

YOKOGAWA RAP LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
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FOR THE YEAR ENDED 31 MARCH 2023**

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YOKOGAWA RAP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023

DIRECTORS:	N Endo T Naito M Shundo
SECRETARY:	B Murrey
REGISTERED OFFICE:	Stuart Road Manor Park Runcorn Cheshire WA7 1TR
REGISTERED NUMBER:	02960461 (England and Wales)
AUDITORS:	Bevan Buckland LLP Chartered Accountants And Statutory Auditors Ground Floor Cardigan House Castle Court Swansea Enterprise Park Swansea SA7 9LA
BANKERS:	H S B C 10 Portland Street Swansea SA1 3DF
SOLICITORS:	Morgan La Roche Bay House Pheonix Way Swansea SA1 9YT

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their strategic report for the year ended 31 March 2023.

REVIEW OF BUSINESS

The financial year to 31 March 2023 saw the continued integration of RAP within the Yokogawa group. Although the Company delivered an operating loss of £209,024 overall Company performance is considered positive with orders and turnover surpassing £2 million.

On 31st March 2023, our ultimate parent company, Yokogawa Electric Corporation, acquired the full share capital of the company from Yokogawa United Kingdom Limited. At the same time the Company assigned the intellectual property rights in full to the RAP software to Yokogawa Electric Corporation for a consideration of £2,394,000. The sale is part of the overall group's wider strategy to integrate RAP within the global management and sales channels.

Going forward, the Company will continue to support RAP within the Yokogawa group by providing development, implementation, sales and marketing support.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks that the business faces are the general economic risk and sensitivity to changes in customers' maintenance budgets and future investment decisions. The company mitigates this with strong forecasting and tight cost control. Exchange rate exposure is limited via natural hedges and, where a transaction risk is material, hedges are undertaken via the parent company.

FUTURE DEVELOPMENTS

The group introduced an new medium term business plan ("MTBP") during the period called "Accelerate Growth 2023".

The four basic strategies of this new Accelerate Growth 2023 MTBP are:

- 1) Implement IA2IA & smart manufacturing and transform value provision
- 2) Strengthen industry responsiveness and expand cross-industry business
- 3) Ensure profitability and sound growth
- 4) Optimize internal operations and transform mindsets

The Company is positioned to support Yokogawa group's MTBP and will seek to enhance its corporate value.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future performance and development are set out in the Strategic Report. The Company's forecasts and projections, taking account of possible changes in trading performance, show that the Company should be able to operate within the current working capital facility. The Company's financial results are expected to stabilise in the future following the transfer in ownership to Yokogawa Electric Corporation.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They thus continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

POST BALANCE SHEET EVENTS

£1,000,000 loan from Yokogawa UK Limited was repaid in full during April 2023.

ON BEHALF OF THE BOARD:

N Endo - Director

11 January 2024

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2023.

DIRECTORS

T Matsubara - appointed 1 April 2022

N Endo , T Naito and M Shundo were appointed as directors after 31 March 2023 but prior to the date of this report.

C I Ramsden and T Matsubara ceased to be directors after 31 March 2023 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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 judgements 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Bevan Buckland LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

N Endo - Director

11 January 2024

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YOKOGAWA RAP LIMITED

Opinion

We have audited the financial statements of Yokogawa RAP Limited (the 'company') for the year ended 31 March 2023 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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 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.

Material Uncertainty related 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.

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YOKOGAWA RAP LIMITED

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 Report of the Directors.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YOKOGAWA RAP LIMITED

Auditors' responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

Identifying and assessing potential risks related to irregularities.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - Assumptions used for valuing amounts recoverable on contract at the year end, and;
 - Assumptions used for deferring income already earned at the year end.
- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YOKOGAWA RAP LIMITED

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

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

Use of our report

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

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

11 January 2024

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
TURNOVER	3	2,030,687	1,656,177
Cost of sales		<u>(1,143,482)</u>	<u>(1,025,550)</u>
GROSS PROFIT		887,205	630,627
Administrative expenses		<u>(1,059,594)</u>	<u>(891,902)</u>
		(172,389)	(261,275)
Other operating income		<u>(36,635)</u>	<u>43,274</u>
OPERATING LOSS	5	(209,024)	(218,001)
Profit/loss on sale of intangible fixed assets	6	<u>2,394,000</u>	<u>-</u>
		2,184,976	(218,001)
Interest receivable and similar income		<u>-</u>	<u>222</u>
		2,184,976	(217,779)
Interest payable and similar expenses	7	<u>(22,029)</u>	<u>(7,984)</u>
PROFIT/(LOSS) BEFORE TAXATION		2,162,947	(225,763)
Tax on profit/(loss)	8	<u>(379,047)</u>	<u>57,724</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>1,783,900</u>	<u>(168,039)</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
PROFIT/(LOSS) FOR THE YEAR		1,783,900	(168,039)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,783,900</u>	<u>(168,039)</u>

BALANCE SHEET
31 MARCH 2023

	Notes	2023 £	£	2022 £	£
FIXED ASSETS					
Tangible assets	9		52,673		74,510
CURRENT ASSETS					
Debtors	10	1,412,543		1,177,336	
Cash at bank and in hand		<u>1,883,539</u>		<u>42,428</u>	
		3,296,082		1,219,764	
CREDITORS					
Amounts falling due within one year	11	<u>1,787,512</u>		<u>812,840</u>	
NET CURRENT ASSETS			<u>1,508,570</u>		<u>406,924</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,561,243		481,434
CREDITORS					
Amounts falling due after more than one year	12		-		(700,000)
PROVISIONS FOR LIABILITIES	14		(9,746)		(13,837)
NET ASSETS/(LIABILITIES)			<u>1,551,497</u>		<u>(232,403)</u>
CAPITAL AND RESERVES					
Called up share capital	15		103		103
Share premium	16		5,379		5,379
Retained earnings	16		<u>1,546,015</u>		<u>(237,885)</u>
SHAREHOLDERS' FUNDS			<u>1,551,497</u>		<u>(232,403)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 11 January 2024 and were signed on its behalf by:

N Endo - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2021	103	(69,846)	5,379	(64,364)
Changes in equity				
Total comprehensive income	-	(168,039)	-	(168,039)
Balance at 31 March 2022	103	(237,885)	5,379	(232,403)
Changes in equity				
Total comprehensive income	-	1,783,900	-	1,783,900
Balance at 31 March 2023	103	1,546,015	5,379	1,551,497

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Going concern

During the year ended 31 March 2023, the company incurred a net profit of 1,783,900, and retained earnings of £1,968,336.

The Company's business activities, together with the factors likely to affect its future performance and development are set out in the Strategic Report. The Company's forecasts and projections, taking account of possible changes in trading performance, show that the company should be able to operate within the current working capital facility. The Company's financial results are expected to improve in the future as it integrates with the Yokogawa group and utilises the Yokogawa sales channels. The Company is also expected to receive financial support from its parent and the group during this period.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They thus continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Taking into account the financial position of Yokogawa UK Limited and the Yokogawa group, continued financial support of Yokogawa RAP is expected to continue for the foreseeable future.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

This information is included in the consolidated financial statements of Yokogawa Electric Corporation as at 31 March 2023 and these financial statements may be obtained from 9-32 Nakacho, 2-Chrome, Musashino, Tokyo 180, Japan

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Useful economic lives of tangible assets

The annual depreciation charges for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See following notes for the useful economic lives for each class of assets.

Amounts recoverable on contract

During the year and at the balance sheet date the directors quantify the amounts recoverable on each contract in progress. Cost of work done to date including materials and staff costs is taken into consideration before arriving at a valuation by reference to the stage of completion. The company includes provisions in their valuations for unforeseen costs based on their risk and likelihood of them occurring.

Revenue from licences is recognised once the contract has been agreed due to the nature of the licences, once sold are held for perpetuity.

Turnover

Turnover represents net invoiced sales of services provided, excluding value added tax.

Sales from Implementation & Modification is recognised based on its point of completion. The point of completion criteria is met once the contract completeness reaches each of the 5 stages of the agreed contract.

Licence element of the contract is recognised on the contract date or early on in the implementation process. The criteria being that the licences are held for perpetuity.

Sales from annual maintenance contracts are spread over the period of the contract on a monthly pro rata basis.

Tangible fixed assets

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

Fixtures and fittings	- 20% straight line
Computer equipment	- 20% on cost

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2. **ACCOUNTING POLICIES - continued**

Deferred tax

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

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

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

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

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Debtors

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

Creditors

Short term creditors are measured at transaction price.

Provision for liabilities

Provisions are recognised when the company has a present obligation (legal and constructive) from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Operating lease commitments

Operating lease commitments are recognised as costs in the period in which they relate.

Functional and Presentation Currency

The company's functional and presentation currency is pounds sterling.

Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

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

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

3. TURNOVER

The turnover and profit (2022 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2023	2022
	£	£
Implementation & Modifications	1,254,057	960,132
Annual maintenance	776,630	696,045
	<u>2,030,687</u>	<u>1,656,177</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2023	2022
	£	£
United Kingdom	859,898	578,543
Europe	524,002	850,624
Rest of the World	646,787	227,010
	<u>2,030,687</u>	<u>1,656,177</u>

4. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	1,542,289	1,373,762
Social security costs	118,123	114,339
Other pension costs	43,825	40,699
	<u>1,704,237</u>	<u>1,528,800</u>

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

	2023	2022
Management & admin staff	5	4
Direct staff	24	22
	<u>29</u>	<u>26</u>

Within wages costs is £138,229 (2022: £128,952) of recharges.

	2023	2022
	£	£
Directors' remuneration	-	-

5. OPERATING LOSS

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

	2023	2022
	£	£
Depreciation - owned assets	25,278	24,433
Auditors' remuneration	7,000	6,150
Foreign exchange differences	(6,639)	3,316
R&D Expenditure	-	332,877

6. EXCEPTIONAL ITEMS

	2023	2022
	£	£
Profit/loss on sale of intangible fixed assets	<u>2,394,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

Relates to the sale of shares and Intellectual property as per new group policy for Yokogawa Electric Corporation to own all Intellectual property held within the group. There was no deemed cost for the Intellectual Property and the proceeds received equal gain on disposal.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Loan interest	<u>22,029</u>	<u>7,984</u>

8. TAXATION

Analysis of the tax charge/(credit)

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

	2023	2022
	£	£
Current tax:		
UK corporation tax	383,138	-
Losses used for group relief	-	(71,561)
Total current tax	<u>383,138</u>	<u>(71,561)</u>
Deferred tax	<u>(4,091)</u>	<u>13,837</u>
Tax on profit/(loss)	<u>379,047</u>	<u>(57,724)</u>

UK corporation tax was charged at 19%) in 2022.

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

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

	2023	2022
	£	£
Profit/(loss) before tax	<u>2,162,947</u>	<u>(225,763)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	410,960	(42,895)
Effects of:		
Depreciation in excess of capital allowances	3,895	155
Adjustments to tax charge in respect of previous periods	-	(28,821)
Accelerated capital allowances	-	13,837
Loss relief brought forward	(31,717)	-
Deferred tax movement	<u>(4,091)</u>	<u>-</u>
Total tax charge/(credit)	<u>379,047</u>	<u>(57,724)</u>

Deferred tax liabilities due to accelerated capital allowances have been recognised at 25%.

Deferred tax assets relating to carried forward losses have not been recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2022	85,456	88,257	173,713
Additions	-	3,441	3,441
At 31 March 2023	<u>85,456</u>	<u>91,698</u>	<u>177,154</u>
DEPRECIATION			
At 1 April 2022	59,268	39,935	99,203
Charge for year	8,503	16,775	25,278
At 31 March 2023	<u>67,771</u>	<u>56,710</u>	<u>124,481</u>
NET BOOK VALUE			
At 31 March 2023	<u>17,685</u>	<u>34,988</u>	<u>52,673</u>
At 31 March 2022	<u>26,188</u>	<u>48,322</u>	<u>74,510</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	11,971	12,512
Amounts owed by group undertakings	639,646	672,915
Other debtors	18,883	9,310
Tax	105,331	83,836
VAT	1,816	6,647
Accrued income	614,256	362,382
Prepayments	20,640	29,734
	<u>1,412,543</u>	<u>1,177,336</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Other loans (see note 13)	1,000,000	-
Trade creditors	24,348	106,147
Other creditors	626	18,870
Deferred income	613,552	558,995
Accrued expenses	148,986	128,828
	<u>1,787,512</u>	<u>812,840</u>

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

	2023 £	2022 £
Other loans (see note 13)	<u>-</u>	<u>700,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

13. LOANS

An analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year or on demand: Other loans	<u>1,000,000</u>	<u>-</u>
Amounts falling due between two and five years: Other loans - 2-5 years	<u>-</u>	<u>700,000</u>

14. PROVISIONS FOR LIABILITIES

	2023 £	2022 £
Deferred taxation	<u>9,746</u>	<u>13,837</u>
		Deferred tax £
Balance at 1 April 2022		13,837
Credit to Income Statement during year		<u>(4,091)</u>
Balance at 31 March 2023		<u>9,746</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
5,000	Ordinary A	1p	50	50
5,000	Ordinary B	1p	50	50
312	Ordinary C	1p	<u>3</u>	<u>3</u>
			<u>103</u>	<u>103</u>

16. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 April 2022	(237,885)	5,379	(232,506)
Profit for the year	<u>1,783,900</u>		<u>1,783,900</u>
At 31 March 2023	<u>1,546,015</u>	<u>5,379</u>	<u>1,551,394</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

17. **RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

18. **ULTIMATE CONTROLLING PARTY**

The controlling party is Yokogawa UK Ltd.

The ultimate controlling party is Yokogawa Electric Corporation.

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