

Company Registration Number 01435835 (England and Wales)

Akhter Group Limited

Audited Company and Consolidated Financial Statements

For The Year Ended 31 December 2020

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COMPANIES HOUSE

BENNEWITH 2018 LIMITED

Chartered Accountants & Statutory Auditor

3 Wey Court

Mary Road

Guildford

Surrey

GU1 4QU

Registered office: Akhter Group Limited, Akhter House, Perry Road, Harlow, Essex CM18 7PN

Akhter Group Limited

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For The Year Ended 31 December 2020**

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Akhter Group Limited

Directors' report

For The Year Ended 31 December 2020

The directors present their annual report and the audited financial statements for the period

Principal activities

The group is an established manufacturer, systems integrator and supplier of PC network and database technology to a broad base of predominantly public sector customers in the UK. The group principally serves the networked PC and workstation market offering customers complete turnkey systems solutions, comprising hardware, software, installation, networking, training and after sales support. The group sells mainly into niche markets in which it can differentiate itself and gain a competitive advantage. The group also holds an investment company that has entered the green energy market through the design and production of commercial solar powered lights.

Review of the business

Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

In November 2020 we suffered from a major fire at our premises which destroyed the main head office building and its contents. Although this represented a major risk to the business, the group was able to get back up and running in temporary premises in short time period due to implementation of key disaster contingency plans, including the transfer of the group to temporary premises.

The group's business environment in which we operate continues to be challenging. The computer market is highly competitive and operating margins need to be maintained. We face competition from companies both inside and outside the UK. We are also affected by consumer spending patterns and consumer' overall level of disposable income within our economy.

The environmental risks associated with covid throughout the year had impacted the business with delayed delivery of goods and imports, particularly with the green energy company. However, the UK business carried out its trading as usual throughout the COVID risk period and this is reflected in the levels of turnover achieved in the financial accounts.

The market for "green technology and sustainability" continues to grow, it is projected to substantially increase from \$8 billion to around \$48 billion by 2027. The group plans to continue its global investment into design and manufacture of solar street lights and continued research and development for the forthcoming years..

The group's consolidated profit and loss account is shown on page 5.

The financial performance indicators have been selected that reflect the performance of the group as a whole including turnover, gross profit and operating profit.

No interim dividend was paid during the year (2019: nil). The directors do not recommend the payment of a final dividend for the year (2019: nil).

An interim dividend was paid by Akter Computers Limited to Akhter Group Limited on 31 December 2020 of £1,600,000 (2019: £900,000).

Market value of land and buildings

In the opinion of the directors, the professional valuation of land and buildings exceed the current book value.

Future developments

The group is continuing to develop new products and will continue the development of new market sectors for its I.T. solutions and range of commercial solar products. Market conditions remain tough with the future of public sector investment into new I.T. products becoming increasingly uncertain.

Akhter Group Limited

Directors' report (continued)

For The Year Ended 31 December 2020

Research and development

Research and development is an important part of the group's operations. The directors intend to continue their policy of investment in research and development as an essential aspect of the continuing commitment to product and quality improvements.

The research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which

Directors

The following directors have held office since 1 July 2014

Humayun A Mughal
Alan G Laffoley

Chief Executive Officer
Group Technical Director

The following directors were appointed in the year

| | | |
|---------------------|-----------|-----------------|
| Kaisira N Mughal | Appointed | 21 October 2020 |
| Kassim H N Mughal | Appointed | 21 October 2020 |
| Nadeem A Mughal | Appointed | 21 October 2020 |
| Rhyannah S S Mughal | Appointed | 21 October 2020 |
| Rosina A Mughal | Appointed | 21 October 2020 |
| Saleem S Mughal | Appointed | 21 October 2020 |
| Wassim J Mughal | Appointed | 21 October 2020 |
| Jasmin A Mughal | Appointed | 21 October 2020 |

Employee consultation

The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meeting.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Political and charitable contributions

The group made no political contributions. Charitable donations paid during the year were nil (2019: nil).

Creditor payment policy

It is the group's policy to negotiate terms with its suppliers and to ensure that they know the terms on which payment will be made when business is agreed. It is the directors policy to abide by such terms. The group does not follow any special code or standard on payment practice due to the diverse nature of its supplier base.

Akhter Group Limited

Directors' report (continued)

For The Year Ended 31 December 2020

Principal risks and uncertainties

All businesses face a range of risks and uncertainties, being subject to hazards from internal and external forces. The company and its subsidiaries undertakes regular risk assessments and the likelihood and significance of risk factors are considered to ensure risk mitigation.

UK economic performance

The UK economy has slowed down with reduced consumer spending and rising unemployments. The operational leverage is such that any deterioration in sales performance may have a disproportionate reduction in profitability. The company and its subsidiaries mitigate this risk by continuous monitoring of costs. In addition, the subsidiaries are aggressively pursuing work and orders from new and existing customers.

Availability of credit

The availability of credit for consumers and businesses has fallen considerably. Thus there is possibility of bad debts. However, this risk is mitigated by the company and its subsidiaries by the maintenance of cash reserves and through agreements with customers regarding payment terms and credit facilities. Extended credit terms are agreed with creditors where possible.

Principal risks and uncertainties (continued)

Exchange rate fluctuations

Exchange rate fluctuations have had, and continue to have, a material impact on the subsidiaries operating results. The global financial crisis has led to increased volatility in exchange rates which make it harder to predict exchange rates and thus perform financial planning. Thus the company and its subsidiaries only monitors closely the foreign exchange market to try and mitigate this risk.

Directors' responsibilities

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

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

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

Akhter Group Limited

Directors' report (continued)
For The Year Ended 31 December 2020

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

Alan Laffoley
Director



29th September 2021

Registered office:
Akhter House
Perry Road
Harlow
Essex
England
CM18 7PN

Report of the Auditors to the Members of
Akhter Group Limited

Opinion

We have audited the financial statements of Akhter Group Limited (the 'group' and the 'company') for the year ended 31 December 2020 which comprise the Consolidated Profit and Loss account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the group financial statements:

- give a true and fair view of the state of the group's and company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors for the financial year for which the group financial statements and the company financial statements are prepared is consistent with the group financial statements and the company financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Report of the Auditors to the Members of
Akhter Group Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

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

In preparing the group financial statements and company financial statements, the directors are responsible for assessing the group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group financial statements and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group and company financial statements.

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

- Identify and assess the risks of material misstatement of the group and company 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 group's 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 group's and 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 group and company 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 group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the group and company financial statements, including the disclosures, and whether the group and company financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report of the Auditors to the Members of
Akhter Group Limited

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

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 assessed the risks of material misstatement in respect of fraud as follows:

- Enquiries made of management and those charged with governance
- Analytical procedures were used to identify if there were any unusual or unexpected relationships
- Discussions with management to identify any fraud risk factors of related party relationships and transactions

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above.

Enquiries were made of management and those charged with governance. We corroborated our enquiries through the review of Board minutes and other papers provided. There was no contradictory evidence.

We considered the risk of fraud through management override and, in response, we incorporated testing of manual journal entries into our audit approach. We tested year end journals as well as journal entries throughout the year. There were no transactions identified outside the normal course of business.

Based on the results of our risk assessment we designed our audit procedures to identify and to address material misstatements in relation to fraud. We incorporated an element of unpredictability in the selection of the nature, timing, and extent of audit procedures.

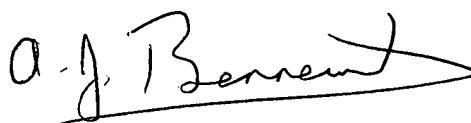
Where transaction meeting risk criteria were identified, we carried out further work such as additional testing to source information.

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

Use of our report

This report is made solely to the group'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 group's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anthony J Bennewith (Senior Statutory Auditor)
for and on behalf of Bennewith 2018 Limited (Statutory Auditors)
3 Wey Court
Mary Road
Guildford
Surrey
GU1 4QU



Date: 29 September 2021

Akhter Group Limited**Consolidated profit and loss account
For The Year Ended 31 December 2020**

| | Note | 31.12.20 £' 000 | 31.12.19 £' 000 |
|--|------|--------------------|--------------------|
| Turnover of the group | 1 | 19,016 | 12,687 |
| Cost of sales | | (15,983) | (10,264) |
| Gross profit | | 3,033 | 2,423 |
| Administrative expenses | | (2,453) | (2,255) |
| Other operating income | | 286 | 181 |
| Group operating profit/(loss) | 2 | 866 | 349 |
| Share of operating profits of associates | 24 | (91) | 169 |
| (Loss)/Profit on ordinary activities before interest | | 775 | 518 |
| Interest receivable and similar income | 3 | 118 | 109 |
| Interest payable and similar charges | 4 | (119) | (81) |
| (Loss)/Profit on ordinary activities before taxation | | 774 | 546 |
| Tax on profit on ordinary activities | 7 | - | (7) |
| Profit for the financial year for the group | | 774 | 539 |

Akhter Group Limited

**Consolidated balance sheet
As at 31 December 2020**

| | Note | 31.12.20 £' 000 | 31.12.20 £' 000 | 31.12.19 £' 000 | 31.12.19 £' 000 |
|--|------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 3,230 | | 3,325 |
| Investments | 11 | | 6,081 | | 6,064 |
| | | | <u>9,311</u> | | <u>9,389</u> |
| Current assets | | | | | |
| Stocks | 12 | 102 | | 392 | |
| Debtors | 13 | 3,350 | | 1,217 | |
| Cash at bank and in hand | | 46 | | 379 | |
| | | <u>3,498</u> | | <u>1,988</u> | |
| Creditors: amounts falling due within one year | 14 | <u>(2,682)</u> | | <u>(977)</u> | |
| Net current assets | | | <u>816</u> | | <u>1,011</u> |
| Total assets less current liabilities | | | <u>10,126</u> | | <u>10,399</u> |
| Creditors: amounts falling due after more than one year | 15 | | - | | (954) |
| Provision for liabilities | 16 | | <u>(18)</u> | | <u>(18)</u> |
| | | | <u>10,108</u> | | <u>9,427</u> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 250 | | 343 |
| Share premium account | 18 | | - | | - |
| Revaluation reserve | 18 | | 1,852 | | 1,852 |
| Other reserves | 18 | | 127 | | 127 |
| Profit and loss account | 18 | | 7,879 | | 7,105 |
| | | | <u>10,108</u> | | <u>9,427</u> |

These financial statements were approved by the board of directors and authorised for issue on 29th September 2021 and were signed on its behalf by:



**Alan Laffoley
Director**

Company Registration Number 01435835

Akhter Group Limited

**Consolidated statement of Equity
As at 31 December 2020**

| | Called up share capital £' 000 | Revaluation reserve £' 000 | Capital redemption reserve £' 000 | Profit and loss account £' 000 | Total £' 000 |
|---|---|---|--|---|-------------------------|
| At 1 January 2019 | 343 | - | 127 | 6,566 | 7,036 |
| Profit for the year | - | - | - | 539 | 539 |
| Total comprehensive income for the year | - | - | - | 539 | 539 |
| Revaluation Reserve | - | 1,852 | - | - | 1,852 |
| Total investments by and distributions to owners | - | 1,852 | - | - | 1,852 |
| At 31 December 2019 | 343 | - | 127 | 7,105 | 7,575 |
| Profit for the year | - | - | - | 774 | 774 |
| Total comprehensive income for the year | - | - | - | 774 | 774 |
| Redemption of shares | (93) | - | - | - | (93) |
| Revaluation Reserve | - | 1,852 | - | - | 1,852 |
| Total investments by and distributions to owners | (93) | 1,852 | - | - | 1,759 |
| At 31 December 2020 | 250 | 1,852 | 127 | 7,879 | 10,108 |

Akhter Group Limited

**Company balance sheet
As at 31 December 2020**

| | Note | 31.12.20 £' 000 | 31.12.20 £' 000 | 31.12.19 £' 000 | 31.12.19 £' 000 |
|--|------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 3,195 | | 3,285 |
| Investments | 11 | | 7,002 | | 6,895 |
| | | | <u>10,197</u> | | <u>10,180</u> |
| Current assets | | | | | |
| Debtors | 13 | 630 | | 839 | |
| Cash at bank and in hand | | 10 | | 91 | |
| | | <u>640</u> | | <u>930</u> | |
| Creditors: amounts falling due within one year | 14 | <u>(303)</u> | | <u>(203)</u> | |
| Net current (liabilities) assets | | | 337 | | 727 |
| Total assets less current liabilities | | | <u>10,534</u> | | <u>10,907</u> |
| Creditors: amounts falling due after more than one year | 15 | | (1,647) | | (2,643) |
| Provision for liabilities | 16 | | (18) | | (18) |
| | | | <u>8,869</u> | | <u>8,246</u> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 250 | | 343 |
| Share premium account | 18 | | - | | - |
| Revaluation reserve | 18 | | 1,852 | | 1,852 |
| Other reserves | 18 | | 127 | | 127 |
| Profit and loss account | 18 | | 6,640 | | 5,924 |
| | | | <u>8,869</u> | | <u>8,246</u> |

These financial statements were approved by the board of directors and authorised for issue on 29th September 2021 and were signed on its behalf by:

Alan Laffoley
Director



Company Registration Number 01435835

Akhter Group Limited

**Company statement of Equity
As at 31 December 2020**

| | Called up share capital £' 000 | Revaluation reserve £' 000 | Capital redemption reserve £' 000 | Profit and loss account £' 000 | Total £' 000 |
|---|---|---|--|---|-------------------------|
| At 1 January 2019 | 343 | - | 127 | 5,861 | 6,331 |
| Profit for the year | - | - | - | 63 | 63 |
| Total comprehensive income for the year | - | - | - | 63 | 63 |
| Revaluation Reserve | - | 1,852 | - | - | 1,852 |
| Total investments by and distributions to owners | - | 1,852 | - | - | 1,852 |
| At 31 December 2019 | 343 | - | 127 | 5,924 | 6,394 |
| Profit for the year | - | - | - | 716 | 716 |
| Total comprehensive income for the year | - | - | - | 716 | 716 |
| Redemption of shares | (93) | - | - | - | (93) |
| Revaluation Reserve | - | 1,852 | - | - | 1,852 |
| Total investments by and distributions to owners | (93) | 1,852 | - | - | 1,759 |
| At 31 December 2020 | 250 | 1,852 | 127 | 6,640 | 8,869 |

Akhter Group Limited

**Consolidated cash flow statement
For The Year Ended 31 December 2020**

| | Note | 31.12.20 £' 000 | 31.12.19 £' 000 |
|---|------|--------------------|--------------------|
| Cash inflow from operating activities | 20 | 644 | (463) |
| Returns on investments and servicing of finance | 21 | (1) | 28 |
| Taxation | 21 | - | (7) |
| Capital expenditure and financial investment | 21 | (22) | 1,377 |
| Cash (outflow)/inflow before management of liquid resources and financing | | 621 | 935 |
| Financing | 21 | (954) | (664) |
| (Decrease)/increase in cash in the year | | (333) | 271 |
| Reconciliation of net cash flow to movement in net debt | | | |
| (Decrease)/increase in cash in the year | | (333) | 271 |
| Cash outflow from decrease in debt and lease financing | | - | - |
| Movement in net debt in the year | | (333) | 271 |
| Net debt at the start of the year | | 379 | 108 |
| Net debt at the end of the year | 22 | 46 | 379 |

Akhter Group Limited

Accounting policies

For The Year Ended 31 December 2020

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'

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) under the historical cost convention modified to include the revaluation of certain land and buildings.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings, together with the Group's share of the results and net assets of its associate, made up to 31 December 2020.

Goodwill

Goodwill arising on the acquisition of subsidiaries or other businesses, represented by the excess of their fair value of the consideration given over the fair value of the separable net assets acquired, is capitalised and amortised over its useful economic life in accordance with Financial Reporting Standard 10. Goodwill is amortised over a period of not more than twenty years.

Company accounts

Under section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account. The amount of the profit for the financial year dealt with in the accounts of the company is £716,000 (2019: £64,000).

Turnover

Turnover represents the invoiced value of goods sold and services provided and is stated net of Value Added Tax. The turnover is attributable to the principal activities of the group which all represent continuing operations. For equipment supplied under rental agreements, turnover is recognised on an accruals basis.

Revenue recognition

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the firm is recognised when the contingent event occurs.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

For consolidation purposes, the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Exchange differences arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Accounting policies (continued)

For The Year Ended 31 December 2020

Leases and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

Rentals under operating leases are charged on a straight line basis over the lease term.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. Deferred tax assets are recognised only to the extent that they are likely to be realised.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets except land, to write off the cost, less estimated residual value, of each asset over its expected useful life on a reducing balance basis, except where stated, as follows:

| | |
|---------------------------------|--|
| Fixtures, fitting and equipment | Between 10 and 33.33 per cent, per annum, on a reducing balance basis |
| Motor vehicles | Between 20 and 25 per cent, per annum, on a reducing balance basis |
| Buildings in UK | 2 per cent, per annum, on cost or valuation on a straight line basis unless revalued at year end |
| Equipment for rental | On a systematic basis so as to spread profit evenly over the period of the rental agreements |
| Computer equipment | 33.33 per cent, per annum, on a straight line basis and some of the equipment are depreciated on 33 per cent on a reducing balance basis |

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Akhter Group Limited**Notes to the financial statements
For The Year Ended 31 December 2020****1. Turnover**

Turnover is all attributable to the principal activities of the group and arises mainly from the UK.

The distribution of external sales by geographic region is as follows:

| | 31.12.20 | 31.12.19 |
|----------|-----------------|-----------------|
| | £' 000 | £' 000 |
| Turnover | 19,016 | 12,687 |
| | | |
| Total | <u>19,016</u> | <u>12,687</u> |

The directors believe that the group has only one business segment and accordingly no further segmental analysis is provided.

2. Operating profit

Operating profit is stated after charging:

| | | |
|--|-----------|-----------|
| Depreciation and other amounts written off tangible fixed assets | 100 | 110 |
| Auditors' remuneration: | | |
| Audit | 15 | - |
| Pension costs | <u>20</u> | <u>15</u> |

3. Interest receivable and similar income

| | | |
|---------------------------|------------|------------|
| Other interest receivable | <u>118</u> | <u>109</u> |
| | <u>118</u> | <u>109</u> |

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 31 December 2020

4. Interest payable and similar charges

| | 31.12.20 | 31.12.19 |
|------------------------------|-----------------|-----------------|
| | £' 000 | £' 000 |
| On bank loans and overdrafts | 26 | 81 |
| Other interest payable | 93 | - |
| | <u>119</u> | <u>81</u> |

5. Staff numbers and costs

| | Number of employees | |
|------------------------------|----------------------------|-----------------|
| | 31.12.20 | 31.12.19 |
| Administration and technical | 27 | 16 |
| Selling and distribution | 3 | 7 |
| | <u>30</u> | <u>23</u> |

The aggregate payroll costs of these persons, including directors, were as follows:

| | 31.12.20 | 31.12.19 |
|-----------------------|-----------------|-----------------|
| | £' 000 | £' 000 |
| Wages and salaries | 861 | 724 |
| Social security costs | 79 | 71 |
| Other pension costs | 20 | 15 |
| | <u>960</u> | <u>810</u> |

6. Directors' emoluments

The emoluments of the directors are as follows:

| | | |
|-----------------------|----------------|----------------|
| Emoluments: | | |
| Salary | 345,923 | 223,571 |
| Benefits in kind | - | - |
| Total emoluments | <u>345,923</u> | <u>223,571</u> |
| Pension contributions | 11,678 | 7,221 |
| | <u>357,601</u> | <u>230,792</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 0 (2019: 0).

Remuneration of the highest paid director in respect of qualifying services:

| | | |
|------------------------|----------------|----------------|
| Aggregate remuneration | <u>266,642</u> | <u>180,038</u> |
|------------------------|----------------|----------------|

Akhter Group Limited**Notes to the financial statements (continued)**
For The Year Ended 31 December 2020**7. Taxation****(a) Analysis of (credit)/charge in year for group**

| | 31.12.20 £' 000 | 31.12.19 £' 000 |
|--|----------------------------------|----------------------------------|
| UK Corporation Tax at 19% (2018: 19%) on the profit on ordinary activities | - | 7 |
| Adjustments relating to an earlier year | - | - |
| Overseas tax | - | - |
| | <hr/> | <hr/> |
| | - | 7 |
| Deferred tax (credit)/charge | - | - |
| | <hr/> | <hr/> |
| | - | 7 |
| | <hr/> | <hr/> |

(b) Factors affecting tax charge in year for group

| | | |
|---|------------|------------|
| Profit on ordinary activities | 774 | 546 |
| | <hr/> | <hr/> |
| Profit on ordinary activities multiplied by rate of Corporation Tax in the UK of 19.00% (2018: 19%) | 147 | 104 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 17 | (84) |
| Capital Allowances in excess of depreciation | 21 | 19 |
| Utilisation of tax losses/group reliefs | - | (32) |
| Current period unutilised tax losses | (185) | - |
| Adjustment to tax charge of prior periods | - | - |
| Overseas tax | - | - |
| | <hr/> | <hr/> |
| Current tax (credit)/charge for the year | - | 7 |
| | <hr/> | <hr/> |

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 31 December 2020

8. Tangible fixed assets
Group

| | Fixtures, fittings and equipment £' 000 | Motor Vehicles £' 000 | Land and buildings £' 000 | Total £' 000 |
|--|--|--------------------------------------|--|-------------------------|
| Cost or valuation | | | | |
| At beginning of year | 2,894 | 42 | 3,820 | 6,756 |
| Additions | - | 15 | - | 15 |
| Reclassify from development costs (note 9) | - | - | - | - |
| Disposals | (2,719) | - | - | (2,719) |
| Revaluation | - | - | - | - |
| At end of year | 175 | 57 | 3,820 | 4,052 |
| Depreciation | | | | |
| At beginning of year | 2,775 | 12 | 644 | 3,431 |
| Charge for the year | 14 | 10 | 76 | 100 |
| Disposals | (2,709) | - | - | (2,709) |
| Impairment | - | - | - | - |
| Exchange difference | - | - | - | - |
| At end of year | 80 | 22 | 720 | 822 |
| Net book value | | | | |
| At 31 December 2020 | 95 | 35 | 3,100 | 3,230 |
| At 31 December 2019 | 119 | 30 | 3,176 | 3,325 |

Notes to the financial statements (continued)
For The Year Ended 31 December 2020

9. Tangible fixed assets (continued)

| Company | Fixtures, fittings and equipment £' 000 | Motor Vehicles £' 000 | Land and buildings £' 000 | Total £' 000 |
|----------------------|--|--------------------------------------|--|-------------------------|
| Cost or valuation | | | | |
| At beginning of year | 2,894 | - | 3,820 | 6,714 |
| Revaluation | - | - | - | - |
| Additions | - | - | - | - |
| Disposal | (2,719) | - | - | (2,719) |
| At end of year | 175 | - | 3,820 | 3,995 |
| Depreciation | | | | |
| At beginning of year | 66 | - | 644 | 710 |
| Charge for the year | 14 | - | 76 | 90 |
| Disposal | - | - | - | - |
| At end of year | 80 | - | 720 | 800 |
| Net book value | | | | |
| At 31 December 2020 | 95 | - | 3,100 | 3,195 |
| At 31 December 2019 | 2,828 | - | 3,176 | 6,004 |

The land and building held by Akhter Group Limited were revalued by a professional body in the sum of £3,820,000 on the basis of open market value.

The directors consider the valuation to be appropriate as at 31 December 2020.

The original cost of the land and building was £475,000 and it was purchased in 1985. The original building was then demolished and rebuilt at a cost of 1.25 million in 1995

Akhter Group Limited**Notes to the financial statements (continued)
For The Year Ended 31 December 2020****10. Fixed asset investments
Group**

| | Shares in group undertakings £' 000 | Investment to an associate company | Total £' 000 |
|---------------------------------|--|---|-------------------------|
| Valuation | | | |
| At beginning of year | 606 | 5,458 | 6,064 |
| Movement | - | 17 | 17 |
| At end of year | 606 | 5,475 | 6,081 |
| Provisions | | | |
| At beginning and end of year | - | - | - |
| Net book value | | | |
| At 31 December 2020 | 606 | 5,475 | 6,081 |
| At 31 December 2019 | 606 | 5,458 | 6,064 |

Akhter Group Limited**Notes to the financial statements (continued)
For The Year Ended 31 December 2020****11. Fixed asset investments (continued)
Group (continued)**

| Company | Shares in group undertakings | Other Investments £' 000 | Total £' 000 |
|-----------------------|---|---|-------------------------|
| Cost | | | |
| At beginning of year | 1,000 | 5,895 | 6,895 |
| Disposals | - | - | - |
| Transfers | - | 107 | 107 |
| | <u>1,000</u> | <u>6,002</u> | <u>7,002</u> |
| At end of year | 1,000 | 6,002 | 7,002 |
| Provisions | | | |
| At beginning of year | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| At end of year | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Net book value | | | |
| At 31 December 2020 | <u>1,000</u> | <u>6,002</u> | <u>7,002</u> |
| At 31 December 2019 | <u>1,000</u> | <u>5,895</u> | <u>6,895</u> |

The principal subsidiary undertakings, all of which are wholly owned and have an accounting year end of 31 December 2020, are as follows:

Akhter Computers Limited (issued share capital £1,000,000 of £1 each) - established manufacturer, system integrator and supplier of PC networking and database technology. Registered in England and Wales.

Other Investments held

Silicon CPV Limited (issued share capital £300,000 of 10p each) - developing production of electricity.

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 31 December 2020

12. Stocks

| | Group | | Company | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 |
| | £' 000 | £' 000 | £' 000 | £' 000 |
| Finished goods and goods for resale | 102 | 392 | - | - |

13. Debtors

| | | | | |
|--------------------------------|--------------|--------------|------------|------------|
| Trade debtors | 1,830 | 351 | 112 | - |
| Prepayments and accrued income | 1,013 | 27 | 11 | - |
| Other debtors | 507 | 839 | 507 | 839 |
| | <u>3,350</u> | <u>1,217</u> | <u>630</u> | <u>839</u> |

14. Creditors: amounts falling due within one year

| | | | | |
|---------------------------------|--------------|------------|------------|------------|
| Trade creditors | 1,732 | 461 | - | - |
| Other taxes and social security | 183 | 79 | - | - |
| Accruals and deferred income | 504 | 343 | 41 | 109 |
| Other creditors | 263 | 94 | 263 | 94 |
| | <u>2,682</u> | <u>977</u> | <u>303</u> | <u>203</u> |

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 31 December 2020

15. Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 |
| | £' 000 | £' 000 | £' 000 | £' 000 |
| Amounts owed to group undertakings | - | - | 1,647 | 1,689 |
| Bank loans | - | 954 | - | 954 |
| | - | 954 | 1,647 | 2,643 |
| Analysis of loans | | | | |
| Not wholly repayable within five years | - | 954 | 1,647 | 2,643 |
| | - | 954 | 1,647 | 2,643 |
| Included in current liabilities | - | - | - | - |
| | - | 954 | 1,647 | 2,643 |
| Loan maturity analysis | | | | |
| Within one years | - | - | - | - |
| In more than one year but not more than two years | - | 183 | - | 183 |
| In more than two years but not more than five years | - | 549 | - | 549 |
| In more than five years | - | 222 | 1,647 | 1,911 |
| | - | 954 | 1,647 | 2,643 |

16. Provisions for liabilities and charges

| | Deferred taxation | |
|---|--------------------------|----------------|
| | £' 000 | £' 000 |
| Group | | Company |
| At beginning of year | 18 | 18 |
| Credit to profit and loss account during year | - | - |
| Exchange difference | - | - |
| At end of year | 18 | 18 |

The amounts provided for deferred tax are set out below:

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 |
| | Provided | Provided | Provided | Provided |
| | £' 000 | £' 000 | £' 000 | £' 000 |
| Difference between accumulated depreciation and amortisation and capital allowances liability | 18 | 18 | 18 | 18 |

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 31 December 2020

17. Called up share capital

| | 31.12.20 | 31.12.19 |
|---|-----------------|-----------------|
| | £' 000 | £' 000 |
| Allotted, issued and fully paid up | | |
| 3,428,400 Ordinary shares of 10p each | - | 343 |
| 250,000 Ordinary shares of £10,000 each | 250 | - |
| | <u>250</u> | <u>-</u> |

18. Reserves
Group

| | Share Premium £' 000 | Revaluation reserve £' 000 | Other reserves £' 000 | Profit and loss account £' 000 |
|-------------------------------|-------------------------------------|---|--------------------------------------|---|
| At beginning of year | - | 1,852 | 127 | 7,105 |
| Profit for the financial year | - | - | - | 774 |
| At end of year | <u>-</u> | <u>1,852</u> | <u>127</u> | <u>7,879</u> |

Company

| | Share Premium £' 000 | Revaluation reserve £' 000 | Other reserves £' 000 | Profit and loss account £' 000 |
|--|-------------------------------------|---|--------------------------------------|---|
| At beginning of year | - | 1,852 | 127 | 5,924 |
| Movement | - | - | - | 716 |
| Transfer from revaluation reserve to profit and loss | - | - | - | - |
| Profit for the financial year | - | - | - | - |
| At end of year | <u>-</u> | <u>1,852</u> | <u>127</u> | <u>6,640</u> |

19. Commitments

The group had no material capital commitments at 31 December 2020 or at 31 December 2019.

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 31 December 2020

20. Reconciliation of operating profit to operating cash flows

| | 31.12.20 | 31.12.19 |
|-----------------------------------|-----------------|-----------------|
| | £' 000 | £' 000 |
| Operating profit | 866 | 349 |
| Depreciation charge | 100 | 110 |
| Share of operating associates | (91) | 169 |
| Revaluation of land and buildings | - | (469) |
| Other exchange difference | - | (232) |
| Movement in share capital | (93) | - |
| (Increase)/decrease in stocks | 290 | 86 |
| Decrease/(increase) in debtors | (2,133) | 1,238 |
| (Decrease)/increase in creditors | 1,705 | (1,714) |
| | <u>644</u> | <u>(463)</u> |

21. Analysis of cash flows

Returns on investment and servicing of finance

| | | |
|-------------------|-------|------|
| Interest received | 118 | 109 |
| Interest paid | (119) | (81) |

Net cash outflow from returns on investment and servicing of finance

| | |
|-----|----|
| (1) | 28 |
|-----|----|

Taxation

| | |
|----------------------|-----|
| Corporation tax paid | (7) |
|----------------------|-----|

Capital expenditure and financial investment

| | | |
|-----------------------------------|------|-------|
| Purchase of tangible fixed assets | (5) | 1,075 |
| Receipts from sale of investments | (17) | 302 |

Net cash outflow from capital expenditure and financial investment

| | |
|------|-------|
| (22) | 1,377 |
|------|-------|

Financing

| | | |
|-------------------------|--------------|--------------|
| Repayment of bank loans | (954) | (664) |
| | <u>(954)</u> | <u>(664)</u> |

Akhter Group Limited

**Notes to the financial statements (continued)
For The Year Ended 31 December 2020**

22. Analysis of net debt

| | At beginning of year £' 000 | Cash flow £' 000 | At end of year £' 000 |
|--------------------------|--|-----------------------------|--------------------------------------|
| Cash at bank and in hand | 379 | (333) | 46 |
| | <hr/> | <hr/> | <hr/> |
| | 379 | (333) | 46 |
| Bank loans | (954) | 954 | - |
| | <hr/> | <hr/> | <hr/> |
| | (575) | 621 | 46 |
| | <hr/> | <hr/> | <hr/> |

23. Ultimate controlling party

The ultimate controlling party is Professor Humayun Akhter Mughal.

24. Share of operating profits of associates

The group has an interest in Silicon CPV of 33.33% .