TTP plc
Report and accounts 2022

Contents

Directors, officers and advisers

Directors	Sam Hyde	Chairman and managing director
	Andrew Baker-Campbell	Director
	Matthew Carr	Director
	Keith Haddow	Financial director
	Chantal Taylor	Director
	Richard Walker	Director
Company secretary	Keith Haddow	
Registered office	Melbourn Science Park Melbourn Herts SG8 6EE	
Auditor	Ernst & Young LLP One Cambridge Business Park Cambridge CB4 0WZ	
Bankers	HSBC UK Bank plc 50-60 Station Road Cambridge CB1 2JH	
Solicitors	Taylor Vinters LLP Merlin Place Milton Road Cambridge CB4 0DP	
	Birketts LLP 22 Station Road Cambridge CB1 2JD	

Strategic report

Principal activity
The principal activity of the company is the development of new technology and products and the provision of related consulting services.

Review of the business and future developments
The company recorded a performance well above target in the year, exceeding sales, revenue and profit targets. While slightly below last year's performance, when exceptional items are considered the year represents continued success in our main markets. Income from licence and royalty was also at record levels.

Covid continued to dominate the operating of the business for much of the year, increasing complexity in delivery and prospecting for new opportunities. However, building on the success of the previous year, the team continued to maintain excellent delivery for our clients. The limited travel over the covid period has impacted our prospection pipeline, but the pace of interaction improved in the second half as our main markets opened up.

This was the first year of operating under the new business unit and market team structure. The business has adapted well to the new approach which allows us to address markets with a greater focus and agility, as well as providing more opportunities for people.

All business units performed well in the year, with a particular success in Life Sciences. We have delivered a number of very technically challenging programmes in the year and continue to focus on the harder, higher value areas of the market where we add significant value. We have expanded our market focus launching three new market teams concentrating on emerging market areas, and we continue to invest across a range of technologies and sectors to provide greater opportunities and value for our clients as well as future non-time-related income for the business.

Looking forward, we start the year with a depleted orderbook but good progress on a number of major potential opportunities. There may be headwinds from the global economy in the year ahead, but, as usual, we make our own luck and with freedom to travel there is a renewed sense of optimism. We are scheduled to move into our new purpose-built campus towards the end of the year which will provide significant expansion space as well as improved facilities.

Financial performance
Turnover was £58.2m (2021 – £60.8m). The decrease over last year is attributable to a combination of lower fee income and lower recharged project expenses being partially offset by higher licence and royalty income. Operating expenses were £39.6m (2021 - £39.7m), including staff costs of £22.5m (2021 - £23.2m). Staff costs fell slightly despite the increase in headcount due to a decrease in per capita employment costs. The operating profit was £20.6m (2021 - £23.2m) and the profit before tax was £20.0m (2021 - £23.1m). Profit for the year was £18.7m (2021 - £22.5m).

Dividends of £37.0m (2021 - £17.5m) were paid to the parent company during the year. Net assets at the balance sheet date were £20.0m (2021 - £38.4m).

Principal risks and uncertainties
Market risk
The company faces the risk of competition from other companies involved in the development of new products and the provision of related consulting services. Additionally, the company faces the risk of the loss of major clients, a reduction in demand, and pressure on product prices and consulting rates. We manage these risks by constantly striving to provide a first-class service to our clients, maintaining a balanced portfolio of work, fostering a culture of innovation amongst our staff and pursuing market opportunities wherever they are identified.

Strategic report (continued)

Principal risks and uncertainties (continued)
Operational risk
There is a risk that the company will not be able to recruit and retain sufficient numbers of technical experts to undertake the services the company offers to clients. We manage this risk through our recruitment policies and offering attractive career and professional development opportunities. Because of the nature of the company's services, there is also a risk of claims of professional negligence, third party intellectual property infringement or product failure. We manage these risks through our processes of internal review and accountability and the maintenance of appropriate insurances.

The needs of key stakeholders
Company law places duties on the directors to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the shareholder. In doing so they are to have regard (amongst other matters) to: the likely consequences of any decision in the long term, the interests of the company's employees and other stakeholders and the effect of the company's operations on the community and the environment.

The board meets monthly and reviews financial, commercial and staff-related information relating to the company. In their decision-making, the directors seek to consider the long-term consequences of any decision and the impact on the staff and other key stakeholders. Decisions are made on the basis of a consensus of the board. The key stakeholders of the business, their needs, and how the board has had regard thereto, are set out below.

Employees
The expertise and commitment of the staff make the company what it is: a successful consulting-based enterprise, providing world-class services to a wide-ranging portfolio of clients. To a large extent it is the staff who determine the markets and industry sectors the company operates in and who set recruitment levels and the nature of the recruitment effort. The directors' role is largely one of oversight, enabling and rewarding, such that this mode of working – which has characterised the company since its inception – is maintained. Further details pertaining to employees' involvement in the business are to be found in the directors' report on page 7.

Clients and customers
Core to the company's enduring commercial success is the provision of the highest quality services to our clients. Our staff seek to understand clients' needs, communicate with them throughout the course of an assignment, and strive to deliver valuable solutions. The directors look to support and encourage the staff in this.

Suppliers
Our suppliers comprise another key stakeholder class. The directors ensure that the company deals appropriately with its suppliers, including as regards payment practices.

Shareholder
The company is wholly-owned by TTP Group Limited. Some board members are also directors of TTP Group, so the needs of the wider group are known, as are the implications on fellow group companies of company decisions.

Wider community
The company recognises that the local community is also, collectively, a stakeholder. Our staff benefit from the facilities and cultural life of the region. The company, partly via the parent company, provides support to the local community, through sponsorship of the arts, the making of grants to charitable and other community bodies, and the participation in networking and local area strategic planning groups.

Our business operates from Melbourn Science Park. The effects of our day-to-day operations on the local community and environment are minimal. Of more significance is our travel pattern: we have clients worldwide and face-to-face engagement with them is regarded as essential to the successful provision of consulting services. This has inevitably meant that our staff have been involved in significant amounts of motor and air travel. In the year just passed, our travel has of necessity reduced substantially. We are expecting this to start to return to something akin to pre-pandemic levels in the near future.

Strategic report (continued)

Financial risk management objectives and policies
The company has financial assets in the form of investments, trade debtors, amounts recoverable on contracts and cash. The company's trade debtors and contract balances arise directly from its operations. There is a risk of non-recovery, but as our clients are generally well-established the risk of this is low. We manage the risk by normal credit control processes. Cash is managed on a group treasury basis by the parent undertaking, TTP Group Limited ('TTP Group'). TTP Group in turn holds cash and term deposits. The latter are held for the purpose of providing a return to the group. The company's financial liabilities comprise trade creditors and contract-related payments received on account.

Approved by the board on 29 September 2022 and signed on its behalf by:

Sam Hyde Director

Directors' report

Company Registered number 03304950

The directors present the report and accounts for the year ended 31 March 2022.

Results and dividends
The profit after tax was £18.7m (2021 - £22.5m). Dividends of £37.0m (2021 - £17.5m) were paid during the year.

Directors
The directors who served during the year, and to the date of this report, were:

Sam Hyde	
Andrew Baker-Campbell	(appointed 21 July 2022)
Douglas Bradshaw	(resigned 8 July 2022)
Matthew Carr	
Keith Haddow	
Chantal Taylor	
Richard Walker	

Going concern
The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report. The strategic report also describes the financial position of the company and gives details of the company's financial instruments and the risks relating thereto.

The company is party to a cross-guarantee arrangement with the other companies in the group headed by TTP Group Ltd ('TTP Group') in connection with a group loan. Further, the company is part of the group treasury arrangement whereby funds are 'swept' to/from TTP Group. Accordingly, the company's going concern status is intrinsically linked to that of the group. Therefore, the directors have obtained a support letter indicating that TTP Group is able and willing to provide sufficient resources as required to enable the company to meet its liabilities as they fall due over the going concern assessment period to 30 September 2023. In doing so the directors have considered the ability of TTP Group to provide such support.

The directors of TTP Group have prepared a base case forecast for the group as a whole for the going concern assessment period to 30 September 2023 incorporating conservative assessments of trading in the core consultancy businesses, given the current economic environment, but which continue to generate strong profits for the group and support the financing of other aspects of operations. The forecast also reflects ongoing investment into the remaining three venture company businesses that are currently loss making, the completion of construction of TTP Campus with further significant payments of £13.8m, which are tracking in line with budget, up to the expected completion date in February 2023, the continued annual payments to the employee ownership trust (EOT) of which £16m was paid in September 2022 and £20.5m that is forecast to be paid in September 2023 (the payments to the EOT are in the nature of gifts as explained in the accounts of TTP Group) and that the current bank loan is settled through a re-financing on the completion of TTP Campus in the first quarter of 2023. Within this base case forecast the group would have sufficient cash and funding headroom throughout the going concern assessment period to continue to meet liabilities as they fall due.

However, the directors of TTP Group have also stress-tested this base case forecast to review downside scenarios, recognising that there are uncertainties in any forecasts. Whilst they consider it highly unlikely that the re-finance will not go ahead, given discussions with the group's bankers and beneficial variations already provided by them on covenants for the existing loan, they have modelled a scenario where the re-finance does not take place during the going concern assessment period, given it is not certain. In these circumstances the existing loan would remain in place, which has covenant restrictions in the loan agreement that would potentially be breached as at 30 September 2023 assuming the other base case assumptions were achieved. Accordingly, the directors of TTP Group identified mitigating actions which could be taken in such a scenario that would enable the current loan to be repaid should it be required. These controllable actions are the reduction in activity or closure of the current loss-making subsidiaries with redeployment of staff, and the deferral of a proportion of the next planned gift to the EOT in September 2023 in line with the terms of the EOT. These mitigating actions would also provide additional liquidity should the conservative trading assumptions in the forecast not be achieved.

Directors' report (continued)

Going concern (continued)
Further actions that could be taken, though would not be required to settle the existing loan, would be the sale and leaseback of TTP Campus or the sale of further venture companies.

Based on the base case forecasts and stress testing performed, including modelling downside scenarios and the controllable mitigations indicated above, the directors of TTP Group believe that the group will be able to meet its liabilities as and when they fall due for the going concern assessment period to 30 September 2023. The directors of this company concur with that assessment. Accordingly, these accounts are prepared on a going concern basis.

Directors' and officers' indemnity insurance
The company, in conjunction with the parent and fellow subsidiary undertakings, has taken out insurance to indemnify, against third party proceedings, the directors of the company. This indemnity policy subsisted throughout the year and remains in place at the date of this report.

Research and development
The principal activity of the company continues to include research and the development of new technologies and products.

Employee participation
The company relies upon the skills of its highly qualified staff. Their welfare is a high priority within the company. Employees are informed and consulted on matters affecting them as employees – and on the financial and commercial factors affecting the company – through regular informal meetings.

The group of which the company is part is owned by an Employee Ownership Trust (EOT). As such every employee has an indirect interest in the ownership of the company. The strategic report on page 3 contains further information pertaining to the directors' duties regarding employees and their interests.

Engagement with suppliers, clients and others
During the ordinary course of business, the company engages with a large number of suppliers, clients and others (charities, community organisations etc). The strategic report contains further information pertaining to the directors' duties regarding external stakeholders and their interests.

Disclosure of information to the auditor
So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

K A Haddow

Keith Haddow Secretary
29 September 2022

Statement of directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the accounts 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 for that period.

In preparing those accounts, 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

Independent auditor's report to the shareholder of TTP plc

Opinion
We have audited the accounts of TTP plc for the year ended 31 March 2022 which comprise the profit and loss account, statement of changes in equity, balance sheet and the related notes 1 to 23, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the company's affairs as at 31 March 2022 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 Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the accounts 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 the period to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information
The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in this 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 accounts 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 there is a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Independent auditor's report to the shareholder of TTP plc (continued)

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 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 accounts 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 6, the directors are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts
Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK GAAP), the Companies Act 2006 and the relevant tax compliance regulations in the jurisdictions in which the company operates.
- We understood how TTP plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated these enquiries through our review of board meeting minutes. We tested managements entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.
- We assessed the susceptibility of the Company's accounts to material misstatement, including how fraud might occur by through our discussions with management through various parts of the business to understand where there is susceptibility for fraud. We also considered management performance targets and how these could influence any attempts to manage earnings. We also gained an understanding and tested internal controls designed by the company to prevent, deter and detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journal entries, with an emphasis placed on manual journal entries recorded to revenue and any other large or unusual transactions to gain reasonable assurance that the accounts were free from fraud and error. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the shareholder of TTP plc (continued)

Use of our report

This report is made solely to the company's shareholder 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 shareholder 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 shareholder for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Fraser Bull Senior statutory auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
29 September 2022

Profit and loss account
for the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Turnover - continuing operations	3	58,248	60,846
Other operating income	4	1,947	1,989
Operating expenses	5	(39,603)	(39,670)
Operating profit		20,592	23,165
Loss on financial asset held at fair value	11	(604)	(140)
Interest receivable	6	26	25
Profit before tax		20,014	23,050
Tax on profit	9	(1,234)	(573)
Profit after tax and total comprehensive income for the year		18,780	22,477

Statement of changes in equity
for the year ended 31 March 2022

	Share capital £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 1 April 2020	1,000	2,834	29,283	33,117
Profit for the year	-	-	22,477	22,477
Credit to equity for share-based payments (note 19)	-	268	-	268
Dividends paid	-	-	(17,500)	(17,500)
At 1 April 2021	1,000	3,102	34,260	38,362
Profit for the year	-	-	18,780	18,780
Dividends paid	-	-	(37,000)	(37,000)
At 31 March 2022	1,000	3,102	16,040	20,142

Balance sheet
at 31 March 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Tangible assets	10	1,834	1,419
Investments	11	700	1,304
		2,534	2,723
Current assets			
Stocks	12	674	700
Debtors	13	27,669	46,413
Cash at bank and in hand		410	84
		28,753	47,197
Creditors: amounts falling due within one year	14	(11,043)	(11,474)
Net current assets		17,710	35,723
Total assets less current liabilities		20,244	38,446
Provision for liabilities	15	(102)	(84)
Net assets		20,142	38,362
Capital and reserves			
Called up share capital	17	1,000	1,000
Capital contribution	18	3,102	3,102
Profit and loss account		16,040	34,260
Equity		20,142	38,362

The accounts were approved and authorised for issue by the board of directors on 29 September 2022 and signed on its behalf by:

Sam Hyde Director

Notes to the accounts
31 March 2022

1 **CORPORATE INFORMATION**
TTP plc is a public company limited by shares and incorporated in England and Wales. The registered office is shown on page 2. The company's operations and activities are described in the strategic report on page 3.

2 **ACCOUNTING POLICIES**
Basis of accounting
The accounts are prepared in accordance with accounting standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (Revised 2018). The accounts are prepared in sterling, which is the functional currency of the company, and rounded to the nearest £1,000.

Going concern
The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report. The strategic report also describes the financial position of the company and gives details of the company's financial instruments and the risks relating thereto.

The company is party to a cross-guarantee arrangement with the other companies in the group headed by TTP Group Ltd ('TTP Group') in connection with a group loan. Further, the company is part of the group treasury arrangement whereby funds are 'swept' to/from TTP Group. Accordingly, the company's going concern status is intrinsically linked to that of the group. Therefore, the directors have obtained a support letter indicating that TTP Group is able and willing to provide sufficient resources as required to enable the company to meet its liabilities as they fall due over the going concern assessment period to 30 September 2023. In doing so the directors have considered the ability of TTP Group to provide such support.

The directors of TTP Group have prepared a base case forecast for the group as a whole for the going concern assessment period to 30 September 2023 incorporating conservative assessments of trading in the core consultancy businesses, given the current economic environment, but which continue to generate strong profits for the group and support the financing of other aspects of operations. The forecast also reflects ongoing investment into the remaining three venture company businesses that are currently loss making, the completion of construction of TTP Campus with further significant payments of £13.8m, which are tracking in line with budget, up to the expected completion date in February 2023, the continued annual payments to the employee ownership trust (EOT) of which £16m was paid in September 2022 and £20.5m that is forecast to be paid in September 2023 (the payments to the EOT are in the nature of gifts as explained in the accounts of TTP Group) and that the current bank loan is settled through a re-financing on the completion of TTP Campus in the first quarter of 2023. Within this base case forecast the group would have sufficient cash and funding headroom throughout the going concern assessment period to continue to meet liabilities as they fall due.

However, the directors of TTP Group have also stress-tested this base case forecast to review downside scenarios, recognising that there are uncertainties in any forecasts. Whilst they consider it highly unlikely that the re-finance will not go ahead, given discussions with the group's bankers and beneficial variations already provided by them on covenants for the existing loan, they have modelled a scenario where the re-finance does not take place during the going concern assessment period, given it is not certain. In these circumstances the existing loan would remain in place, which has covenant restrictions in the loan agreement that would potentially be breached as at 30 September 2023 assuming the other base case assumptions were achieved. Accordingly, the directors of TTP Group identified mitigating actions which could be taken in such a scenario that would enable the current loan to be repaid should it be required. These controllable actions are the reduction in activity or closure of the current loss-making subsidiaries with redeployment of staff, and the deferral of a proportion of the next planned gift to the EOT in September 2023 in line with the terms of the EOT. These mitigating actions would also provide additional liquidity should the conservative trading assumptions in the forecast not be achieved. Further actions that could be taken, though would not be required to settle the existing loan, would be the sale and leaseback of TTP Campus or the sale of further venture companies.

Notes to the accounts

31 March 2022

2 **ACCOUNTING POLICIES** (continued)

Going concern (continued)

Based on the base case forecasts and stress testing performed, including modelling downside scenarios and the controllable mitigations indicated above, the directors of TTP Group believe that the group will be able to meet its liabilities as and when they fall due for the going concern assessment period to 30 September 2023. The directors of this company concur with that assessment. Accordingly, these accounts are prepared on a going concern basis.

Cash flow statement

The company has taken the exemption from preparing a cash flow statement under the terms of FRS 102, as the ultimate parent undertaking prepares a consolidated cash flow statement, which includes the results of this company, and which is publicly available.

Financial instruments

The company has taken the exemption under the terms of FRS 102 from disclosing the measurement bases, carrying values by category and the other accounting policies used for financial instruments.

Judgements and key sources of estimation uncertainty

The preparation of the accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities, revenues and expenses. However, the nature of estimation means that actual outcomes may differ from those estimates. The key assumptions and sources of estimation uncertainty arise from the following:

Research and development expenditure credit

The company recognises this income based on management judgement as to which activities are eligible according to the criteria set out in the relevant legislation.

Consulting fees

The company undertakes consultancy projects and uses the stage of completion method for determining attributable revenue and profit, as set out in 'Accounting for contracts', below. The state of completeness of each project, and hence revenue and profit recognised, requires the use of estimates. Management apply their judgement in assessing the costs required to complete the projects.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Plant and equipment: 3 - 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Consulting fees

Turnover in respect of consulting fees represents the proportion of contract value applicable to the activity in the period, including rebillable costs and handling charges, ascertained by reference to valuation of the work carried out to date. The related costs are matched with this turnover, resulting in the reporting of attributable profit proportionate to the contract activity.

Estimates of total contract costs and revenues are reviewed periodically, and the cumulative effect of changes are recognised in the period in which they are identified. All known or anticipated losses are provided for in full as soon as they are foreseen.

Notes to the accounts
31 March 2022

2 **ACCOUNTING POLICIES** (continued)

Revenue recognition (continued)

Net costs incurred in excess of amounts transferred to cost of sales and revenues recognised in excess of amounts billed are classified as amounts recoverable under contracts and included in debtors. Amounts billed in excess of revenues recognised to date are classified as payments on account and included in creditors.

Turnover arising from project expenses recharged is recognised as it is billed.

Licences and royalties

Revenue from the grant of perpetual or non-exclusive licences is recognised when a contract is signed, delivery has occurred, the sales price is fixed, collectability is probable, and no significant obligations remain. Otherwise, revenue is recognised over the period of the licence. Royalty revenues are recognised on a receivable basis based on sales of units arising during each accounting period as reported by licensees.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising is included in the profit and loss account.

Pensions

The company participates in a Group Personal Pension Plan. Contributions are charged to the profit and loss account as they become payable in accordance with the plan rules.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis.

Research and development expenditure

Research and development expenditure is written off through the profit and loss account in the year of expenditure.

Research and development expenditure credit

Qualifying costs incurred on consulting activities and research and development entitle the company to a payment from HM Revenue & Customs. This payment, which has the nature of a government grant, is credited to other operating income so as to match the expenditure to which it relates.

Investments

Investments are initially accounted for at cost and subsequently held at cost less provision for diminution in value, unless the investment relates to publicly traded shares or their fair value can otherwise be measured reliably, in which case they are measured at fair value with changes in fair value recognised in profit or loss.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Work in progress	- cost of direct materials and labour plus attributable overheads based on a normal level of activity applicable to TTP plc.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the accounts
31 March 2022

2 ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences, except that deferred tax assets are recognised only to the extent that the directors consider it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Timing differences arise when incomes or expenses are recognised in the taxable profit in a different period to their recognition in the accounting profit.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3 TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. Turnover is analysed by activity as follows:

	2022 £000	2021 £000
Consulting fees	48,244	50,355
Project expenses recharged	6,183	7,657
Licence and royalty income	3,821	2,834
	58,248	60,846

All turnover arises within the United Kingdom and was contributed from the following geographical markets:

	2022 £000	2021 £000
United Kingdom	18,001	23,457
Rest of Europe	14,526	9,245
North America	24,393	25,950
Rest of World	1,328	2,194
	58,248	60,846

4 OTHER OPERATING INCOME

	2022 £000	2021 £000
Research and development expenditure credit	1,602	1,716
Management and support charges to fellow group undertakings	345	273
	1,947	1,989

Notes to the accounts
31 March 2022

5 OPERATING EXPENSES
Operating expenses for the year include:

	2022 £000	2021 £000
Depreciation of tangible fixed assets (note 10)	765	730
Operating lease rentals – land and buildings	1,494	1,247
Auditor's remuneration		
- Audit of the accounts	53	27
- Other fees to the auditor – taxation compliance services	11	10
- Other fees to the auditor – taxation advisory services	2	-
Foreign exchange differences	11	35
Research and development expenditure written off	954	1,820

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £000	2021 £000
Interest receivable on group treasury balance	26	25

7 STAFF COSTS

	2022 £000	2021 £000
Salaries	18,245	18,968
Social security costs	2,155	2,069
Pension costs (note 21)	2,083	1,937
Share-based payments (note 19)	-	268
	22,483	23,242

The average monthly numbers of persons (including executive directors) employed by the company during the year were as follows:

	2022 No.	2021 No.
Consulting	214	206
Support	62	60
	276	266

Notes to the accounts
31 March 2022

8 DIRECTORS' REMUNERATION

Directors of the company received the following remuneration:

	2022 £000	2021 £000
Emoluments	889	83
Pension contributions	64	7
	953	90

In addition, £383,000 (2021 - £626,000) was paid to TTP Group Limited in respect of the qualifying services of two directors (2021 – 3). Four directors (2021 – 3) received pension benefits under the TTP Group Limited Group Personal Pension Plan.

The emoluments of the highest paid director were £272,000 (2021 - £25,000). The highest paid director exercised options over shares in TTP Group Limited during the year (2021 - nil).

Three directors (2021 – one), including the highest paid director, exercised options over shares in TTP Group Limited in the year.

9 TAX ON PROFIT

a) The tax charge on the profit for the year is made up as follows:

	2022 £000	2021 £000
Current tax:		
Based on the profit for the year:		
UK corporation tax	1,215	670
Adjustment in respect of previous years	12	(83)
Foreign tax relief	(126)	(546)
Total UK corporation tax	1,101	41
Foreign tax charge:		
Based on profit for the year	126	546
Current tax	1,227	587
Deferred tax:		
Originating and reversal of timing differences	(30)	(14)
Effect of changes in tax rate	24	-
Adjustment in respect of previous years	13	-
Deferred tax	7	(14)
Tax charge on profit	1,234	573

Notes to the accounts
31 March 2022

9 TAX ON PROFIT (continued)

b) Factors affecting the tax charge for the year

	2022 £000	2021 £000
Profit before tax	20,014	23,050
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	3,803	4,379
Expenses not deductible for tax purposes and non-taxable income	75	66
Enhanced tax relief for research and development expenditure	(236)	(449)
Group relief received for nil payment	(2,457)	(3,340)
Effect of changes in tax rate	24	-
Adjustments in respect of previous years	25	(83)
Tax charge on profit	1,234	573

c) Factors that may affect future tax charges

The rate of corporation tax is due to increase to 25% on 1 April 2023. Deferred tax balances have been calculated accordingly.

10 TANGIBLE FIXED ASSETS

	Plant and equipment £000
Cost	
At 1 April 2021	9,302
Additions	1,121
Transfer from fellow subsidiary	93
Transfer to fellow subsidiary	(205)
Disposals	(34)
At 31 March 2022	10,277
Depreciation	
At 1 April 2021	7,883
Provided in the year	765
Transfer to fellow subsidiary	(171)
Disposals	(34)
At 31 March 2022	8,443
Net book value	
At 31 March 2022	1,834
At 1 April 2021	1,419

Notes to the accounts
31 March 2022

11 INVESTMENTS

	Quoted investments £000	Unquoted investments £000	Total £000
Cost or valuation			
At 1 April 2021	864	440	1,304
Fair value adjustment	(604)	-	(604)
At 31 March 2022	260	440	700

12 STOCKS

	2022 £000	2021 £000
Work in progress	674	700

The difference between purchase price or production cost of stock and their replacement costs is not material.

13 DEBTORS

	2022 £000	2021 £000
Trade debtors	7,997	9,337
Amounts recoverable on contracts	1,094	1,607
Amounts owed by group undertakings	14,863	31,274
Other debtors	2,449	3,003
Prepayments and accrued income	1,266	1,192
	27,669	46,413

14 CREDITORS: amounts falling due within one year

	2022 £000	2021 £000
Payments on account	378	489
Trade creditors	1,265	1,275
Amounts owed to group undertakings	61	33
Foreign tax payable	-	40
Other taxation and social security costs	1,630	1,395
Other creditors	1,823	1,687
Accruals and deferred income	5,886	6,555
	11,043	11,474

Notes to the accounts
31 March 2022

15 **PROVISION FOR LIABILITIES**
Deferred tax liability

	2022 £000	2021 £000
At 1 April	84	101
Transfer from/(to) fellow subsidiary undertaking	11	(3)
Adjustments in respect of prior year	13	-
Deferred tax charge for the year	(6)	(14)
At 31 March	102	84

The deferred tax liabilities/(assets) are as follows:

	2022 £000	2021 £000
Capital allowances in excess of depreciation	154	119
Short term timing differences	(52)	(35)
	102	84

The company expects both the deferred tax asset of £52,000 and the deferred tax liability of £154,000 to reverse after more than one year.

16 **OBLIGATIONS UNDER LEASES**
Total minimum commitments under non-cancellable operating leases are as follows:

	Land & buildings	
	2022 £000	2021 £000
Within one year	1,438	1,438
In two to five years	892	1,916
	2,330	3,354

17 **CALLED UP SHARE CAPITAL**

	Allotted, called up and fully paid	
	2022 £000	2021 £000
1,000,000 ordinary shares of £1 each	1,000	1,000

18 **RESERVES**
Capital contribution
This reserve records the investment made in the company by the parent company arising from the award of shares and share options by the parent company to staff of this company.

Notes to the accounts
31 March 2022

19 SHARE-BASED PAYMENTS
The company participated in a HM Revenue & Customs approved share incentive plan, operated by TTP Group Limited. Employees could save in order to acquire shares in TTP Group Limited and receive alongside an award of free matching shares. Following an award in April 2021 the plan was closed.

As permitted by FRS 102, the company has not disclosed details of the share-based payment expense arising from employees' participation in this scheme.

20 DIVIDENDS

	2022 £000	2021 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
- final dividend for 2020	-	17,500
- final dividend for 2021	23,000	-
- interim dividend for 2022	14,000	-
Declared after the balance sheet date (not recognised as a liability at 31 March):		
Equity dividends on ordinary shares:		
- final dividend for 2021	-	23,000

21 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Pension commitments
During the year, the company participated in the TTP Group Limited Group Personal Pension Plan ('Plan'). The assets of the Plan are held separately from those of the group in independently administered funds. The pension charge represents contributions payable by the company to the Plan and amounted to £2,083,000 (2021- £1,937,000).

The creditor outstanding at the balance sheet date was £209,000 (2021- £186,000).

b) Bank guarantee
The company is party to a cross-guarantee with other members of the group.

c) Capital commitments
At the balance sheet date there were no capital commitments (2021 - £nil).

22 RELATED PARTY TRANSACTIONS
Sam Hyde had an interest-free loan from TTP Group Limited. The balance outstanding at 31 March 2021 was £5,063. He took out a further loan of £1,020 on 1 June 2021. The loans were repaid in full on 14 September 2021.

Chantal Taylor had an interest-free loan from TTP Group Limited. The balance outstanding at 31 March 2021 was £4,994. She took out a further interest-free loan on 5 August 2021 of £4,994. The loans were repaid in full on 6 September 2021.

Notes to the accounts
31 March 2022

22 **RELATED PARTY TRANSACTIONS** (continued)

Matthew Carr had two interest-free loans from TTP Group Limited. The balances outstanding at 31 March 2021 were £1,098 and £4,994. He took out a further loan of £4,128 on 1 June 2021. The loans were repaid in full on 7 September 2021.

Douglas Bradshaw had an interest-free loan from TTP Group Limited. The balance outstanding at 31 March 2021 was £5,063. The loan was repaid in full on 16 September 2021.

Richard Walker had an interest-free loan from TTP Group Limited. The balance outstanding at 31 March 2021 was £5,063. The loan was repaid in full on 3 September 2021.

23 **ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate and ultimate parent undertaking is TTP Group Limited and the controlling party is TTP Group Employee Ownership Trust. The smallest and largest group which consolidates the results of the company is headed by TTP Group Limited. Copies of TTP Group Limited's accounts are available from the company at Melbourn Science Park, Melbourn, Hertfordshire, SG8 6EE.