Company registration number 08072421 (England and Wales)

MEGAHERTZ LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

PAGES FOR FILING WITH REGISTRAR

MEGAHERTZ LIMITED

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MEGAHERTZ LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	**4**		-		83
Tangible assets	**5**		29,655		38,919
Investments	**6**		26,510		26,510
			56,165		65,512
Current assets					
Stocks		117,184		824,449	
Debtors	**7**	1,785,105		2,338,338	
Cash at bank and in hand		2,693,254		2,824,001	
		4,595,543		5,986,788	
Creditors: amounts falling due within one year	**8**	(3,012,966)		(5,928,652)	
Net current assets			1,582,577		58,136
Total assets less current liabilities			1,638,742		123,648
Creditors: amounts falling due after more than one year	**9**		(942,682)		(2,650,019)
Provisions for liabilities			(17,184)		(19,350)
Net assets/(liabilities)			678,876		(2,545,721)
Capital and reserves					
Called up share capital			10,870		10,000
Share premium account			3,339,060		-
Profit and loss reserves			(2,671,054)		(2,555,721)
Total equity			678,876		(2,545,721)

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved and signed by the director and authorised for issue on 15 May 2023

J Flay
Director

Company Registration No. 08072421

MEGAHERTZ LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2021		10,000	-	(2,622,583)	(2,612,583)
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	66,862	66,862
Balance at 31 December 2021		10,000	-	(2,555,721)	(2,545,721)
Year ended 31 December 2022:					
Loss and total comprehensive income for the year		-	-	(115,333)	(115,333)
Issue of share capital		870	3,339,060	-	3,339,930
Balance at 31 December 2022		10,870	3,339,060	(2,671,054)	678,876

1 Accounting policies

Company information

Megahertz Limited is a private company limited by shares incorporated in England and Wales. The registered office is Gable House, 239 Regents Park Road, Finchley, London, United Kingdom, N3 3LF. The principal business address is 39 Lancaster Way, Ely, CB6 3NW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Long-term contracts

Long-term contracts are assessed on a contract by contract basis and reflected in the statement of comprehensive income by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Amounts recoverable on contracts

Amounts recoverable on contracts are included in debtors and represent the value of work done in excess of amounts invoiced to the customer.

Payments on account

Payments on account are included in creditors and represent amounts receivable from the customer in excess of the company's valuation work done.

1 Accounting policies **(Continued)**

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected useful economic life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Plant and equipment	- 25% reducing balance
Computers	- 33% straight line
Motor vehicles	- 25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

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

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies **(Continued)**

1.8 Impairment of fixed assets

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

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

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

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

1.9 Stocks

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

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

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.12 Equity instruments

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

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.14 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1 Accounting policies **(Continued)**

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities at the balance sheet date and the reported profits or losses that are not readily apparent from other sources. These include the following:

Impairment of WIP
The provision policy for impairment of WIP is based on the ongoing evaluation of the individual jobs and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of the profit in WIP and provisions are made against WIP accordingly.

Revenue and profit recognition
Revenue and profit recognition requires forecasts to be made on the outcome of long term contracts which require assessments and judgements to be made to estimate the expected remaining costs and revenues.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

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

	2022 Number	2021 Number
Total	20	23

4 Intangible fixed assets

	Goodwill	Other	Total
	£	£	£
Cost			
At 1 January 2022 and 31 December 2022	215,500	1,805	217,305
Amortisation and impairment			
At 1 January 2022	215,417	1,805	217,222
Amortisation charged for the year	83	-	83
At 31 December 2022	215,500	1,805	217,305
Carrying amount			
At 31 December 2022	-	-	-
At 31 December 2021	83	-	83

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2022	197,823
Additions	3,835
At 31 December 2022	201,658
Depreciation and impairment	
At 1 January 2022	158,904
Depreciation charged in the year	13,099
At 31 December 2022	172,003
Carrying amount	
At 31 December 2022	29,655
At 31 December 2021	38,919

6 Fixed asset investments

	2022	2021
	£	£
Shares in group undertakings and participating interests	26,510	26,510

7 Debtors

Amounts falling due within one year:	2022 £	2021 £
Trade debtors	575,673	709,304
Other debtors	1,209,432	1,629,034
	1,785,105	2,338,338

8 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	424,948	1,148,635
Taxation and social security	56,200	46,940
Other creditors	2,531,818	4,733,077
	3,012,966	5,928,652

Other creditors include £1,646,637 (2021 - 1,414,130) loans from an unconnected party. This loan incur interest at a rate of 5%, not secured and repayable on demand.

9 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Other creditors	942,682	2,650,019

10 Operating lease commitments

Lessee

The current lease for Unit 39 and 39b will expire on 15 May 2024 and decision for renewal will be made nearer the date.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2022 £	2021 £
	144,552	252,424

11 Events after the reporting date

There have been no significant events affecting the company since the year end.

12 Related party transactions

12 Related party transactions **(Continued)**

The company has taken advantage of the exemption in the FRS102 from disclosing transactions with wholly owned subsidiaries of the group headed by Megahertz Limited.

During the year, £3,339,930 owed to Engrit Services Limited was converted to shares. The remaining balance of £942,682 was being carried forward as payable at the year end. This amount is shown as other creditors note 9 to the accounts. Discussion is ongoing with the lender to waive this in 2023.

Queensgate Limited was formally closed and no claims were made by liquidators or any other parties. Hence, £447,797 owed to the company was written off during the year.

13 Parent company

The ultimate controlling person is Mr. R Azamatov by virtue of his shareholding in the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.