30 June 2020	916,722
Impairment	
At 1 July 2019 and 30 June 2020	-
Carrying amount	
At 1 July 2019 and 30 June 2020	916,722
At 30 June 2019	916,722

### Subsidiaries

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Pico Technology Limited	Ordinary	100
Pico North America Holdings Inc.	Ordinary	100
Pico North America Inc.	Ordinary	65
Eltesta	Ordinary	50
Pico Gmbh	Ordinary	100

# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements (continued)

Year ended 30 June 2020

### 17. Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials and consumables	1,398,334	990,419	–	–
Work in progress	1,869,908	1,151,533	–	–
Finished goods and goods for resale	2,433,514	2,459,065	–	–
	<u>5,701,756</u>	<u>4,601,017</u>	<u>–</u>	<u>–</u>

### 18. Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	2,919,879	2,690,009	–	–
Amounts owed by group undertakings	–	–	290,221	303,956
Prepayments and accrued income	301,693	205,734	–	–
Corporation tax repayable	–	155,211	–	–
Directors loan account	18,032	–	18,032	–
Other debtors	461,665	1,302,630	12,709	994,685
	<u>3,701,269</u>	<u>4,353,584</u>	<u>320,962</u>	<u>1,298,641</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts owed by group undertakings	–	–	175,537	189,831

### 19. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	978,134	725,298	–	–
Amounts owed to group undertakings	–	–	636,560	384,276
Accruals and deferred income	879,976	680,312	560	7,929
Corporation tax	168,044	–	10,000	10,000
Social security and other taxes	175,261	165,822	–	–
Director loan accounts	–	481,968	–	481,968
Other creditors	114,366	40,039	–	–
	<u>2,315,781</u>	<u>2,093,439</u>	<u>647,120</u>	<u>884,173</u>



# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements (continued)

Year ended 30 June 2020

### 20. Provisions

Group	Deferred tax (note 21) £
At 1 July 2019	(11,068)
Additions	27,514
Charge against provision	(2,980)
<b>At 30 June 2020</b>	<b>13,466</b>
<b>Company</b>	<b>Deferred tax (note 21) £</b>
At 1 July 2019	12,104
Additions	1,424
<b>At 30 June 2020</b>	<b>13,528</b>

### 21. Deferred tax

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

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Included in provisions (note 20)	<u>13,466</u>	<u>(11,068)</u>	<u>13,528</u>	<u>12,104</u>

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

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Accelerated capital allowances	82,842	50,168	-	-
Fair value adjustment of investment property	13,528	12,104	13,528	12,104
Pension plan obligations	(8,496)	(6,806)	-	-
Profit on inter-group stock	<u>(74,408)</u>	<u>(66,534)</u>	<u>-</u>	<u>-</u>
	<u>13,466</u>	<u>(11,068)</u>	<u>13,528</u>	<u>12,104</u>

### 22. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £525,108 (2019: £414,191).

# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2020

### 23. Key management personnel

The total compensation paid to key management personnel in the year was £267,528 (2019 - £258,964).

### 24. Government grants

The amounts recognised in the Consolidated Financial Statements for government grants are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>247,873</u>	<u>85,850</u>	<u>-</u>	<u>-</u>

### 25. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 26. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

### 27. Analysis of changes in net debt

	At 1 Jul 2019	Cash flows	At 30 Jun 2020
	£	£	£
Cash at bank and in hand	5,587,087	2,788,052	<u>8,375,139</u>
Debt due within one year	(481,968)	481,968	<u>-</u>
	<u>5,105,119</u>	<u>3,270,020</u>	<u>8,375,139</u>

# Pico Technology (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2020

### 28. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	113,667	18,667	–	–
Later than 1 year and not later than 5 years	399,767	–	–	–
Later than 5 years	404,658	–	–	–
	<u>918,092</u>	<u>18,667</u>	<u>–</u>	<u>–</u>

### 29. Directors' advances, credits and guarantees

The directors have a loan account with the company, at the start of the year the company owed the directors £481,968. This was repaid during the year and expenses were paid on behalf of the directors. At the end of the year the directors owed the company £18,032. No interest is charged on the loan and the amount is repayable on demand.

### 30. Related party transactions

#### Company

The group was under the control of A Tong throughout the current and previous year. A Tong is the managing director and majority shareholder.

The group has taken advantage of the exemption available under Financial Reporting Standard 102 not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.