

Registered number: 03209209

**CELOXICA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



**CELOXICA LIMITED**  
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**CELOXICA LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	L Staines A Rescourio
<b>Company secretary</b>	A Rescourio
<b>Registered number</b>	03209209
<b>Registered office</b>	20 Craven Terrace London W2 3QH
<b>Independent auditor</b>	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

**CELOXICA LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report and the financial statements for the year ended 31 December 2021.

**Directors**

The directors who served during the year were:

L Staines  
A Rescourio

**Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors and company secretary which were made during the year and remaining in force at the date of this report.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**A Rescourio**  
Director

Date: 1/11/2022

**CELOXICA LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors are responsible for preparing the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements 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 to 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.

## **CELOXICA LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELOXICA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Opinion**

We have audited the financial statements of Celoxica Limited (the 'company') for the year ended 31 December 2021, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the notes to the financial statements, including 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 December 2021 and of its loss 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 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 United Kingdom, including the Financial Reporting Council'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.

#### **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 contained within the annual report. 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. 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 course of 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.

## **CELOXICA LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELOXICA LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Opinion 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

## CELOXICA LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELOXICA LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected transactions;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

**CELOXICA LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELOXICA LIMITED (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Auditor's responsibilities for the audit of the financial statements (continued)**

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**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.

*Blick Rothenberg Audit LLP*

Jaykishan Shah (senior statutory auditor)

for and on behalf of  
**Blick Rothenberg Audit LLP**

Chartered Accountants  
Statutory Auditor  
16 Great Queen Street  
Covent Garden  
London  
WC2B 5AH

Date: 2 November 2022

**CELOXICA LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Note	2021 £	2020 £
Turnover		4,846,804	4,055,681
Cost of sales		(1,780,472)	(1,218,425)
<b>Gross profit</b>		<b>3,066,332</b>	<b>2,837,256</b>
Administrative expenses		(3,991,507)	(4,362,080)
<b>Operating loss</b>	4	<b>(925,175)</b>	<b>(1,524,824)</b>
Interest payable and similar expenses		(910)	(319)
<b>Loss before taxation</b>		<b>(926,085)</b>	<b>(1,525,143)</b>
Tax on loss		131,322	130,449
<b>Loss for the financial year</b>		<b>(794,763)</b>	<b>(1,394,694)</b>

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There are no items of other comprehensive income for either the year or the prior year other than the loss for the year. Accordingly, no statement of other comprehensive income has been presented.

## CELOXICA LIMITED

BALANCE SHEET  
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible fixed assets	6	12,625	24,623
Investments	7	69	69
		<u>12,694</u>	<u>24,692</u>
<b>Current assets</b>			
Stocks	8	130,013	70,000
Debtors: amounts falling due within one year	9	1,231,375	608,629
Cash at bank and in hand		822,409	428,288
		<u>2,183,797</u>	<u>1,106,917</u>
Creditors: amounts falling due within one year	10	(49,716,546)	(47,954,134)
<b>Net current liabilities</b>		<u>(47,532,749)</u>	<u>(46,847,217)</u>
<b>Total assets less current liabilities</b>		<u>(47,520,055)</u>	<u>(46,822,525)</u>
Creditors: amounts falling due after more than one year	11	(3,064)	(3,064)
<b>Net liabilities</b>		<u>(47,523,119)</u>	<u>(46,825,589)</u>
<b>Capital and reserves</b>			
Called up share capital	12	117,166	117,166
Share premium account		23,729,845	23,729,845
Share based payment reserve		1,143,791	1,046,558
Profit and loss account		(72,513,921)	(71,719,158)
<b>Total equity</b>		<u>(47,523,119)</u>	<u>(46,825,589)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
A Rescouri  
Director

Date: 11/11/2022

The notes on pages 11 to 21 form part of these financial statements.

**CELOXICA LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Share based payment reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2020</b>	<b>117,166</b>	<b>23,729,845</b>	<b>1,046,558</b>	<b>(70,324,464)</b>	<b>(45,430,895)</b>
Loss for the year	-	-	-	(1,394,694)	(1,394,694)
<b>At 31 December 2020 and 1 January 2021</b>	<b>117,166</b>	<b>23,729,845</b>	<b>1,046,558</b>	<b>(71,719,158)</b>	<b>(46,825,589)</b>
Loss for the year	-	-	-	(794,763)	(794,763)
Share based payment expense	-	-	97,233	-	97,233
<b>At 31 December 2021</b>	<b>117,166</b>	<b>23,729,845</b>	<b>1,143,791</b>	<b>(72,513,921)</b>	<b>(47,523,119)</b>

## **CELOXICA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1. General information**

Celoxica Limited is a private company limited by shares and incorporated in England and Wales. The address of its registered office is 20 Craven Terrace, London, W2 3QH.

The financial statements are presented in Sterling (£), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The financial statements have been prepared for the company and not its group as the company is exempt from the obligation to prepare and deliver group accounts under section 400 of the Companies Act 2006. This is on the basis that audited consolidated financial statements of the ultimate parent company Celoxica Holdings Plc are publicly available at Companies House.

The following principal accounting policies have been applied:

##### **2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Celoxica Holdings plc as at 31 December 2021 and these financial statements may be obtained from Companies House.

## **CELOXICA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **2. Accounting policies (continued)**

##### **2.3 Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding the fact that the company has a shareholder's deficit of £47,523,119 as at 31 December 2021 (2020: deficit of £46,825,589). The company generated a loss in the year of £794,763 (2020: loss of £1,394,694) and has cash in hand of £822,409 (2020: £428,288).

In making this assessment, the directors have assessed the ability of the company and its wider group to settle liabilities as they fall due. This includes assessing the impact of COVID-19 on results and operations of the group in the post year-end period, as well as considering sales orderbook, timing of creditor repayments and forecasts for the foreseeable future. Group performance has improved in the post year-end period, with revenue growth and positive cash-inflows during 2022 to date, and group performance and financial position is in line with the directors' expectations. The directors are expecting this growth to continue through 2022 and 2023.

The total net current liabilities of £47,532,749 at 31 December 2021 (2020: £46,847,217) includes £47,447,832 (2020: £46,577,935) of current liabilities due to fellow group members. These amounts have no fixed repayment date, however the directors have received assurances from the parent company that amounts will not be called for payment to the extent that the company does not have sufficient funds to repay. Additionally, current liabilities include £1.6m of deferred income which does not represent a cash outflow.

Therefore, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being not less than twelve months from the date of approval of these financial statements. Consequently, they continue to adopt the going concern assumption in preparing the financial statements.

**2. Accounting policies (continued)**

**2.4 Revenue**

Turnover (excluding value added tax) comprises the fair value of sales of licenses, revenue from support, maintenance, training and consulting contracts and the sale of hardware boards provided in the normal course of business, net of discounts and other sales related taxes.

Due to the fast-moving environment in which the company operates, licences typically include an embedded agreement to supply on-going maintenance services. A key judgement is whether the initial licence and the on-going maintenance are separable performance conditions. Management is of the opinion that, due to the specialised nature of the product and the maintenance being critical to the on-going utility of the underlying product, the licence and maintenance are not separable performance conditions. Accordingly, both the licence and the maintenance services are recognised on a straight-line basis over the contractual period.

Additionally, contracts will often include on-going support services, which are delivered by both e-mail and telephonic support, and may include initial training services. The revenue from support services is recognised over the contractual term; with revenue from training being recognised as training is delivered. The attribution of revenue to support and training is based on the underlying cost of delivery plus an estimated profit margin. To date the amount of revenue attributable to such services has not been significant and, as it does not alter the revenue profile of the underlying contracts, is not separately disclosed.

Revenue is typically invoiced either monthly or quarterly in advance for amounts agreed in contracts at the start of the service period. The contracts have no significant financing components. The excess of fees invoiced over revenue recognised in respect of such fees is recorded as deferred income. Cancellation terms are set out in the contracts and vary by customer however refunds are typically not permitted once the service period has commenced.

Revenue from hardware development boards is recognised when obligations under the relevant purchase agreement have been met and delivery has taken place

**2.5 Research and development**

Research and development expenditure is written off as incurred.

**2.6 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**2.7 Operating leases**

Rentals paid under operating leases are charged to profit and loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

## **CELOXICA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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## **2. Accounting policies (continued)**

### **2.8 Investments**

Investments in subsidiary companies held as fixed assets are shown at cost less provision for impairment.

### **2.9 Share-based payments**

Celoxica Holdings plc (the parent company) issues share options to employees of Celoxica Limited. The options are measured at fair value at the date of grant, using a Black Scholes pricing model. The fair value is then expensed on a straight-line basis over the vesting period, based on the company's estimate of the number of shares that will eventually vest, updated at each balance sheet date. The options issued to employees are treated as a capital contribution from the parent company and recognised as a separate reserve.

### **2.10 Tangible fixed assets**

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short term leasehold improvements	- 5 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### **2.11 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost comprises direct material costs of purchase. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

### **2.12 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

### **2.13 Share capital**

Ordinary shares are classified as equity.

**2. Accounting policies (continued)**

**2.14 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is Sterling (£).

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

All foreign exchange gains and losses are presented in the profit and loss account within "administrative expenses".

**2.15 Financial instruments**

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes 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 company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

**Financial assets**

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

**2. Accounting policies (continued)**

**Financial instruments (continued)**

**Financial liabilities**

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

**Impairment of financial assets**

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 and financial liabilities**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

**2. Accounting policies (continued)**

**2.16 Current and deferred taxation**

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

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised.

**Share based payments**

The company participates in an equity settled share based payment arrangement in which share options in its parent company are issued to employees of the company. The fair value determined at the grant date is expensed on a straight line basis over the vesting period. The fair value is calculated using a Black Scholes fair value model with the estimated level of vesting reviewed annually by management. The valuation is inherently judgemental and has a number of assumptions, including value per share, volatility, time to maturity and risk-free rate. The expense recorded in the year-end in relation to share-based payments is £97,233 (2020: £nil).

**CELOXICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. Operating loss**

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

	2021 £	2020 £
Wages and salaries	884,912	841,825
Social security costs	107,434	104,296
Defined contribution pension cost	30,804	27,215
Fees payable to the company's auditor for the audit of the company's annual accounts	28,230	18,250
Fees payable to the company's auditor in respect of other services	12,440	14,350
Depreciation of tangible fixed assets	16,061	17,912
Exchange differences	13,773	329,464

Development costs comprised £287,095 (2020: £286,236) of salary costs and £164,115 (2020: £161,144) of consultancy costs.

**5. Employees**

The average monthly number of employees, including directors, during the year was 10 (2020 - 11).

**6. Tangible fixed assets**

	L/Term Leasehold Property £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2021	27,476	768,075	795,551
Additions	-	4,063	4,063
At 31 December 2021	27,476	772,138	799,614
<b>Depreciation</b>			
At 1 January 2021	27,476	743,452	770,928
Charge for the year on owned assets	-	16,061	16,061
At 31 December 2021	27,476	759,513	786,989
<b>Net book value</b>			
At 31 December 2021	-	12,625	12,625
At 31 December 2020	-	24,623	24,623

**CELOXICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**7. Fixed asset investments**

	<b>Subsidiaries £</b>
<b>Cost</b>	
At 1 January 2021	69
At 31 December 2021	<u>69</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Celoxica International Inc	200 East 66th Street New York, New York 10065 Unit B 1602	Client support	Common stock of \$0.001	100%

**8. Stocks**

	<b>2021 £</b>	<b>2020 £</b>
Finished goods	<u>130,013</u>	<u>70,000</u>

**9. Debtors**

	<b>2021 £</b>	<b>2020 £</b>
Trade debtors	1,049,372	400,646
Other debtors	-	10,600
Prepayments and accrued income	50,843	66,934
Tax recoverable	131,160	130,449
	<u>1,231,375</u>	<u>608,629</u>

**CELOXICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****10. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	350,170	190,822
Amounts owed to group undertakings	47,447,832	46,577,935
Corporation tax	-	162
Other taxation and social security	218,476	255,177
Other creditors	4,032	4,596
Accruals and deferred income	1,696,036	925,442
	<u>49,716,546</u>	<u>47,954,134</u>

Amounts owed to group undertakings are interest free, have no fixed repayment date and are repayable on demand.

**11. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Share capital treated as debt	<u>3,064</u>	<u>3,064</u>

Disclosure of the terms and conditions attached to the non-equity share capital is provided in note 12.

**12. Share capital**

	2021 £	2020 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
11,716,628 (2020 - 11,716,628) Ordinary shares of £0.01 each	<u>117,166</u>	<u>117,166</u>
	2021 £	2020 £
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
306,405 (2020 - 306,405) Redeemable deferred ordinary shares of £0.01 each	<u>3,064</u>	<u>3,064</u>

## CELOXICA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 12. Share capital (continued)

The redeemable deferred ordinary shares have no right to any dividends or participation in the profits of the company. They do not entitle the holders thereof to attend or vote at any General Meeting of the company. The shares may be redeemed in their entirety at any time at the option of all the holders thereof for an aggregate price of £1. The holders of the redeemable deferred shares may at any time and from time to time in tranches of not less than 1,000 or, if such holder at any time holds less than 1,000 redeemable deferred shares, in respect of all or the balance of shares held by him in one tranche, convert all or any of their convertible deferred shares into a like number of ordinary shares of 1p each. The ordinary shares resulting from the conversion shall rate pari passu in all respects with the other ordinary shares in issue at the time of conversion.

#### 13. Share based payments

The Board of the Company's parent undertaking has authority to grant share options over up to 15% of the number of the parent undertaking's shares in issue.

There were 30,000,000 options granted and no options exercised during the year. The total number of outstanding options, all of which are equity-settled, in issue at the 31 December 2021 is 163,781,184 (2020: 133,781,184), which were exercisable at the balance sheet date with an exercise price of 0.3p for options brought forward and 0.625p for new options granted in the year.

The expense recorded in the year-end in relation to share-based payments is £97,233 (2020: £nil).

#### 14. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

#### 15. Loans

The company has access to an overdraft facility with one of its bank providers which was unutilised at the year-end. The bank has a debenture security by way of a fixed and floating charge over all assets of the company in respect of any liabilities owed to it.

#### 16. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	<u>9,000</u>	<u>9,000</u>

#### 17. Controlling party

The company's immediate and ultimate parent company and controlling party is Celoxica Holdings plc, a company incorporated in the United Kingdom. Celoxica Holdings plc heads the smallest and largest group which produces consolidated accounts including the company's position and results. Copies of the group financial statements of Celoxica Holdings plc can be obtained from The Secretary, 20 Craven Terrace, London, W2 3QH.