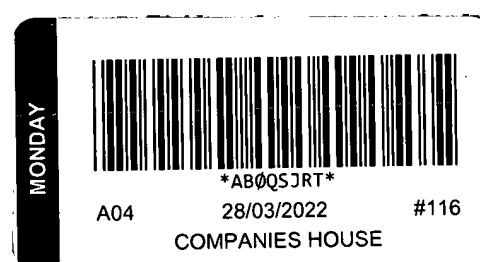


Pico Technology (Holdings) Limited
Consolidated Financial Statements
For the year ended
30 June 2021



Pico Technology (Holdings) Limited

Consolidated Financial Statements

Year ended 30 June 2021

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Pico Technology (Holdings) Limited

Officers and Professional Advisers

The board of directors

A Tong
Mrs C Tong
M C Jones

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 2021

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 27% and cost of sales have increased by 24% whilst administrative costs have increased by 3%. At 30 June 2021 the group had generated a pre tax profit of £7.3m (2020 £4.1m) and had net assets of £23.6m (2020 £20.1m).

The group is looking to achieve continued turnover growth during the forthcoming year although the impact of the component shortage crisis may prevent this. 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 both ISO 9001 and 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 the Covid pandemic across the group affecting both turnover but also the ability to produce products profitably due to component shortages and market pricing of these components.
2. 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 company manages debt collection closely to ensure that any risk in this area is mitigated.
2. Fluctuations in foreign exchange rates. The company 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. In reality in 2020/21, positive gains in exchanging to sterling were achieved.
3. Reduction in demand. The company operates through a number of distributors worldwide and record and compare the pattern of orders received. This enables them to assess, with a reasonable degree of accuracy the short term effects of changes in demand.

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 2021

This report was approved by the board of directors on 24/3/2022 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 2021

The directors present their report and the Consolidated Financial Statements of the group for the year ended 30 June 2021.

Directors

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

A Tong
Mrs C Tong
M C Jones

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 £477,740 (2020 - £477,501).

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 2021

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 on24/3/2022.... 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 2021

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 2021 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 2021 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

In auditing the Consolidated Financial Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Consolidated 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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the Consolidated 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.

Pico Technology (Holdings) Limited

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

Year ended 30 June 2021

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 2021

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.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Pico Technology (Holdings) Limited

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

Year ended 30 June 2021

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Pico Technology (Holdings) Limited

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

Year ended 30 June 2021

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. This description forms part of our auditor's report.

Use of our report

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
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Pico Technology (Holdings) Limited

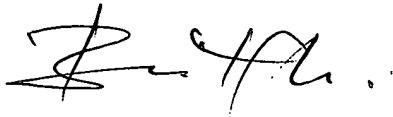
Independent Auditor's Report to the Members of Pico Technology (Holdings) Limited *(continued)*

Year ended 30 June 2021

- enquiring of management as to actual and potential litigation and claims and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.



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

24/3/2022

Pico Technology (Holdings) Limited
Consolidated Statement of Comprehensive Income
Year ended 30 June 2021

	Note	2021 £	2020 £
Turnover	5	30,754,154	24,441,440
Cost of sales		<u>14,759,366</u>	12,065,636
Gross profit		15,994,788	12,375,804
Administrative expenses		8,837,230	8,596,739
Other operating income	6	<u>96,984</u>	247,873
Operating profit	7	7,254,542	4,026,938
Other interest receivable and similar income	11	<u>10,486</u>	52,013
Profit before taxation		7,265,028	4,078,951
Tax on profit	12	<u>1,164,488</u>	623,912
Profit for the financial year		<u>6,100,540</u>	<u>3,455,039</u>
Foreign currency retranslation		<u>(1,097,346)</u>	89,692
Total comprehensive income for the year		<u>5,003,194</u>	<u>3,544,731</u>
Profit for the financial year attributable to:			
The owners of the parent company		<u>5,694,476</u>	3,011,630
Non-controlling interests		<u>406,064</u>	443,409
		<u>6,100,540</u>	<u>3,455,039</u>
Total comprehensive income for the year attributable to:			
The owners of the parent company		<u>4,597,130</u>	3,101,322
Non-controlling interests		<u>406,064</u>	443,409
		<u>5,003,194</u>	<u>3,544,731</u>

All the activities of the group are from continuing operations.

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited
Consolidated Statement of Financial Position
30 June 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	–	8,742
Tangible assets	15	4,888,432	4,638,949
Investments	16	432	455
		<u>4,888,864</u>	<u>4,648,146</u>
Current assets			
Stocks	17	5,506,280	5,701,756
Debtors	18	3,230,189	3,701,269
Cash at bank and in hand		13,427,492	8,375,139
		<u>22,163,961</u>	<u>17,778,164</u>
Creditors: amounts falling due within one year	19	<u>3,334,056</u>	<u>2,315,781</u>
Net current assets		<u>18,829,905</u>	<u>15,462,383</u>
Total assets less current liabilities		<u>23,718,769</u>	<u>20,110,529</u>
Provisions			
Taxation including deferred tax	20	135,484	13,466
Net assets		<u>23,583,285</u>	<u>20,097,063</u>
Capital and reserves			
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	21,705,886	18,458,756
Equity attributable to the owners of the parent company		<u>21,927,521</u>	<u>18,680,391</u>
Non-controlling interests		<u>1,655,764</u>	<u>1,416,672</u>
		<u>23,583,285</u>	<u>20,097,063</u>

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

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited

Consolidated Statement of Financial Position *(continued)*

30 June 2021

These Consolidated Financial Statements were approved by the board of directors and authorised for issue on 24/3/2022, and are signed on behalf of the board by:

A Tong
Director



Company registration number: 05286537

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited

Company Statement of Financial Position

30 June 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	15	3,624,826	3,668,274
Investments	16	916,722	916,722
		<u>4,541,548</u>	<u>4,584,996</u>
Current assets			
Debtors	18	283,402	320,962
Cash at bank and in hand		1,810,019	1,809,084
		<u>2,093,421</u>	<u>2,130,046</u>
Creditors: amounts falling due within one year	19	<u>329,594</u>	<u>647,120</u>
Net current assets		<u>1,763,827</u>	<u>1,482,926</u>
Total assets less current liabilities		<u>6,305,375</u>	<u>6,067,922</u>
Provisions			
Taxation including deferred tax	20	17,800	13,528
Net assets		<u>6,287,575</u>	<u>6,054,394</u>
Capital and reserves			
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	6,066,516	5,833,335
Shareholders funds		<u>6,287,575</u>	<u>6,054,394</u>

The profit for the financial year of the parent company was £1,583,181 (2020: £265,826).

These Consolidated Financial Statements were approved by the board of directors and authorised for issue on 24/3/2022, and are signed on behalf of the board by:

A Tong
Director

Company registration number: 05286537

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited
Consolidated Statement of Changes in Equity
Year ended 30 June 2021

	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-controlling interests £	Total £
At 1 July 2019	1,000	99,000	121,059	576	15,407,434	15,629,069	1,153,312	16,782,381
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
Total comprehensive income for the year	—	—	—	—	3,101,322	3,101,322	443,409	3,544,731
Dividends paid and payable 13	—	—	—	—	(50,000)	(50,000)	(180,049)	(230,049)
Total investments by and distributions to owners	—	—	—	—	(50,000)	(50,000)	(180,049)	(230,049)
At 30 June 2020	1,000	99,000	121,059	576	18,458,756	18,680,391	1,416,672	20,097,063

The consolidated statement of changes in equity
continues on the following page.
The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited
Consolidated Statement of Changes in Equity *(continued)*
Year ended 30 June 2021

	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-controlling interests £	Total £
Profit for the year					5,694,476	5,694,476	406,064	6,100,540
Other comprehensive income for the year:								
Foreign currency retranslation	—	—	—	—	(1,097,346)	(1,097,346)	—	(1,097,346)
Total comprehensive income for the year	—	—	—	—	4,597,130	4,597,130	406,064	5,003,194
Dividends paid and payable	13	—	—	—	(1,350,000)	(1,350,000)	(166,972)	(1,516,972)
Total investments by and distributions to owners	—	—	—	—	(1,350,000)	(1,350,000)	(166,972)	(1,516,972)
At 30 June 2021	<u>1,000</u>	<u>99,000</u>	<u>121,059</u>	<u>—</u>	<u>57 21,705,886</u>	<u>21,927,521</u>	<u>1,655,764</u>	<u>23,583,285</u>

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited

Company Statement of Changes in Equity

Year ended 30 June 2021

	Called up share capital £ 1,000	Share premium account £ 99,000	Revaluatio n reserve £ 121,059	Profit and loss account £ 5,617,509	Total £ 5,838,568
At 1 July 2019					
Profit for the year				265,826	265,826
Total comprehensive income for the year				265,826	265,826
Dividends paid and payable	13			(50,000)	(50,000)
Total investments by and distributions to owners				(50,000)	(50,000)
At 30 June 2020	1,000	99,000	121,059	5,833,335	6,054,394
Profit for the year				1,583,181	1,583,181
Total comprehensive income for the year				1,583,181	1,583,181
Dividends paid and payable	13			(1,350,000)	(1,350,000)
Total investments by and distributions to owners				(1,350,000)	(1,350,000)
At 30 June 2021	<u>1,000</u>	<u>99,000</u>	<u>121,059</u>	<u>6,066,516</u>	<u>6,287,575</u>

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited

Consolidated Statement of Cash Flows

Year ended 30 June 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	6,100,540	3,455,039
<i>Adjustments for:</i>		
Depreciation of tangible assets	266,492	260,599
Amortisation of intangible assets	8,742	12,255
Government grant income	(96,984)	(247,873)
Other interest receivable and similar income	(10,486)	(52,013)
Gains on disposal of tangible assets	(10,381)	–
Tax on profit	1,164,488	623,912
Accrued expenses	325,279	199,664
<i>Changes in:</i>		
Stocks	195,476	(1,100,739)
Trade and other debtors	471,080	652,315
Trade and other creditors	452,946	336,602
Cash generated from operations	8,867,192	4,139,761
Interest received	10,486	52,013
Tax paid	(808,184)	(431,628)
Net cash from operating activities	<u>8,069,494</u>	<u>3,760,146</u>
Cash flows from investing activities		
Purchase of tangible assets	(577,428)	(583,297)
Proceeds from sale of tangible assets	16,667	1,174
Net cash used in investing activities	<u>(560,761)</u>	<u>(582,123)</u>
Cash flows from financing activities		
Loan repayments	–	(481,968)
Government grant income	96,984	247,873
Non cash adjustment for foreign exchange on consolidation	(1,036,392)	74,173
Dividends paid	(1,516,972)	(230,049)
Net cash used in financing activities	<u>(2,456,380)</u>	<u>(389,971)</u>
Net increase in cash and cash equivalents	5,052,353	2,788,052
Cash and cash equivalents at beginning of year	8,375,139	5,587,087
Cash and cash equivalents at end of year	<u>13,427,492</u>	<u>8,375,139</u>

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Pico Technology (Holdings) Limited
Notes to the Consolidated Financial Statements
Year ended 30 June 2021

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 2021

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 2021

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 2021

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 2021

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 £69,363 (2020 £165,596) and CJRS income of £27,621 (2020 £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 2021

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:

	2021 £	2020 £
Sale of goods	<u>30,754,154</u>	<u>24,441,440</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:

	2021 £	2020 £
United Kingdom	5,675,207	4,576,103
Europe	7,760,397	8,452,951
Rest of the World	<u>17,318,550</u>	<u>11,412,386</u>
	<u>30,754,154</u>	<u>24,441,440</u>

6. Other operating income

	2021 £	2020 £
Government grant income	<u>96,984</u>	<u>247,873</u>

Other operating income relates to research and development grant income receivable in the year of £69,363 (2020 £165,596) and CJRS income of £27,621 (2020 £82,277).

7. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021 £	2020 £
Amortisation of intangible assets	8,742	12,255
Depreciation of tangible assets	266,492	260,599
Gains on disposal of tangible assets	(10,381)	–
Impairment of trade debtors	(7,043)	53,510
Foreign exchange differences	<u>(625,502)</u>	<u>(889,770)</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2021

8. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the consolidated financial statements	<u>14,000</u>	<u>13,450</u>
Fees payable to the company's auditor and its associates for other services: Other non-audit services	<u>16,765</u>	<u>13,950</u>

9. Staff costs

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

	2021 No.	2020 No.
Administrative staff	18	17
Directors	3	3
Sales, marketing and distribution	34	34
Production and purchasing	26	25
Development	68	70
Technical support	12	12
	<u>161</u>	<u>161</u>

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

	2021 £	2020 £
Wages and salaries	7,773,548	7,563,141
Social security costs	606,987	577,250
Other pension costs	557,495	527,215
	<u>8,938,030</u>	<u>8,667,606</u>

10. Directors' remuneration

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

	2021 £	2020 £
Remuneration	185,537	174,707
Company contributions to defined contribution pension plans	2,220	2,107
	<u>187,757</u>	<u>176,814</u>

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

	2021 No.	2020 No.
Defined contribution plans	<u>3</u>	<u>3</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2021

11. Other interest receivable and similar income

	2021 £	2020 £
Interest on loans and receivables	935	23,079
Interest on cash and cash equivalents	2,314	24,982
Interest on bank deposits	7,237	3,952
	<u>10,486</u>	<u>52,013</u>

12. Tax on profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	571,050	276,412
Adjustments in respect of prior periods	(251)	–
Total UK current tax	<u>570,799</u>	<u>276,412</u>
Foreign current tax expense	472,001	317,816
Adjustments in respect of prior periods	5,434	5,444
Total foreign tax	<u>477,435</u>	<u>323,260</u>
Total current tax	<u>1,048,234</u>	<u>599,672</u>
Deferred tax:		
Origination and reversal of timing differences	<u>116,254</u>	<u>24,240</u>
Tax on profit	<u>1,164,488</u>	<u>623,912</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	<u>7,265,028</u>	<u>4,078,951</u>
Profit on ordinary activities by rate of tax	1,380,355	775,001
Adjustment to tax charge in respect of prior periods	–	5,444
Effect of expenses not deductible for tax purposes	(48)	3,547
Effect of capital allowances and depreciation	75,504	17,497
Enhanced research and development relief	(144,017)	(182,453)
Patent box claim	(62,188)	(27,161)
Other items including adjustments as a result of consolidation	(85,118)	32,037
Tax on profit	<u>1,164,488</u>	<u>623,912</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2021

13. Dividends

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

	2021 £	2020 £
Equity dividends on ordinary shares	<u>1,350,000</u>	<u>50,000</u>

14. Intangible assets

Group	Goodwill £
Cost	
At 1 July 2020 and 30 June 2021	<u>122,557</u>
Amortisation	
At 1 July 2020	113,815
Charge for the year	<u>8,742</u>
At 30 June 2021	<u>122,557</u>
Carrying amount	
At 30 June 2021	<u>—</u>
At 30 June 2020	<u>8,742</u>

The company has no intangible assets.

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements (continued)

Year ended 30 June 2021

15. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Investment property £	Total £
Cost						
At 1 Jul 2020	2,877,741	585,705	1,027,352	188,129	1,943,572	6,622,499
Additions	311,785	165,788	83,260	16,595	–	577,428
Disposals	–	–	(44,923)	(21,573)	–	(66,496)
Other movements	(54,553)	(23,714)	(16,228)	(2,583)	–	(97,078)
At 30 Jun 2021	3,134,973	727,779	1,049,461	180,568	1,943,572	7,036,353
Depreciation						
At 1 Jul 2020	659,529	388,352	809,301	126,368	–	1,983,550
Charge for the year	83,379	48,324	112,661	22,128	–	266,492
Disposals	–	–	(44,923)	(15,287)	–	(60,210)
Other movements	(10,767)	(16,382)	(13,520)	(1,242)	–	(41,911)
At 30 Jun 2021	732,141	420,294	863,519	131,967	–	2,147,921
Carrying amount						
At 30 Jun 2021	2,402,832	307,485	185,942	48,601	1,943,572	4,888,432
At 30 Jun 2020	2,218,212	197,353	218,051	61,761	1,943,572	4,638,949
Company						
			Long leasehold property £	Plant and machinery £	Investment property £	Total £
Cost						
At 1 July 2020 and 30 June 2021			1,874,469	15,000	1,943,572	3,833,041
Depreciation						
At 1 July 2020			164,767	–	–	164,767
Charge for the year			43,448	–	–	43,448
At 30 June 2021			208,215	–	–	208,215
Carrying amount						
At 30 June 2021			1,666,254	15,000	1,943,572	3,624,826
At 30 June 2020			1,709,702	15,000	1,943,572	3,668,274

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2021

15. Tangible assets *(continued)*

Included in Land and buildings is land totalling £37,718 (2020 - £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 £
Cost	
At 1 July 2020	455
Revaluations	(23)
At 30 June 2021	432
Impairment	
At 1 July 2020 and 30 June 2021	—
Carrying amount	
At 30 June 2021	432
At 30 June 2020	455
Company	Shares in group undertaking s £
Cost	
At 1 July 2020 and 30 June 2021	916,722
Impairment	
At 1 July 2020 and 30 June 2021	—
Carrying amount	
At 1 July 2020 and 30 June 2021	916,722
At 30 June 2020	916,722

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2021

16. Investments *(continued)*

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
Subsidiary undertakings		
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

17. Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Raw materials and consumables	1,397,713	1,398,334	–	–
Work in progress	1,550,471	1,869,908	–	–
Finished goods and goods for resale	2,558,096	2,433,514	–	–
	<u>5,506,280</u>	<u>5,701,756</u>	<u>–</u>	<u>–</u>

18. Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	2,609,930	2,919,879	–	–
Amounts owed by group undertakings	–	–	277,014	290,221
Prepayments and accrued income	288,923	301,693	–	–
Directors loan account	–	18,032	–	18,032
Other debtors	331,336	461,665	6,388	12,709
	<u>3,230,189</u>	<u>3,701,269</u>	<u>283,402</u>	<u>320,962</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts owed by group undertakings	–	–	164,291	175,537

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2021

19. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	1,498,050	978,134	–	–
Amounts owed to group undertakings	–	–	302,370	636,560
Accruals and deferred income	1,205,255	879,976	25,560	560
Corporation tax	408,094	168,044	1,664	10,000
Social security and other taxes	173,030	175,261	–	–
Other creditors	49,627	114,366	–	–
	<u>3,334,056</u>	<u>2,315,781</u>	<u>329,594</u>	<u>647,120</u>

20. Provisions

Group	Deferred tax (note 21) £
At 1 July 2020	13,466
Additions	122,018
At 30 June 2021	<u>135,484</u>
Company	Deferred tax (note 21) £
At 1 July 2020	13,528
Additions	4,272
At 30 June 2021	<u>17,800</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2021

21. Deferred tax

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Included in provisions (note 20)	<u>135,484</u>	<u>13,466</u>	<u>17,800</u>	<u>13,528</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	194,647	82,842	–	–
Fair value adjustment of investment property	17,800	13,528	17,800	13,528
Pension plan obligations	(9,429)	(8,496)	–	–
Profit on inter-group stock	(67,534)	(74,408)	–	–
	<u>135,484</u>	<u>13,466</u>	<u>17,800</u>	<u>13,528</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £555,310 (2020: £525,108).

23. Key management personnel

The total compensation paid to key management personnel in the year was £206,646 (2020 - £267,528).

24. Government grants

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>96,984</u>	<u>247,873</u>	<u>–</u>	<u>–</u>

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2021

25. Called up share capital

Issued, called up and fully paid

	2021		2020	
	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 2020	Cash flows	At 30 Jun 2021
	£	£	£
Cash at bank and in hand	<u>8,375,139</u>	<u>5,052,353</u>	<u>13,427,492</u>

28. Operating leases

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	118,925	113,667	-	-
Later than 1 year and not later than 5 years	400,000	399,767	-	-
Later than 5 years	304,167	404,658	-	-
	<u>823,092</u>	<u>918,092</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 directors owed the company £18,032. This was repaid during the year. At the end of the year there was no closing balance.

Pico Technology (Holdings) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 June 2021

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.