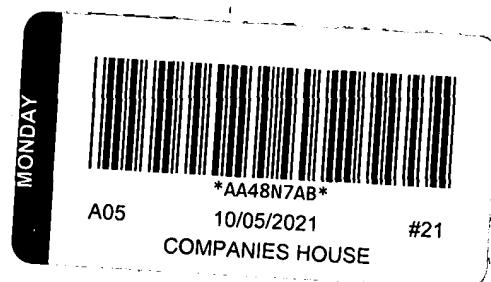


Registered number: 07068708

Xi-Tech Limited

Report and Financial Statements

31 March 2020



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Xi-Tech Limited

Company information

Directors

S C Jaye
S M Gibbins
P H Neville

Secretary

G Davidson-Shrine

Registered office

2 Chancellor Court
Occam Road
Surrey Research Park
Guildford
Surrey
England
GU2 7AH

Bankers

Bank of Ireland
Clydesdale Bank plc
Citibank NA Inc
Danske Bank A/S
HSBC Bank UK plc
KBC Bank NV

Registered number

07068708

Country of incorporation

England & Wales

Xi-Tech Limited

Strategic Report

The directors' present their Strategic report for Xi-Tech Limited ('the Company') for the year ended 31 March 2020.

Principal activity and review of the business

The principal activity of the Company is to act as an intermediate parent undertaking for Sens-Tech Limited.

On 16 October 2019, 100% of the share capital and voting equity interest of the Company and its subsidiary Sens-Tech Limited was acquired by Acal Electronic Holdings Limited. Full details of the acquisition of available in the group financial statements of the parent undertaking, discoverIE Group plc, which are publicly available.

The operations of the Company are managed by discoverIE Group plc the ultimate parent company. The performance of discoverIE Group plc and key performance indicators are discussed in the discoverIE Group plc annual report and consolidated accounts which are publicly available. The Company reported a profit for the year of £4,955,000 (2019 – £806,000) and had net assets at the balance sheet date of £2,531,000 (2019 – £2,505,000).

Principal risks and uncertainties

The Company's principal risk is the valuation of its investments which are reliant on trading and performance of a subsidiary undertaking. The directors continuously monitor the performance of its subsidiary undertaking and any indicators of impairment.

Financial risk management

The discoverIE Group plc has a committed multi-currency revolving credit facility, which expires in June 2024. The financial risk management policies and procedures are centred around price risk, credit risk, liquidity risk and cash flow risk. In the view of the directors, these policies are held to minimise the Company's overall risk exposure.

Price risk

Foreign exchange exposures are hedged by use of forward exchange rate contracts.

Credit risk

There is an effective credit control procedure in place which limits exposure to credit risk.

Liquidity risk

The Company has access to short term finance through Group resources if needed.

Cash flow risk

The Company carries out regular monitoring of cash against forecast and expected liquidity.

Brexit

On 31 January 2020, the UK left the European Union (EU) and the transition period ended on 31 December 2020. Whilst the UK and the EU have agreed certain ongoing trading arrangements, the directors acknowledge that some continued uncertainty exists regarding the practical implementation. However, they do not foresee any significant risks impacting the Company.

Strategic Report (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position have been described in the Strategic report on page 2.

The directors continue to review and estimate the impact of the Covid-19 pandemic on the business. No adjustments to the key estimates and judgements that impact the Balance Sheet as at 31 March 2020 have been identified.

The ultimate parent undertaking, discoverIE Group plc, has agreed to provide financial support to the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the Balance sheet. The discoverIE Group plc has significant financial resources, sells a wide portfolio of different products across a diverse set of industries and geographies, has a global supply chain network and has well-established relationships with its customers. As disclosed in discoverIE Group plc's Interim financial statements for the six months ended 30 September 2020, a copy being available on the company's website, the Group's position remains robust and the Directors continue to adopt the going concern basis in preparing the financial statements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Section 172 of the Companies Act 2006

The Board of the Company takes seriously its duties to act in accordance with legal requirements and appropriate business and ethical standards. This includes fulfilling the duties described in Section 172 of the Companies Act 2006 (the "Act").

The information below describes how the Directors have had regard to the matters referred to in Section 172 of the Act in performing their duties and constitutes the Board's Section 172 Statement for the year ended 31 March 2020. This section is incorporated by reference into the Strategic Report.

The context in which the Company operates is relevant to how the Board meets its duties under Section 172. In particular, the Company operates within the discoverIE Group plc group of companies (the "**Group**") and, as such, its processes and procedures reflect the arrangements within, and the interests of, the wider Group, in addition to those of the Company specifically. This reflects the fact that the success of the Group and the Company are aligned.

Duty to promote the success of the company

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

In order to fulfil the above duties, the Board sets strategy and monitors performance against that strategy on an ongoing basis, both for the Company itself and also within the context of the performance of the wider Group. All decision-making is made by reference to the agreed long-term strategic aims of the Company, including in the context of the discoverIE Group of companies as a whole. The Board does so both through receiving regular updates from others in the business as relevant, through monitoring day-to-day performance and through formal meetings and at other intervals as appropriate.

Strategic Report (continued)

Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions for the long-term success of the Company and its various stakeholders. Where information is not readily available, the Board ensures that it has the means to receive or generate such information wherever relevant and necessary. This may include utilising the resources and information available to the wider Group.

The Board considers all relevant proposals (including long-term investments and operating and capital expenditure) within the context of the overall success of the Company for the benefit of its members as a whole over the long-term. Again, this takes into account the Company's and the Group's long-term strategic aims.

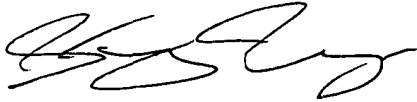
During the year, the Board set annual budgets as relevant and oversaw business performance against targets. All of its key decisions take performance against budget into account.

In terms of staff, the Board recognises that a motivated and skilled workforce is essential to its long-term success and the Group as a whole seeks to encourage an entrepreneurial and innovative culture, set within structures that provide fairness for all. The Company complies with all relevant labour laws.

Where the Company works with customers, suppliers and other third parties, it considers it of great importance to maintain appropriate relations at all times and conducts itself accordingly. The Board considers any charitable or other similar initiatives that may be relevant to the locations and markets within which it operates.

The Board seeks to encourage a corporate culture across the organization that promotes integrity and transparency and this is reinforced through internal audits and other mechanisms supplemented by the wider Group. The Board strongly believes in ethical behaviour and corporate responsibility and is mindful of the fact that discoverIE Group plc, its ultimate parent company, is required to conduct itself in accordance with the processes and procedures outlined in the UK Corporate Governance Code 2018.

This report was approved by the board of directors and signed on its behalf by:



S C Jaye
Director

Date: 25th March 2021

Xi-Tech Limited

Directors' Report

The directors present their Annual Report on the affairs of the Company, together with the financial statements, for the year ended 31 March 2020.

Results and dividends

The profit for the financial year after taxation amounted to £4,955,000 (2019 £806,000). Interim dividends were paid during the year of £6,689,000 (2019 – £nil). The directors do not recommend a final dividend (2019 – £nil).

Disclosure of items within the Strategic Report

The directors have included statements relating to the principal activities of the Company, review of the business, the principal risks and uncertainties facing the Company, financial risk management and going concern in the Strategic Report.

Future developments

The directors do not anticipate any change in the principal activity of the Company in the foreseeable future.

Directors

The directors who served the Company during the year, and up to the date of signing this report, were as follows:

S C Jaye
S M Gibbins (appointed 1 November 2019)
P H Neville (appointed 1 November 2019)

Post balance sheet events

There were no matters arising, between the balance sheet date and the date on which these financial statements were approved by the Board of Directors, requiring adjustment in accordance with IAS10, Events after the reporting period.

COVID-19

The impact of COVID-19 has been fully considered in the Going Concern assessment of the Company which is included in note 2 to the financial statements. This did not have any impact on the judgements made in the preparation of the financial statements and conclusions reached as at 31 March 2020.

Directors' indemnities

The Articles of the Company contain an indemnity in favour of the Directors, which is a Qualifying Third Party Indemnity within the meaning of s.234 of the Companies Act 2006 and is in force at the time of the approval of this Annual Report and Accounts.

In addition, each Director of the Company has entered into a Deed of Indemnity with the Company, which operates only in excess of any right to indemnity that a Director may enjoy under any such other indemnity or contract of insurance.

The Company has also arranged appropriate insurance cover in respect of legal action against its Directors and officers.

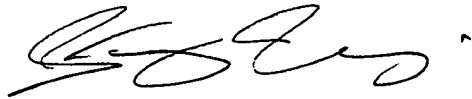
Xi-Tech Limited

Directors' Report (continued)

Environment

Compliance with relevant environmental legislation such as the WEEE Directive and Regulations on Hazardous Substances is reviewed regularly by the directors and actions taken to ensure that processes are in place to build compliance into the day to day operations of the Company.

On behalf of the Board



S C Jaye

Director

Date: 25th March 2021

Statement of directors' responsibilities statement in respect of the Financial Statements

The directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Xi-Tech Limited

Profit and loss account

for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	4	996	996
Administrative expenses		(1)	(1)
Operating profit	5	995	995
Income from shares in group undertakings	8,13	3,960	-
Interest receivable and similar income	9	139	-
Interest payable and similar expenses	10	(139)	-
Profit before taxation		4,955	995
Taxation on profit	11	0	(189)
Profit for the financial year		4,955	806

The results of the current and prior year arise solely from continuing operations.

There are no items of comprehensive income other than the profit attributable to the shareholders of the Company of £4,955,000 in the year ended 31 March 2020 (2019 – £806,000).

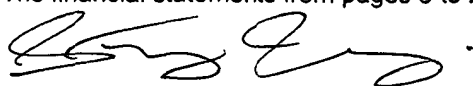
The notes on pages 11 to 20 form part of these financial statements.

Balance sheet
at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	13	2,820	1,559
		<u>2,820</u>	<u>1,559</u>
Current assets			
Debtors	14	11,047	3,104
Cash at bank and in hand		182	1,260
		<u>11,229</u>	<u>4,364</u>
Creditors: amounts falling due within one year	15	(11,518)	(3,418)
Net current (liabilities)/assets		<u>(289)</u>	<u>946</u>
Total assets less current liabilities		<u>2,531</u>	<u>2,505</u>
Net assets		<u><u>2,531</u></u>	<u><u>2,505</u></u>
Capital and reserves			
Called up share capital	16,17	10	10
Share premium account	17	499	-
Profit and loss account	17	2,022	2,495
Total Shareholders' funds		<u><u>2,531</u></u>	<u><u>2,505</u></u>

For the year ending 31 March 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements from pages 8 to 20 were approved by the board of directors and signed on its behalf by:



S C Jaye
Director

Date: 25th March 2021

The notes on pages 11 to 20 form part of these financial statements.

Xi-Tech Limited

Statement of changes in equity for the year ended 31 March 2020

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total share- holders' funds £'000
At 1 April 2018	10	-	1,689	1,699
Profit for the year	-	-	806	806
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	806	806
As at 31 March 2019	10	-	2,495	2,505
Profit for the year	-	-	4,955	4,955
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	4,955	4,955
Contributions by and distributions to owners				
Shares issued during the year	-	499	-	499
Share-based payments	-	-	1,261	1,261
Dividends	-	-	(6,689)	(6,689)
As at 31 March 2020	10	499	2,022	2,531

The profit and loss account includes £761,000 available for distribution.

The notes on pages 11 to 20 form part of these financial statements.

Notes to the financial statements (continued)

for the year ended 31 March 2020

1. Statutory information

The Company is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given in the Company information on page 1. The principal activities of the Company and the nature of its operations are set out in the Strategic report on page 2.

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments measured at fair value through profit or loss, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), applicable accounting standards and the Companies Act 2006. The accounting policies have been applied consistently other than where new policies have been adopted.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2020.

Disclosure exemptions adopted

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

- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraphs 10(d), 10(f), 16, , 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payments;
- The requirements of paragraphs 130(f)(ii), 130(f)(ii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;

The Company's ultimate parent undertaking, discoverIE Group plc, includes the Company in its consolidated financial statements, and therefore where required equivalent disclosures are included in the financial statements of discoverIE Group plc. The consolidated financial statements of discoverIE Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey, GU2 7AH.

Notes to the financial statements (continued)

for the year ended 31 March 2020

2. Accounting policies (continued)

New standards, amendments and IFRIC interpretations

IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23) are new accounting standards that are effective for the year ended 31 March 2020. They have not had a material impact on the Company.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2020 which have a material impact on the Company.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position have been described in the Strategic Report on pages 2 to 4.

The directors continue to review and estimate the impact of the Covid-19 pandemic on the business. No adjustments to the key estimates and judgements that impact the Balance Sheet as at 31 March 2020 have been identified.

The ultimate parent undertaking, discoverIE Group plc, has agreed to provide financial support to the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the Balance sheet. The discoverIE Group plc has significant financial resources, sells a wide portfolio of different products across a diverse set of industries and geographies, has a global supply chain network and has well-established relationships with its customers. As disclosed in discoverIE Group plc's Interim financial statements for the six months ended 30 September 2020, a copy being available on the company's website, the Group's position remains robust and the Directors continue to adopt the going concern basis in preparing the financial statements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Group financial statements

These financial statements have been prepared for the individual Company only. The Company has utilised the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements as the result of the Company and its subsidiaries are included in the consolidated financial statements of the ultimate parent undertaking which are publicly available (as set out in note 19).

Revenue

In accordance with IFRS 15, a five-step approach is taken for recognising revenue from contracts with customers. The Company generates revenue ('turnover') by providing services to its subsidiary, Sens-Tech Limited. The amount of revenue recorded represents the fair value of the consideration received or receivable, after deducting discounts, VAT and similar taxes levied overseas and is recognised over the life of the contract reflecting performance of the contractual obligations to the Company.

Administrative Expenses

Expenses are recognised in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in liability, other than those relating to distributions to equity participants that have arisen and can be measured reliably.

Income from shares in group undertakings

Dividend income from shares in group undertakings includes dividend income from subsidiaries. Dividend income is recognised when the Company's right to receive payment is established.

Interest receivable and similar income

Revenue is recognised as interest accrues using the effective interest method.

Notes to the financial statements (continued)
for the year ended 31 March 2020

2. Accounting policies (continued)

Interest payable and similar expenses

Interest payable is charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Investments

Fixed asset investments are shown at cost less provision for impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Balance sheet date and the resultant gains or losses on translation are included in the Profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Current and deferred taxation

The taxation expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, based on tax rates and laws that are enacted or substantively enacted by the Balance sheet date

Deferred taxation is recognised in respect of all timing differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements, with the following exceptions:

- 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; and
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

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

Dividends payable

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Notes to the financial statements (continued)
for the year ended 31 March 2020

2. Accounting policies (continued)

Financial Instruments

Financial assets

Beginning 1 April 2018, the Company classifies its financial assets as those to be measured at amortised cost. The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

At initial recognition

The Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Financial assets mainly comprise of 'amounts owed by group undertakings', 'other current assets (excluding prepayments and VAT receivables)', and 'cash and cash equivalents' in the Balance sheet. Cash and short-term deposits in the Balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Financial assets are subsequently measured based on the classification as follows:

Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment of financial assets

Impairment provisions for related parties debtors and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and the liability simultaneously.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities mainly comprise 'bank overdrafts' and 'amounts owed to group undertakings and other short-term monetary liabilities' in the Balance sheet. These are initially recognised at fair value plus any directly attributable costs in the case of bank overdrafts and subsequently measured at amortised cost using the effective interest rate method.

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Notes to the financial statements (continued)
for the year ended 31 March 2020

2. Accounting policies (continued)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

Share-based payments

In preparing the financial statements, the Company has applied IFRS2 Share-based payments. Although the Company does not incur a charge under this standard, the grant by the Company to the employee of its subsidiary, Sens-Tech Limited, of options over the Company's shares, represents a capital contribution by the Company to its subsidiary. The capital contribution is based upon the fair value of the options granted.

3. Significant accounting estimates and judgements

Estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The most significant areas in which assumptions are made and estimates used are in determining:

Value of investments

At each reporting date, the Company reviews the carrying value of its investments to determine whether there is any indication that the investments are impaired. If such an indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss, if any.

Impairment of intercompany loans

Impairment provisions for amounts due between companies across the Group are recognised on a forward looking expected credit loss model. Management has reviewed the intercompany loans granted to and by the entity. Based on their assessment they believe that credit risk has not increased significantly since initial recognition and there is no difference between the contractual and expected future cash flows of those intercompany loans. As a result, none of these loans have been credit-impaired at the reporting date. Management will keep monitoring at each reporting date.

Notes to the financial statements (continued)
for the year ended 31 March 2020

4. Turnover

Turnover represents amounts (excluding value added tax) invoiced by the Company for the provision of services to its subsidiary, Sens-Tech Limited.

An analysis of turnover by geographical market is given below:

	2020 £'000	2019 £'000
United Kingdom	996	996
	<u>996</u>	<u>996</u>

5. Operating profit

The audit fee of £nil (2019 – £nil) was borne by a fellow group undertaking in both years.

6. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the Company (2019— £nil). The directors also provide services to other group undertakings and received remuneration from fellow group undertakings, discoverIE Management Services Limited and Sens-Tech Limited, in respect of services to the Group. It is not possible to identify the proportion of this remuneration that relates to services to this Company.

7. Staff costs

The Company had no employees other than the directors in either year. The directors are employed through fellow group undertakings discoverIE Management Services Limited and Sens-Tech Limited, and no amount has been recharged to the Company as explained in note 5.

8. Income from shares in group undertakings

	2020 £'000	2019 £'000
Dividend income (see note 13)	3,960	-
	<u>3,960</u>	<u>-</u>

9. Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable on amounts owed to group undertakings	139	-
	<u>139</u>	<u>-</u>

Notes to the financial statements (continued)
for the year ended 31 March 2020

10. Interest payable and similar expense

	2020 £'000	2019 £'000
Interest payable on amounts owed to group undertakings	<u>139</u>	<u>-</u>

11. Taxation on profit

(a) Taxation on profit

The tax charge is made up as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax on profit for the financial year	-	189
Total current taxation	<u>-</u>	<u>189</u>

(a) Factors affecting the current tax charge/credit for the year

The tax assessed for the year 2020 is lower than (2019: the same as) the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation	<u>4,955</u>	<u>995</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	941	189
Effects of:		
Non-taxable dividend and other income	<u>(941)</u>	<u>-</u>
Total tax for the year (note 11(a))	<u>-</u>	<u>189</u>

(c) Factors affecting future tax charges

Prior to 31 March 2020, the previously enacted reduction in the UK corporation tax rate to 17% had been reversed and the rate remains at 19% from 1 April 2020.

Notes to the financial statements (continued)
for the year ended 31 March 2020

12. Dividends

	2020 £'000	2019 £'000
Interim dividends of £568.87 (2019 –£nil) per ordinary share paid during the year	<u>6,689</u>	<u>-</u>

The directors are proposing a final dividend of £nil (2019 – £nil).

13. Investments

	Shares in group undertakings £'000
Cost and Net book value	
At 1 April 2019	1,559
Share-based payments	1,261
	<u>2,820</u>
At 31 March 2020	=====

As at 31 March 2020 the Company's undertakings were as follows:

Name	Country of incorporation and registration	Nature of business	Percentage of ordinary share capital held
Directly held			
Sens-Tech Limited	England	Design & Manufacturing	100%

The full registered address of the above company is provided in the financial statements of the ultimate parent undertaking, discoverIE Group plc.

During the year, the Company received dividends of £3,960,000 (2019— £nil) from Sens-Tech Limited.

In the opinion of the directors the aggregate value of the net assets of the Company consisting of shares in, or amounts owing from the above subsidiaries and associated undertakings, is not less than the aggregate amount at which those net assets are included in the Company's Balance sheet.

Notes to the financial statements (continued)
for the year ended 31 March 2020

14. Debtors

	2020 £'000	2019 £'000
Due within one year		
Amounts owed by group undertakings	11,000	-
Corporation tax	47	-
Other debtors	-	3,104
	<u>11,047</u>	<u>3,104</u>

Amounts owed by group undertakings are repayable on demand.

15. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	11,518	3,311
Corporation tax	-	107
	<u>11,518</u>	<u>3,418</u>

16. Called up share capital

	2020 No.	2020 £'000	2019 No.	2019 £'000
Authorised, called up and fully paid:				
Ordinary shares of £1 each	<u>10,256</u>	<u>10</u>	<u>10,000</u>	<u>10</u>

On 16 October 2019, an employee of the Company's subsidiary, Sens-Tech Limited, exercised 256 share options which were granted on 9 June 2019. The exercise price of the share options was £499,200 and the estimated fair value of the share options for the purposes of IFRS2 Share Based Payments was £1,260,826 which is equal to the value received on exercise of £1,760,026 less the exercise price of £499,200.

17. Reserves

The following describes the nature and purpose of each reserve within equity:

Called up share capital	Nominal value of shares issued.
Share premium account	Amount subscribed for share capital in excess of nominal value
Profit and loss account	Cumulative profits or losses, net of dividends paid and other adjustments.

Notes to the financial statements (continued)
for the year ended 31 March 2020

18. Guarantees and financial commitments

The Company is a member of a VAT group with Sens-Tech Limited and is jointly and severally liable for amounts owed by any member of that VAT group in respect of unpaid VAT.

19. Ultimate parent company and controlling party

The ultimate parent undertaking and controlling party is discoverIE Group plc, a company incorporated in England and Wales.

The parent undertaking of the smallest and largest group that prepares group financial statements and of which the Company is a member is discoverIE Group plc. Copies of the group financial statements of discoverIE Group plc can be obtained from 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey GU2 7AH.

20. Post balance sheet events

COVID-19

The impact of COVID-19 has been fully considered in the Going Concern assessment of the Company which is included in note 2 to the financial statements. This did not have any impact on the judgements made in the preparation of the financial statements and conclusions reached as at 31 March 2020.

Brexit

On 31 January 2020, the UK left the European Union (EU) and the transition period ended on 31 December 2020. Whilst the UK and the EU have agreed certain ongoing trading arrangements, the directors acknowledge that some continued uncertainty exists regarding the practical implementation. However, they do not foresee any significant risks impacting the Company.