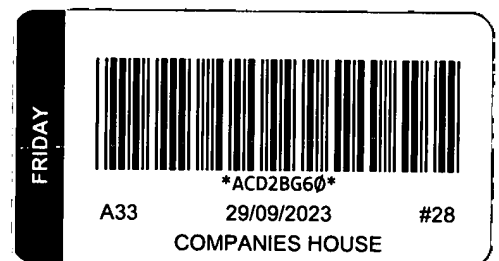


COMPANY REGISTRATION NUMBER: 01367328

Comtrex Systems Corporation Limited
Financial Statements
31 December 2022



Comtrex Systems Corporation Limited

Financial Statements

Year ended 31 December 2022

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Comtrex Systems Corporation Limited

Officers and Professional Advisers

The board of directors

S Roberts
R Hammond
S J Mclean

Company secretary

Ms R M Gervaise

Registered office

C/O Zonal Retail Data Systems Limited
115a Innovation Drive
Milton Park
Abingdon
Oxfordshire
OX14 4RZ

Auditor

Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Comtrex Systems Corporation Limited

Strategic Report

Year ended 31 December 2022

Business review

Comtrex designs, develops, assembles, markets, sells and provides services for computer software, electronic terminals and turn-key systems for restaurants, both table and quick service. The Company's hardware and software systems provide transaction processing, operational controls and management information, both in-store and on an enterprise level.

The company has continued to strengthen its strategic third-party relationships which are key to ensuring that its ability to offer a comprehensive solution to both existing and new clients.

The Company's performance continues to be impacted by the effects of Brexit, food and energy inflation on the hospitality industry.

Total revenues increased by 20.03% on prior year. Other key performance indicators include gross profit margin, which increased from 69.5% in 2021 to 70.6% in 2022, EBITDA, which increased by 49.47%, and profit before tax, which increased by 55.04%. The Company's cash position increased by £1.279m and stood at £3.989m at the end of fiscal year 2022.

Principal risks and uncertainties

Market risk

There is risk associated in the hospitality sector and there have been several administrations and CVA's in this area.

Food and energy prices have placed further strain on UK hospitality, however it has been clearly evidenced that technology will play an important role in the future success of hospitality businesses through delivering an aggregated, omni-channel customer experience. Through our products, services and client focus, we are well placed to help companies attract and retain customers along with driving efficiencies and cost reductions to enable them to grow and thrive as we move out of the pandemic.

Foreign exchange risk

The company has a supply chain that includes the procurement of goods from outside the UK, however no foreign exchange hedge is currently in place. There is periodic review of foreign currency transactions to limit the risk to the company's results due to adverse currency movements relating to the purchase of these goods. We also regularly review our supply chain to ensure effective and efficient procurement practices.

Funding and liquidity risk

The business continually manages its treasury position, ensuring that we have sufficient liquidity over and above our forecast in order to support future trading. We continue to ensure we have sufficient banking facilities in place as part of this process.

Comtrex Systems Corporation Limited

Strategic Report *(continued)*

Year ended 31 December 2022

Research and development

Research and development is a vital part of the Company's plan to continue providing superior and innovative product offerings. Throughout 2022 we continued to heavily invest in our people and our products to execute against our strategic objective of providing integrated, innovative software solutions to the hospitality market.

Future developments

The Company's development efforts are largely determined by the needs of its largest customers. The Company seeks to solve the unique requirements of individual customers through the creative development of software and systems which will have a wider and broader appeal to less technologically sophisticated customers. Examples of such developments in the past include compliance with the governments eat out to help out scheme where VAT was required to be calculated on the gross rather than net amount of of the customer's bill.

27 September 2023

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

Steven Roberts

S Roberts
Director

Registered office:
C/O Zonal Retail Data Systems Limited
115a Innovation Drive
Milton Park
Abingdon
Oxfordshire
OX14 4RZ

Comtrex Systems Corporation Limited

Directors' Report

Year ended 31 December 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Directors

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

S Roberts
R Hammond
S J Mclean

Dividends

The directors do not recommend the payment of a dividend.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk, price risk and liquidity risk.

Credit risk

The company's financial assets are bank balances, trade debtors, loans to group undertakings and other debtors.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for bad debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows. The company does not enter into any formally designated hedging arrangements.

Price risk

The company has a normal level of exposure to price risk arising from its trading activities.

Liquidity risk

The company has significant bank balances which are sufficient to meet trade creditors and other liabilities as they arise.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report, including future developments and research and development.

Comtrex Systems Corporation Limited

Directors' Report *(continued)*

Year ended 31 December 2022

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report 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 profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

27 September 2023

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

Steven Roberts

S Roberts
Director

Registered office:
C/O Zonal Retail Data Systems Limited
115a Innovation Drive
Milton Park
Abingdon
Oxfordshire
OX14 4RZ

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited

Year ended 31 December 2022

Opinion

We have audited the financial statements of Comtrex Systems Corporation Limited (the 'company') for the year ended 31 December 2022 which comprise the income statement, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 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.

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited (continued)

Year ended 31 December 2022

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited (continued)

Year ended 31 December 2022

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 is 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the Company's business, controls, legal and regulatory frameworks, and assessed the susceptibility of the Company's financial statements to material misstatement from irregularities, including fraud.

We determined that the laws and regulations that are most significant to the company are those relating to the reporting framework (FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland') and the Companies Act 2006 and relevant tax compliance regulations in which the company operates.

Based on this understanding we designed our audit procedures to detecting irregularities, including fraud. Testing undertaken included making enquiries on the management; journal entry testing; review of bank letters, board minutes and any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Comtrex Systems Corporation Limited

Independent Auditor's Report to the Members of Comtrex Systems Corporation Limited (continued)

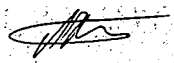
Year ended 31 December 2022

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Wood (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

27 September 2023

Comtrex Systems Corporation Limited

Income Statement

Year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	6,806,676	5,670,692
Cost of sales		(1,999,537)	(1,731,045)
Gross profit		4,807,139	3,939,647
Distribution costs		(2,511,581)	(2,530,011)
Administrative expenses		(656,988)	(563,744)
Other operating income	5	—	142,136
Operating profit	6	1,638,570	988,028
Other interest receivable and similar income	10	198,643	196,919
Profit before taxation		1,837,213	1,184,947
Tax on profit	11	(292,948)	(54,800)
Profit for the financial year		1,544,265	1,130,147

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 14 to 26 form part of these financial statements.

Comtrex Systems Corporation Limited

Statement of Financial Position

31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	896,932	955,501
Investments	14	200	200
		<u>897,132</u>	<u>955,701</u>
Current assets			
Stocks	15	266,308	277,548
Debtors	16	7,163,813	6,873,735
Cash at bank and in hand		3,988,900	2,710,240
		<u>11,419,021</u>	<u>9,861,523</u>
Creditors: amounts falling due within one year	17	<u>(981,376)</u>	<u>(1,020,032)</u>
Net current assets		<u>10,437,645</u>	<u>8,841,491</u>
Total assets less current liabilities		<u>11,334,777</u>	<u>9,797,192</u>
Provisions			
Taxation including deferred tax	18	(60,867)	(67,547)
Net assets		<u>11,273,910</u>	<u>9,729,645</u>
Capital and reserves			
Called up share capital	22	6,000	6,000
Profit and loss account	23	11,267,910	9,723,645
Shareholders funds		<u>11,273,910</u>	<u>9,729,645</u>

These financial statements were approved by the board of directors and authorised for issue on 27 September 2023, and are signed on behalf of the board by:

S Roberts *Steven Roberts*
Director

Company registration number: 01367328

The notes on pages 14 to 26 form part of these financial statements.

Comtrex Systems Corporation Limited

Statement of Changes in Equity

Year ended 31 December 2022

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2021	6,000	8,593,498	8,599,498
Profit for the year		1,130,147	1,130,147
Total comprehensive income for the year	—	1,130,147	1,130,147
At 31 December 2021	6,000	9,723,645	9,729,645
Profit for the year		1,544,265	1,544,265
Total comprehensive income for the year	—	1,544,265	1,544,265
At 31 December 2022	<u>6,000</u>	<u>11,267,910</u>	<u>11,273,910</u>

The notes on pages 14 to 26 form part of these financial statements.

Comtrex Systems Corporation Limited

Statement of Cash Flows

Year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	1,544,265	1,130,147
<i>Adjustments for:</i>		
Depreciation of tangible assets	200,222	242,168
Government grant income	—	(142,136)
Other interest receivable and similar income	(198,643)	(196,919)
Loss on disposal of tangible assets	8,968	42,041
Tax on profit	292,948	54,800
Accrued income	(19,193)	(54,963)
<i>Changes in:</i>		
Stocks	11,240	(114,899)
Trade and other debtors	(91,436)	880,664
Trade and other creditors	(262,953)	(470,832)
Cash generated from operations	1,485,418	1,370,071
Interest received	1	—
Tax paid	(56,138)	(32,011)
Net cash from operating activities	<u>1,429,281</u>	<u>1,338,060</u>
Cash flows from investing activities		
Purchase of tangible assets	(151,499)	(165,411)
Proceeds from sale of tangible assets	878	32,557
Net cash used in investing activities	<u>(150,621)</u>	<u>(132,854)</u>
Cash flows from financing activities		
Government grant income	—	142,136
Net cash from financing activities	<u>—</u>	<u>142,136</u>
Net increase in cash and cash equivalents	1,278,660	1,347,342
Cash and cash equivalents at beginning of year	2,710,240	1,362,898
Cash and cash equivalents at end of year	<u>3,988,900</u>	<u>2,710,240</u>

The notes on pages 14 to 26 form part of these financial statements.

Comtrex Systems Corporation Limited

Notes to the Financial Statements

Year ended 31 December 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is C/O Zonal Retail Data Systems Limited, 115a Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RZ. The principal place of business is 2 Gatwick Metro Centre, Balcombe Road, Horley, Surrey RH6 9GA.

The principal activity of the company during the year was supplying point of sale equipment and related stationery.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

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

The financial statements are prepared in sterling, which is the functional currency of the entity.

The amounts in the financial statements are presented to the nearest £, unless otherwise stated.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

The business is able to meet its financial obligations when they fall due for at least the next 12 months due to its strong cash position. We have invested significantly in its intellectual property to protect and grow its recurring SAAS revenues and maintain its position in the hospitality marketplace. It is not dependant on any single source of products and is therefore not at risk from supply chain issues associated with either the Covid pandemic or the short term effects of Brexit.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the subsidiary undertakings are dormant.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Stock provision

Provision is made for obsolete or defective items where appropriate during the year end stock takes. A further provision is then applied to write stock down to the estimated net realisable value. The stock provision for the year was £61,170 (2021: £86,456).

Revenue recognition

Turnover from the sale of EPoS Systems is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Services provided include installation, maintenance and ongoing support. When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	Straight line over 10 years
Mission Licences	-	Straight line over 3 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	straight line over 50 years
Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	15-33% straight line
Motor Vehicles	-	33% reducing balance
Rental Equipment	-	straight line over the life of the agreement

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Investments

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

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Government grants *(continued)*

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 Group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Trade and other debtors

Trade and other debtors are initially recorded at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, receivables and stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Trade and other creditors

Trade and other creditors are initially recognised at the transaction price and are thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	1,353,460	1,149,001
Rendering of services	5,394,811	4,501,653
Commissions	58,405	20,038
	<u>6,806,676</u>	<u>5,670,692</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2022	2021
	£	£
Government grant income	<u>—</u>	<u>142,136</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	200,222	242,168
Loss on disposal of tangible assets	8,968	42,041
Impairment of trade debtors	87,444	70,222
Foreign exchange differences	<u>18,955</u>	<u>(11,898)</u>

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>10,000</u>	<u>10,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>8,750</u>	<u>8,750</u>

8. Staff costs

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

	2022	2021
	No.	No.
Management staff	3	1
Sales & marketing staff	3	6
Administrative staff	5	3
Development & programming staff	12	15
Support staff	<u>24</u>	<u>29</u>
	<u>47</u>	<u>54</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

8. Staff costs *(continued)*

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

	2022	2021
	£	£
Wages and salaries	2,115,612	2,141,418
Social security costs	248,211	245,947
Other pension costs	100,011	92,913
	<u>2,463,834</u>	<u>2,480,278</u>

9. Directors' remuneration

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

	2022	2021
	£	£
Remuneration	166,190	161,287
Company contributions to defined contribution pension plans	18,000	18,000
	<u>184,190</u>	<u>179,287</u>

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

	2022	2021
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

10. Other interest receivable and similar income

	2022	2021
	£	£
Interest on cash and cash equivalents	1	–
Interest from group undertakings	198,642	196,919
	<u>198,643</u>	<u>196,919</u>

11. Tax on profit

Major components of tax expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	299,628	56,153
Adjustments in respect of prior periods	–	(152)
Total current tax	<u>299,628</u>	<u>56,001</u>
Deferred tax:		
Origination and reversal of timing differences	(6,680)	(1,201)
Tax on profit	<u>292,948</u>	<u>54,800</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	<u>1,837,213</u>	<u>1,184,947</u>
Profit on ordinary activities by rate of tax	<u>349,070</u>	<u>209,617</u>
Adjustment to tax charge in respect of prior periods	–	(152)
Effect of expenses not deductible for tax purposes	5,775	3,569
Research & Development tax credit	(51,658)	(166,054)
Impact of change in tax rate	(1,603)	16,210
Super deduction	(8,636)	(8,390)
Tax on profit	<u>292,948</u>	<u>54,800</u>

12. Intangible assets

	Goodwill £	Software licence £	Total £
Cost			
At 1 January 2022 and 31 December 2022	<u>412,333</u>	<u>400,972</u>	<u>813,305</u>
Amortisation			
At 1 January 2022 and 31 December 2022	<u>412,333</u>	<u>400,972</u>	<u>813,305</u>
Carrying amount			
At 31 December 2022	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2021	<u>–</u>	<u>–</u>	<u>–</u>

Goodwill represents the difference between the cost of acquiring the business and assets of Redpepper Solutions Limited in 2010 and its net assets at the date of acquisition. Goodwill arising on acquisition amounted to £224,056. In addition, goodwill has since increased by the payment of further deferred contingent consideration amounts of £188,277 due under the agreement for the acquisition of Redpepper Solutions Limited on 1 July 2008. The carrying amount as at 31 December 2022 was £nil (2021: £nil).

Software license of £400,972 relate to software licences acquired upon the acquisition of the business and assets of Mission Integrated Systems Limited in 2014. The carrying amount as at 31 December 2022 was £nil (2021: £nil).

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

13. Tangible assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Rental Equipment £	Total £
Cost						
At 1 Jan 2022	954,411	7,550	336,829	150,579	878,775	2,328,144
Additions	—	—	50,099	—	101,400	151,499
Disposals	—	—	—	(14,477)	(29,930)	(44,407)
At 31 Dec 2022	954,411	7,550	386,928	136,102	950,245	2,435,236
Depreciation						
At 1 Jan 2022	287,264	7,550	305,893	105,690	666,246	1,372,643
Charge for the year	19,088	—	20,747	14,524	145,863	200,222
Disposals	—	—	—	(13,599)	(20,962)	(34,561)
At 31 Dec 2022	306,352	7,550	326,640	106,615	791,147	1,538,304
Carrying amount						
At 31 Dec 2022	648,059	—	60,288	29,487	159,098	896,932
At 31 Dec 2021	667,147	—	30,936	44,889	212,529	955,501

Rental Equipment

Included within the net book value of £896,932 is £159,098 (2021: £212,529) relating to assets leased to customers. The depreciation charge to the financial statements in the period in respect of such assets amounted to £145,863 (2021: £169,047).

14. Investments

	Shares in group undertakings £
Cost	
At 1 January 2022 and 31 December 2022	200
Impairment	
At 1 January 2022 and 31 December 2022	—
Carrying amount	
At 31 December 2022	200
At 31 December 2021	200

Subsidiaries

	Class of share	Percentage of shares held
Subsidiary undertakings		
Redpepper Solutions Limited	Ordinary	100
Mission Integrated Systems Limited	Ordinary	100

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

14. Investments *(continued)*

The results and capital and reserves for the year are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2022	2021	2022	2021
	£	£	£	£
Subsidiary undertakings				
Redpepper Solutions Limited	100	100	—	—
Mission Integrated Systems Limited	100	100	—	—

The above companies were incorporated in England and were dormant during the current and prior period.

The registered office of the subsidiaries is C/O Zonal Retail Data Systems Limited, 115a Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RZ.

15. Stocks

	2022	2021
	£	£
Finished goods and goods for resale	266,308	277,548

16. Debtors

	2022	2021
	£	£
Trade debtors	1,048,974	861,887
Amounts owed by group undertakings	6,006,337	5,883,364
Prepayments and accrued income	105,564	126,240
Other debtors	2,938	2,244
	7,163,813	6,873,735

17. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	126,824	470,540
Amounts owed to group undertakings	81,356	37,732
Accruals and deferred income	98,013	117,206
Corporation tax	299,643	56,153
Social security and other taxes	356,533	328,112
Other creditors	19,007	10,289
	981,376	1,020,032

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

18. Provisions

	Deferred tax (note 19) £
At 1 January 2022	67,547
Additions	(6,680)
At 31 December 2022	<u>60,867</u>

19. Deferred tax

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

	2022 £	2021 £
Included in provisions (note 18)	<u>60,867</u>	<u>67,547</u>

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

	2022 £	2021 £
Accelerated capital allowances	63,185	69,055
Pension creditor	(2,318)	(1,508)
	<u>60,867</u>	<u>67,547</u>

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £100,011 (2021: £92,913).

21. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2022 £	2021 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>—</u>	<u>142,136</u>

During the period, the company received government grants of £nil relating to the Coronavirus Job Retention Scheme (2021: £142,136). The company has not directly benefited from any other forms of government assistance.

22. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

Comtrex Systems Corporation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

22. Called up share capital *(continued)*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

23. Reserves

The profit and loss reserve includes all current and prior retained period profits and losses.

24. Analysis of changes in net debt

	At 1 Jan 2022	Cash flows	At 31 Dec 2022
	£	£	£
Cash at bank and in hand	<u>2,710,240</u>	<u>1,278,660</u>	<u>3,988,900</u>

25. Contingent liabilities

The Royal Bank of Scotland hold a fixed and floating charge over the property and a debenture against all assets of the company. Comtrex has also granted a group guarantee over Zonal Retail Data Systems Limited's facilities with the Royal Bank of Scotland.

26. Related party transactions

The total remuneration for key management personnel for the year totalled £391,517 (2021: £415,089).

During the year, the company paid salaries of £45,249 to close family members of the directors (2021: £45,167).

No further related party transactions require disclosure under FRS102.

27. Controlling party

The company is wholly owned by Zonal Retail Data Systems Limited, a company incorporated in Scotland. The registered office of Zonal Retail Data Systems Limited is 1 Tanfield, Edinburgh, UK, EH3 5DA. The consolidated financial statements of Zonal Retail Data Systems Limited, which include Comtrex Systems Corporation Limited, are available from its registered office.

In the opinion of the directors, there is no controlling party.