REGISTERED NUMBER: 08306196 (England and Wales)

IPULSE LIMITED

GROUP STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:	Sir N R Rudd R M Clement T E Beckett Ms A M C Avis G Davies J M Reeve
REGISTERED OFFICE:	Office Block A Bay Studios Business Park Fabian Way Swansea SA1 8QB
REGISTERED NUMBER:	08306196 (England and Wales)
AUDITORS:	Bevan Buckland LLP Chartered Accountants And Statutory Auditors Ground Floor Cardigan House Castle Court Swansea Enterprise Park Swansea SA7 9LA

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report of the company and the group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The group activities consist of the design, development, manufacture and sale of intense pulsed light (IPL) devices for home-based hair removal. The group sells its products as an Outsourced Design Manufacturer (ODM) to a single large customer and internationally under its own brand, Smoothskin.

REVIEW OF BUSINESS

	2021	2020
Turnover £'000	101,401	94,106
Gross Profit Margin	16%	24%
Average Number of Employees	252	183

The Directors are pleased to report that there has been a further increase in turnover year on year. Reduced margins reflect a change in commercial and group structure; necessary to lay a foundation for and facilitate growth in future years.

PRINCIPAL RISKS AND UNCERTAINTIES

The group's risk management processes minimise its exposure to unforeseen events and identified risks, allowing the business to focus on delivering its strategic objectives. The directors regularly reviews the principal risks facing the company including those that would impact its business model, future performance and solvency.The directors ensure that the nature and extent of significant risks facing the business are identified and adequately managed.

The group uses various financial instruments which include cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

There continues to be a focus on identifying and assessing potential emerging risks. These can be newly identified risks or known risks that have evolved. The directors horizon scan to ensure they can take appropriate actions against potential changes that could change the industry or the business from a risk and opportunity perspective.

The directors will continually monitor the principal and other risks and uncertainties for the business. The directors will closely monitor business performance, including through the use of monthly key performance indicators, and will take appropriate action, including amendments to its business model, if and when required.

The following are the risks the directors believe to be the most important risks and uncertainties that may impact on the group's ability to deliver its strategy effectively.

Liquidity Risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability.

Credit Risk

The group's principal financial assets are cash and trade debtors. The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history.

Trading Risks

(i) Customer Concentration

One of the group's largest customers account for a significant proportion of sales. There is an inherent risk should these customers cease to participate in the category. The success of the own brand business in other markets helps mitigate this risk.

(ii) Regulatory Framework:

IPL hair removal devices are increasingly being classified as medical devices in global markets. The group has had significant success in obtaining medical device clearances in certain territories around the world. There is however a risk that as territories switch classification of home use IPL devices from 'over the counter' to being medical a period of adjustment is required which may adversely affect trading. If this were to occur there is likely only a short term effect while the necessary clearances are obtained, the longer term outlook would not be effected.

(iii) Current economic climate:

Recent inflation in the UK (and subsequent weakening of the Pound) has driven up the cost of acquiring components and packaging materials, and inevitably wages. The directors continually review purchasing and investment strategies and pricing structure to mitigate this risk. The company will continue to monitor consumer behaviours and regularly review KPIs including brand performance across key market segments and geographies.

(iv) Disruption of Production / Supply Chain

There is a risk that supply chain failure could affect the supply of raw materials and equipment. The group manages its assets which include its brand, plant and equipment and people to ensure that are contingency measures in place in such an event. The group regularly reviews availability, lead times and stock levels to reduce the risk of disruption to the group's supply chain.

Compliance with GDPR

There is a risk that the group is not compliant with GDPR with potential for penalties to be imposed. The group has made sure that decision makers and data controllers within the organisation maintain awareness of the latest GDPR requirements.

Information Technology

IT risks consist of data loss (both commercial and financial), the inability to operate effectively due to a technical fault, and/or system intrusion or hacking. The risk of inadequate protection of consumer data could lead to reputational damage and financial loss due to penalties and fines. To mitigate this risk resources have been invested to ensure the business complies with all necessary data privacy and data security regulations.

The business continues to rely heavily on its IT infrastructure to enable it to function efficiently. A continuing policy of appraisal and development ensures we keep pace with this ever changing environment. As a means to safeguard the integrity of our data we have systems in place to regularly update and back up all relevant information.

Health & Safety, Quality and Environment

The group has in place a rigorous and far reaching health & safety policy and is committed to adhering to all legislative requirements imposed on it through the various enforcing authorities.

The group holds quality management accreditation e.g. MDSAP / ISO-13485 (US-FDA, Health Canada) and Korean MFDS K-GMP, which ensure customers can have confidence in our supply chain management.

Future Development

The directors are pleased with the top line growth of the business; improvement in net assets position; and continued profitability. The group expects to continue to maximise its operations in line with customer demand.

A note on COVID-19 which widely impacted the UK and worldwide economy in recent years - the group experienced no adverse impact on performance caused by the virus and expectation is that this won't change.

SECTION 172(1) STATEMENT

The directors are well aware of their duty under s172 of the Companies Act 2006 to act in the way which they consider, in good faith, would most likely promote the success of the group for the benefit of its members as a whole and, in doing so, to have regards to the following: -

- The likely long-term consequences of any decision;
- The interest of the group's employees;
- The need to foster the group's business relationships with suppliers, customers and other stakeholders;
- The impact of the group's operations on the community and the environment; and
- Desirability of the group maintaining a reputation for high standards of business conduct.

The Directors' regard to these matters is embedded in their decision-making process, through the group's business strategy, culture, governance framework, management information flows and stakeholder engagement process.

The board considers that its major stakeholders are its employees, customers, suppliers and shareholders. When making decisions, the interest of these stakeholders is considered informally as part of the Board's discussions.

The board promote a culture of upholding the highest standards of business conduct and regulatory conduct. The Board recognises that building strong and lasting relationships with stakeholders will help deliver the group's strategy in line with our values and a sustainable business.

ON BEHALF OF THE BOARD:

G Davies - Director

28 September 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2021.

RESEARCH AND DEVELOPMENT
The group is currently undertaking research and development to enhance its offerings to customers. The directors regard such investment as an integral part of the continuing strength of the business.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Sir N R Rudd
R M Clement
T E Beckett
Ms A M C Avis
G Davies
J M Reeve

EMPLOYMENT OF DISABLED PERSONS
The group's policy is to recruit disabled workers for those vacancies that they are able to fill. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged.

ENGAGEMENT WITH EMPLOYEES
Our employees contribute to a positive working culture and the group recognises that employee involvement is fundamental to its success. We work hard to ensure employees feel welcome and are valued and recognised for their hard work. The directors attach high importance to the wellbeing of the workforce and are committed to their support, development and motivation.

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and the factors affecting performance of the company. This is achieved through formal and informal communications to employees.

The group attach importance to its approach to pay and benefits. The group is an equal opportunities employer and is committed to the principal of equality.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS
<u>Customers</u>
Customers are essential to the group's success and has achieved its growth by ensuring customers are provided with the highest quality service. Regular contact is maintained is this is deemed critical to ensuring their service level requirements are met.

<u>Suppliers</u>
The group is supported by a range of suppliers, varying in size, who form a crucial element in enabling the group to to met the service levels of customers. We are committed to being fair and transparent in our dealings with suppliers, working in partnership to ensure our own values and principals are upheld.

<u>Shareholders</u>
The board seeks to behave in a responsible manner towards shareholders. The board communicates information relevant to those shareholders on a regular and timely manner.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

STREAMLINED ENERGY AND CARBON REPORTING
In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, disclosure of UK energy and Greenhouse Gas emissions is as follows:

	2021	2020
Total Energy Consumption	KWh	kWh
	1,381,856	1,061,940
GHG Emissions CO2 equivalent	**2021**	**2020**
	metric tonnes	metric tonnes
Natural gas (Scope 1)	81.0	64.9
Grid supplied Electricity (Scope 2)	189.3	156.0
Transport Fuel (Scope 2 & 3 combined)	12.0	10
Total gross CO2e emissions	**282.3**	**230.9**
Intensity Ratio		
metric tonnes CO2e per £100,000 of Turnover	**0.303**	**0.245**

Methodology

Greenhouse gas emissions are reported in gross tonnes CO2e in line with the requirements of large unquoted companies set out in the UK Government's Environmental Reporting Guidelines (March 2019 version) and use the UK Government GHG (Green House Gas) Conversion Factors for Company Reporting (2020 version 1.0). The operational control approach for the company's UK activities has been applied and is guided by the GHG Protocol - Corporate Standard (revised edition). Gross calorific values have been applied to conversion of natural gas and net values to vehicle fuel. Emissions from electricity are location based and report grid purchased electricity (Scope 2 only). Transport emissions relating to owned vehicles (Scope 1) and where employees have used their own vehicle for business purposes (Scope 3) have been combined.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

G Davies - Director

28 September 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPULSE LIMITED

Opinion
We have audited the financial statements of IPulse Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the 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 financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Other information
The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 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.

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiring of management, including obtaining and reviewing support documentation, concerning the group's policies and procedures relating to:
    - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.
- obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the company, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPULSE LIMITED

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 a Report of the Auditors 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.

Alison Vickers (Senior Statutory Auditor)
for and on behalf of Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

29 September 2022

CONSOLIDATED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
TURNOVER	4	101,401,268	94,105,898
Cost of sales		85,554,942	71,958,037
GROSS PROFIT		15,846,326	22,147,861
Administrative expenses		13,164,769	9,217,506
		2,681,557	12,930,355
Other operating income		966,457	130,611
OPERATING PROFIT	6	3,648,014	13,060,966
Interest receivable and similar income		80	62
		3,648,094	13,061,028
Interest payable and similar expenses	7	126,181	124,260
PROFIT BEFORE TAXATION		3,521,913	12,936,768
Tax on profit	8	408,430	(198,260)
PROFIT FOR THE FINANCIAL YEAR		3,113,483	13,135,028
Profit attributable to:			
Owners of the parent		3,113,483	13,135,028

The notes form part of these financial statements

CONSOLIDATED
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		3,113,483	13,135,028
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,113,483	13,135,028
Total comprehensive income attributable to:			
Owners of the parent		3,113,483	13,135,028

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
FIXED ASSETS					
Intangible assets	11		1,544,559		1,248,186
Tangible assets	12		8,797,323		7,320,489
Investments	13		-		-
			10,341,882		8,568,675
CURRENT ASSETS					
Stocks	14	23,896,306		16,782,807	
Debtors	15	12,197,022		13,432,646	
Cash at bank and in hand		2,879,316		1,146,695	
		38,972,644		31,362,148	
CREDITORS					
Amounts falling due within one year	16	21,546,159		17,385,027	
NET CURRENT ASSETS			17,426,485		13,977,121
TOTAL ASSETS LESS CURRENT LIABILITIES			27,768,367		22,545,796
CREDITORS					
Amounts falling due after more than one year	17		(2,247,436)		(1,523,040)
PROVISIONS FOR LIABILITIES	21		(755,613)		(245,672)
NET ASSETS			24,765,318		20,777,084
CAPITAL AND RESERVES					
Called up share capital	22		49,333		49,277
Share premium	23		1,398,966		1,376,718
Capital redemption reserve	23		1,719		1,719
Share option reserve	23		328,142		444,288
EBT reserve	23		(1,075,000)		(3,453,198)
Retained earnings	23		24,062,158		22,358,280
SHAREHOLDERS' FUNDS			24,765,318		20,777,084

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2022 and were signed on its behalf by:

G Davies - Director

COMPANY BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
FIXED ASSETS					
Intangible assets	11		-		81
Tangible assets	12		-		-
Investments	13		3,445,980		263,991
			3,445,980		264,072
CURRENT ASSETS					
Debtors	15	2,197,617		2,699,222	
Cash at bank		13,880		-	
		2,211,497		2,699,222	
CREDITORS					
Amounts falling due within one year	16	4,402,408		1,215,661	
NET CURRENT (LIABILITIES)/ASSETS			(2,190,911)		1,483,561
TOTAL ASSETS LESS CURRENT LIABILITIES			1,255,069		1,747,633
CREDITORS					
Amounts falling due after more than one year	17		-		841,076
NET ASSETS			1,255,069		906,557
CAPITAL AND RESERVES					
Called up share capital	22		49,333		49,277
Share premium	23		1,398,966		1,376,718
Capital redemption reserve	23		1,719		1,719
Share option reserve	23		328,142		444,288
EBT reserve	23		(1,075,000)		(3,453,198)
Retained earnings	23		551,909		2,487,753
SHAREHOLDERS' FUNDS			1,255,069		906,557
Company's (loss)/profit for the financial year			(526,239)		4,245,831

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2022 and were signed on its behalf by:

G Davies - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2020	46,582	13,691,185	881,118
Changes in equity			
Share options exercised	-	386,086	-
Dividends	-	(4,854,019)	-
Total comprehensive income	-	13,135,028	-
Balance at 31 December 2020	46,582	22,358,280	881,118
Changes in equity			
EBT share sale	-	(1,853,713)	-
Share options exercised	-	444,108	-
Total comprehensive income	-	3,113,483	-
Balance at 31 December 2021	46,582	24,062,158	881,118

	Capital redemption reserve £	Share option reserve £	EBT reserve £	Total equity £
Balance at 1 January 2020	1,719	533,616	(1,075,000)	14,079,220
Changes in equity				
Share option fair value	-	296,758	-	296,758
Share options exercised	-	(386,086)	-	-
EBT share purchase	-	-	(2,378,198)	(2,378,198)
Dividends	-	-	-	(4,854,019)
Total comprehensive income	-	-	-	13,135,028
Balance at 31 December 2020	1,719	444,288	(3,453,198)	20,278,789
Changes in equity				
EBT share sale	-	-	2,378,198	524,485
Share option fair value	-	327,962	-	327,962
Share options exercised	-	(444,108)	-	-
Total comprehensive income	-	-	-	3,113,483
Balance at 31 December 2021	1,719	328,142	(1,075,000)	24,244,719

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2020	46,582	2,709,855	881,118
Changes in equity			
Share options exercised	-	386,086	-
Dividends	-	(4,854,019)	-
Total comprehensive income	-	4,245,831	-
Balance at 31 December 2020	46,582	2,487,753	881,118
Changes in equity			
EBT share sale	-	(1,853,713)	-
Share options exercised	-	444,108	-
Total comprehensive income	-	(526,239)	-
Balance at 31 December 2021	46,582	551,909	881,118

	Capital redemption reserve £	Share option reserve £	EBT reserve £	Total equity £
Balance at 1 January 2020	1,719	533,616	(1,075,000)	3,097,890
Changes in equity				
Share option fair value	-	296,758	-	296,758
Share options exercised	-	(386,086)	-	-
EBT share purchase	-	-	(2,378,198)	(2,378,198)
Dividends	-	-	-	(4,854,019)
Total comprehensive income	-	-	-	4,245,831
Balance at 31 December 2020	1,719	444,288	(3,453,198)	408,262
Changes in equity				
EBT share sale	-	-	2,378,198	524,485
Share option fair value	-	327,962	-	327,962
Share options exercised	-	(444,108)	-	-
Total comprehensive income	-	-	-	(526,239)
Balance at 31 December 2021	1,719	328,142	(1,075,000)	734,470

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	1,008,350	12,407,756
Interest paid		(126,181)	(124,260)
Tax paid		(2,986)	(609,664)
Net cash from operating activities		879,183	11,673,832
Cash flows from investing activities			
Purchase of intangible fixed assets		(745,583)	(906,922)
Purchase of tangible fixed assets		(3,665,857)	(6,424,489)
Sale of tangible fixed assets		126	-
Interest received		80	62
Net cash from investing activities		(4,411,234)	(7,331,349)
Cash flows from financing activities			
New loans in year		3,012,729	2,575,000
Loan repayments in year		(872,361)	(858,332)
Capital advance on finance HP contracts		-	21,312
Contributions towards fixed assets		2,584,027	-
Capital repayments in year		(6,512)	(10,065)
Share issue		22,304	498,295
EBT Share purchase		-	(2,378,198)
EBT Share sale		524,485	-
Equity dividends paid		-	(4,854,019)
Net cash from financing activities		5,264,672	(5,006,007)
Increase/(decrease) in cash and cash equivalents		1,732,621	(663,524)
Cash and cash equivalents at beginning of year	2	1,146,695	1,810,219
Cash and cash equivalents at end of year	2	2,879,316	1,146,695

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021	2020
	£	£
Profit before taxation	3,521,913	12,936,768
Depreciation charges	2,647,435	1,430,986
(Profit)/loss on disposal of fixed assets	(126)	6,323
Movement in provisions	509,941	(206,477)
Fair value movements	327,963	296,758
Finance costs	126,181	124,260
Finance income	(80)	(62)
	7,133,227	14,588,556
Increase in stocks	(7,113,499)	(7,150,839)
Decrease/(increase) in trade and other debtors	830,180	(6,044,571)
Increase in trade and other creditors	158,442	11,014,610
Cash generated from operations	1,008,350	12,407,756

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	2,879,316	1,146,695

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	1,146,695	1,884,627
Bank overdrafts	-	(74,408)
	1,146,695	1,810,219

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.21	Cash flow	At 31.12.21
	£	£	£
Net cash			
Cash at bank and in hand	1,146,695	1,732,621	2,879,316
	1,146,695	1,732,621	2,879,316
Debt			
Finance leases	(11,247)	6,512	(4,735)
Debts falling due within 1 year	(841,072)	(3,015,963)	(3,857,035)
Debts falling due after 1 year	(841,076)	841,076	-
	(1,693,395)	(2,168,375)	(3,861,770)
Total	(546,700)	(435,754)	(982,454)

1. STATUTORY INFORMATION

IPulse Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company includes the iPulse Employee Benefit Trust (EBT) in its financial statements. The EBT is classified as an intermediate payment arrangement and the assets and liabilities of the EBT are recognised as assets and liabilities of the sponsoring entity iPulse Limited. Included within the financial statements is the EBT bank balance plus the shares and reserves held by the trust.

Basis of consolidation
The consolidated financial statements include the company and its subsidiary undertaking and have been prepared using the purchase method in line with Financial Reporting Standard 102.

Where a subsidiary year end differs to that of the parent, the consolidated financial statements are made up from interim financial statements prepared by the subsidiary at the reporting date.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', 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.

Turnover
Turnover comprises revenue recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised on despatch of the goods to the customer.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of six years.

Development costs are being amortised evenly over their estimated useful life of five years.

Computer software is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 20% on cost

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Impairment
Tangible and intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. The review assess the recoverable amount by reference to the net present value of expected future cash flows of the relevant income generating unit, or disposal value if higher. The discount rate applied for the period was based on the company's weighted average cost of capital, after appropriate adjustment for risk.

Fixed asset investments
Fixed asset investments are valued at fair value unless fair value cannot be measured reliably, in which case investments are valued at cost less impairment.

continued...

2. ACCOUNTING POLICIES - continued

Stocks
Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and, where required, an appropriate proportion of fixed and variable overheads. In general, cost is determined on a first in first out basis.

Stock is reviewed at each reporting date to determine whether there is any indication of impairment.

Financial instruments
The group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, amounts due to and from related parties.

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Debt instruments like loans and other receivables and payables are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying value and the present value of estimated cash flows discounted at the assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount recognised in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. At each reporting date non-financial assets not carried at fair value, such as property, plant and equipment are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less costs to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

continued...

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

External research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis the anticipated life of the benefits arising from the completed product or project, which typically is deemed to be 5 years.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the income statement. Expenditure on product research and development is written off to the income statement in the year in which it is incurred.

R&D tax credits are recognised on an accruals basis and are included as an income tax credit under current assets.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling using a monthly average exchange rate. If exchange rates fluctuate significantly in the month foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

continued...

2. **ACCOUNTING POLICIES - continued**

Deferred income
Contributions received towards development costs are recognised in the period that development expenditure is incurred. Capital contributions are initially recognised as deferred income on the balance sheet and credited to the profit and loss account by instalments on a basis consistent with the depreciation policy of the relevant asset, as adjusted for any impairment.

Warranty Provision
The group recognises a provision for warranty cost; which is valid for between 2 and 5 years depending on the product sold. A range of 2 - 20% of turnover is as provided. Once the product is 2->5 years old the warranty provision is released.

Share-based payments
The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non vesting condition, which are treated as vesting irrespective of whether or not the market or non vesting condition is satisfied, provided that all other performance conditions are satisfied.

The financial effect of awards by the parent company of options over its equity shares to the employees of subsidiary undertakings are recognised by the parent company in its individual financial statements.

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

Creditors
Short term creditors are measured at the transaction price. Bank loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Provisions for liabilities
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Capital redemption reserve
Where shares are redeemed or purchased wholly out of profits available for distribution, a sum equal to the nominal value of the shares is transferred to the capital redemption reserve.

Functional and presentation currency
The group's functional and presentation currency is pounds sterling.

continued...

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statement requires management to make judgement, estimates and assumptions that affect the application of polices and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Warranty Returns Provision
The group provides warranty coverage on our products that varies per customer. The estimated warranty costs are accounted for by accruing these costs for each product upon recognition of the sale. The estimated warranty costs are based on the cost of the product and the historical level of returns received. Actual results may vary from these estimates but they are reviewed on an ongoing basis.

Depreciation and Amortisation
Tangible assets are depreciated over their estimated useful lives of 5 years, they are stated at cost less accumulated depreciation. Tangible assets are reviewed periodically, and where any asset is no longer used by the group the balance is written off to the income statement.

Development and software costs are amortised over their estimated useful life of 5 years and Patents and licenses are amortised over their estimated useful life of 6 years. They are both stated at cost less accumulated amortisation.Intangible assets are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance is written off to the income statement.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

The group supplies various markets other than just in the UK, the disclosure of which would be seriously prejudicial to the interests of the group and therefore will not be disclosed.

5. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	8,525,321	6,923,961
Social security costs	800,596	717,651
Other pension costs	483,989	329,622
	9,809,906	7,971,234

The average number of employees during the year was as follows:

	2021	2020
Clinical, research & development	38	29
CEO & senior management	10	8
Finance & HR	9	4
Operations, quality & factory	188	135
Sales & marketing	7	7
	252	183

Included in wages is £327,963 (2020: £296,758) of employee share options vested in the year.

Included in creditors are pension contributions of £66,448 (2020: £71,154).

	2021	2020
	£	£
Directors' remuneration	294,240	236,980
Directors' pension contributions to money purchase schemes	14,997	14,890

continued...

5. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	234,240	206,980
Pension contributions to money purchase schemes	14,997	14,890

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - owned assets	2,217,257	1,142,198
(Profit)/loss on disposal of fixed assets	(126)	6,323
Patents and licences amortisation	3,968	2,044
Development costs amortisation	413,502	269,194
Computer software amortisation	12,706	17,548
Auditors' remuneration	18,000	16,000
Auditors' remuneration for non audit work	25,804	24,226
Foreign exchange differences	158,551	274,273
Directors pension	14,997	14,890
Research & development expenditure	211,667	62,837

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank interest	477	-
Bank loan interest	42,434	80,882
Other Interest	72,573	43,378
Loan	10,697	-
	126,181	124,260

8. TAXATION

Analysis of the tax charge/(credit)
The tax charge/(credit) on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	2,488	22,958
Deferred tax	405,942	(221,218)
Tax on profit	408,430	(198,260)

continued...

8. TAXATION - continued

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit before tax	3,521,913	12,936,768
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2020 - 19 %)	669,163	2,457,986
Effects of:		
Expenses not deductible for tax purposes	(108,389)	3,590
Income not taxable for tax purposes	-	(4,364)
Capital allowances in excess of depreciation	(361,478)	(262,941)
Utilisation of tax losses	55,417	486,020
R&D deduction	(423,567)	(1,757,636)
Deferred tax	405,942	(221,218)
Employee share scheme acquisition	-	(845,748)
Oversees subsidiary profits	171,342	(53,949)
(Utilisation of tax losses)		
Total tax charge/(credit)	408,430	(198,260)

Factors that may affect future current and total tax charges

The deferred tax assets/liabilities at 31 December 2020 have been calculated at the rate of 19% (2019: 19%).

9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. DIVIDENDS

	2021 £	2020 £
Ordinary 0.001p shares shares of 0.001p each		
Interim	-	4,854,019

continued...

11. INTANGIBLE FIXED ASSETS

Group

	Patents and licences £	Development costs £	Computer software £	Totals £
COST				
At 1 January 2021	48,779	2,819,750	164,732	3,033,261
Additions	18,044	582,736	144,803	745,583
Reclassification/transfer	121,456	(19,468)	(108,376)	(6,388)
At 31 December 2021	188,279	3,383,018	201,159	3,772,456
AMORTISATION				
At 1 January 2021	48,692	1,626,783	109,600	1,785,075
Amortisation for year	3,968	413,502	12,706	430,176
Reclassification/transfer	111,714	(4,506)	(94,562)	12,646
At 31 December 2021	164,374	2,035,779	27,744	2,227,897
NET BOOK VALUE				
At 31 December 2021	23,905	1,347,239	173,415	1,544,559
At 31 December 2020	87	1,192,967	55,132	1,248,186

Company

	Patents and licences £
COST	
At 1 January 2021 and 31 December 2021	7,761
AMORTISATION	
At 1 January 2021	7,680
Amortisation for year	81
At 31 December 2021	7,761
NET BOOK VALUE	
At 31 December 2021	-
At 31 December 2020	81

continued...

12. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2021	-	6,537,378	2,987,670
Additions	223,642	3,332,376	18,643
Reclassification/transfer	2,773,375	(136,929)	(2,768,695)
At 31 December 2021	2,997,017	9,732,825	237,618
DEPRECIATION			
At 1 January 2021	-	1,963,048	569,270
Charge for year	195,313	991,754	894,266
Reclassification/transfer	902,858	396,357	(1,372,001)
At 31 December 2021	1,098,171	3,351,159	91,535
NET BOOK VALUE			
At 31 December 2021	1,898,846	6,381,666	146,083
At 31 December 2020	-	4,574,330	2,418,400

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2021	-	634,683	10,159,731
Additions	-	91,196	3,665,857
Reclassification/transfer	28,319	54,589	(49,341)
At 31 December 2021	28,319	780,468	13,776,247
DEPRECIATION			
At 1 January 2021	-	306,924	2,839,242
Charge for year	1,888	134,036	2,217,257
Reclassification/transfer	6,608	(11,397)	(77,575)
At 31 December 2021	8,496	429,563	4,978,924
NET BOOK VALUE			
At 31 December 2021	19,823	350,905	8,797,323
At 31 December 2020	-	327,759	7,320,489

continued...

13. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2021	263,991
Additions	3,181,989
At 31 December 2021	3,445,980
NET BOOK VALUE	
At 31 December 2021	3,445,980
At 31 December 2020	263,991

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

CyDen Limited
Registered office: United Kingdom
Nature of business: Design & manufacturing

Class of shares:	% holding
Ordinary	100.00

	2021 £	2020 £
Aggregate capital and reserves	24,482,510	19,947,613
Profit for the year	4,534,897	13,459,311

CyDen KK
Registered office: Japan
Nature of business: Retail

Class of shares:	% holding
Ordinary	100.00

	2021 £	2020 £
Aggregate capital and reserves	174,261	185,823
(Loss)/profit for the year	(11,562)	283,940

iPulse Direct Limited
Registered office: United Kingdom
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

	2021 £	2020 £
Aggregate capital and reserves	6	1,081
Loss for the year	(1,075)	(36)

continued...

13. FIXED ASSET INVESTMENTS - continued

Cyden Medical Technology (Zhejiang) Co.,Ltd
Registered office: China
Nature of business: Manufacturing and retail

Class of shares:	% holding
Ordinary	100.00

	2021
	£
Aggregate capital and reserves	2,299,454
Loss for the year	(879,624)

MC500 Limited
Registered office: United Kingdom
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

	2021	2020
	£	£
Aggregate capital and reserves	1	1

All subsidiaries have been included in the consolidated financial statements.

14. STOCKS

	Group	
	2021	2020
	£	£
Stocks	20,892,331	13,903,455
Work-in-progress	39,614	142,040
Finished goods	2,964,361	2,737,312
	23,896,306	16,782,807

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	7,678,249	8,002,343	-	-
Amounts owed by group undertakings	-	-	2,192,382	2,631,578
Other debtors	273,298	11,989	2,584	-
Taxation	561,671	561,173	-	-
VAT	909,237	2,453,882	2,651	27,064
Deferred tax asset	1,133,301	1,539,243	-	-
Prepayments	1,641,266	864,016	-	40,580
	12,197,022	13,432,646	2,197,617	2,699,222

Deferred tax asset

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Deferred tax	1,133,301	1,539,243	-	-

continued...

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts (see note 18)	3,857,035	841,072	3,857,035	1,062,028
Hire purchase contracts (see note 19)	4,735	7,104	-	-
Trade creditors	10,966,237	13,030,624	17,793	18,478
Amounts owed to group undertakings	-	-	511,805	23,028
Social security and other taxes	261,735	279,418	-	-
Other creditors	3,159,515	1,222,749	-	-
Deferred income	822,265	303,476	-	-
Accrued expenses	2,474,637	1,700,584	15,775	112,127
	21,546,159	17,385,027	4,402,408	1,215,661

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans (see note 18)	-	841,076	-	841,076
Hire purchase contracts (see note 19)	-	4,143	-	-
Accruals and deferred income	2,247,436	677,821	-	-
	2,247,436	1,523,040	-	841,076

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	-	-	220,956
Bank loans	3,857,035	841,072	3,857,035	841,072
	3,857,035	841,072	3,857,035	1,062,028
Amounts falling due between one and two years:				
Bank loans - 1-2 years	-	841,076	-	841,076

Bank loans represent a fixed term loan facility and a multicurrency revolving facility.

The fixed term loan facility is repayable in equal quarterly instalments and due to be fully repaid by December 2022. The rate of interest on the loan is 2.85% plus LIBOR.

The termination date for the revolving facility is October 2024. Repayments are due at the end of each interest period for each loan utilisation. No interest period shall be longer than six months.

continued...

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	4,735	7,104
Between one and five years	-	4,143
	4,735	11,247

Group

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	913,505	518,800
Between one and five years	3,594,913	2,015,350
In more than five years	1,619,068	2,140,700
	6,127,486	4,674,850

20. SECURED DEBTS

The following secured debts are included within creditors:

	Group		**Company**	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	3,857,035	1,682,148	3,857,035	1,682,148
Hire purchase contracts	4,735	11,247	-	-
	3,861,770	1,693,395	3,857,035	1,682,148

Bank Securities
Debenture including Fixed charge over all present freehold property and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future dated 27 June 2019.

Unlimited Multilateral Guarantee dated 08 July 2019 given by iPulse Limited and CyDen Limited.

Hire Purchase agreements
Hire purchase agreements are secured against the assets they relate.

21. PROVISIONS FOR LIABILITIES

	Group	
	2021	2020
	£	£
Other provisions	755,613	245,672
Aggregate amounts	755,613	245,672

continued...

21. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax	Warranty &liabilityprovision
	£	£
Balance at 1 January 2021	(1,539,243)	245,672
Charge to Income Statement during year	405,942	509,941
Balance at 31 December 2021	(1,133,301)	755,613

Other provisions represent warranty and liability claims. Warranty costs run over a two to five year period from the point of sale and are utilised on expiry of the period. The credit to the profit and loss is the net affect of provisions relating to current year sales, warranty costs incurred in the year and the release of expired warranties.

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following analysis is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021	**2020**
	Net Asset	**Net Asset**
Balances:	**£**	**£**
ACAs	868,481	507,107
Tax losses	(2,001,782)	(2,046,350)
	(1,133,301)	(1,539,243)

The deferred tax asset is recognised as it is considered probable that future taxable profits will be available against which the unused tax losses will be utilised.

22. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	2021 £	2020 £
49,332,946	Ordinary	0.001p	49,333	49,277

During the year the company issued and allotted 55,759 ordinary shares with a nominal value of £0.001 each. The total consideration received for the issued shares was £22,304 and the shares were issued at a premium of £0.399 per share.

Each share is entitled to:
- One vote in any circumstances;
- Pari passu to dividend or any other distribution; and
- full participation in capital distributions.

23. RESERVES

Group

	Retained earnings	Share premium	Capital redemption reserve
	£	£	£
At 1 January 2021	22,358,280	1,376,718	1,719
Profit for the year	3,113,483		
Cash share issue	-	22,248	-
EBT share sale	(1,853,713)	-	-
Share options exercised	444,108	-	-
At 31 December 2021	24,062,158	1,398,966	1,719

continued...

23. **RESERVES - continued**

Group

	Share option reserve £	EBT reserve £	Totals £
At 1 January 2021	444,288	(3,453,198)	20,727,807
Profit for the year			3,113,483
Cash share issue	-	-	22,248
EBT share sale	-	2,378,198	524,485
Share option fair value	327,962	-	327,962
Share options exercised	(444,108)	-	-
At 31 December 2021	328,142	(1,075,000)	24,715,985

Company

	Retained earnings £	Share premium £	Capital redemption reserve £
At 1 January 2021	2,487,753	1,376,718	1,719
Deficit for the year	(526,239)		
Cash share issue	-	22,248	-
EBT share sale	(1,853,713)	-	-
Share options exercised	444,108	-	-
At 31 December 2021	551,909	1,398,966	1,719

Company

	Share option reserve £	EBT reserve £	Totals £
At 1 January 2021	444,288	(3,453,198)	857,280
Deficit for the year			(526,239)
Cash share issue	-	-	22,248
EBT share sale	-	2,378,198	524,485
Share option fair value	327,962	-	327,962
Share options exercised	(444,108)	-	-
At 31 December 2021	328,142	(1,075,000)	1,205,736

Called up share capital - represents the nominal value of shares that have been issued.

Share Premium - represents the premium above the nominal value of shares that have been issued.

Capital redemption reserve - represents payments to acquire own shares.

Share option reserve - represents the fair value of share options granted to employees.

Retained earnings - included all current and prior period retained profits and losses.

EBT Reserve - Represents the consideration paid for ordinary shares by iPulse Employee Benefit Trust.

At the year end iPulse Employee Benefit Trust held 500,000 (2020: 1,091,587) ordinary 0.001p shares of iPulse Limited. During the year the trust used 591,587 shares to satisfy share options exercised in the year. The share options exercised had an exercise price ranging from £0.15 to £2.15 with a total exercise cost of £512,635. The cost of initially acquiring these share to iPulse Employee Benefit Trust was £2,378,198.

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24. RELATED PARTY DISCLOSURES

During the year the group paid £1,267,227 to key management personnel.

During the year the group undertook transactions in the form of consultancy work totalling £116,334 (2020 - £117,833) and had balances of £18,838 (2020 - £14,253) outstanding at the year end, with directors or companies which the directors are connected.

25. POST BALANCE SHEET EVENTS

There were no events after the reporting period to the date the accounts were approved that are material for disclosure in the financial statements.

26. ULTIMATE CONTROLLING PARTY

Richard Koch is the ultimate controlling party by virtue of holding more than 50% of the iPulse Limited share capital.

27. SHARE-BASED PAYMENT TRANSACTIONS

Share Options
At the year end 204,354 options were available to exercise by 9 individuals, of which 8 are current directors and employees of the company. A further 267,692 are issued but were still in the vesting period at the year end. During the year 647,346 options were exercised with an exercise price of £0.15, £0.40, £1.25 or £2.15. Of these options exercised 591,587 were allocated shares held by iPulse Employee Benefit Trust.

Options have been granted on varying dates as shown in the table below:

No of options	No of individuals	Grant date	Option life	Exercise price
20,000	1	11/06/13	No termination date	£1.00
202,046	5	25/02/20	10 years	£2.15
250,000	3	01/12/21	10 years	£3.00

There are no exercise conditions attached to these options.