CHESS DYNAMICS LIMITED

ANNUAL REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

Registered No. 03891212

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For the year ended 30 April 2020

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COMPANY INFORMATION
For the year ended 30 April 2020

DIRECTORS	D A Tuddenham A S Thomis S R Walther
SECRETARY	S K Bilkhu
REGISTERED OFFICE	Quadrant House North Heath Business Park North Heath Lane Horsham West Sussex RH12 5QE
REGISTERED NUMBER	03891212
AUDITOR	RSM UK AUDIT LLP Statutory Auditor The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP

STRATEGIC MANAGEMENT

Strategy and Objectives

A majority stake in the Chess Technologies Group was acquired by Cohort PLC on the 12 December 2018. Chess Dynamics Ltd is a wholly owned subsidiary within the Chess Technologies Group, which is internationally recognised as a leading innovator of high-performance electro-optical surveillance and target tracking systems and solutions for the Defence and Security sectors. The principal activities of Chess Dynamics continue to be the design, manufacture and installation of Electro Optic Fire Control and surveillance systems for use in harsh exposed environments, incorporating advanced optical target detection, tracking and identification software from its associated group company Vision4ce Ltd. In addition, the business operates service, maintenance and spares activities covering all these sectors.

The business delivered significantly improved financial results, as the benefits from the development of innovative air defence systems incorporating the latest High Definition (HD) cameras and 3D radar technologies. Turnover increased by 6.8% to £22,716k, with gross profit at 33.1%. This improvement in the underlying business, delivered an operating profit on trading activities of £1,323k.

The business made significant progress against its strategic plan, with orders won for its latest leading-edge technology systems and solutions, including the stabilised integrated naval radar optical systems and short- range air defence systems including counter UAV and drone defence. The focus for the coming years is to continue the growth of these systems, expand into a range of best in class air defence target identification and tracking systems, providing customers with custom designed solutions that meet their exacting requirements.

Business Model

In February 2017 Chess Dynamics Inc was incorporated in the US State of Delaware and is a wholly owned subsidiary of Chess Technologies Limited. The company continued its focus on working with its US partners and customers to provide integrated solutions that meet the end users' requirements. Chess Dynamics Ltd business in the North American region accounted for 18% of the orders received in FY 2020. (FY 2019 38%). All design and manufacturing is delivered from the UK, with approximately 80% of revenue exported during FY 2020 (FY 2019 73%).

Whilst, due to the nature of various contracting models in the security and defence market, we work with a number of third parties, our business model will often provide direct contact and relationship with the end user.

Management Changes and Business Impact

Following the acquisition of the Chess Group by Cohort PLC, Andy Thomis (Cohort MD) and Simon Walther (Cohort FD) were appointed as Company Directors of Chess Dynamics Ltd. The existing management team have remained in place, and report into Cohort PLC.

As the business continues to grow and expand its capabilities, additional management positions have been identified and recruitment is in progress to ensure and maintain our high-performance levels and exceed customer satisfaction expectations.

BUSINESS ENVIRONMENT

Trends and Factors

The business has seen an increased demand for optical security systems and counter drone systems in the key markets and sectors in which we operate. There are annual government budgets that provide the necessary funding to enable the procurement of the Company's systems and solutions. The timing of these annual budgets varies from country to country and provides for a certain amount of stability for contract placements throughout the year. The underlying trend in demand and volume of enquiries continues to grow in line with the maturity of the latest systems' life cycle.

Following numerous well publicised drone incidents over the last few years, the company is well positioned to continue to secure substantial revenues from its anti-UAV solutions. Our systems are now fully installed and integrated as part of the ongoing security solutions operated by the Military and a number of airports and other critical infrastructure sites, both domestically and overseas. The company is at the forefront of the major Short-Range Air Defence (SHORAD) and anti UAV growth market, delivering critical capability to the largest and most important international programmes.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company relate to program delay and levels of customer demand for the company's systems, solutions and services. Customer demand is driven by the perceived threats within specific countries and by general economic conditions; but is also affected by our system pricing, quality and delivery performance in comparison with our competitors. The company manages its controllable risks by ensuring that it has the latest technological value for money solutions and its willingness to adapt any existing system to match customer requirements. Although the operational impact of Brexit on our business is expected to be minimal, the company has been expanding its global customer base to mitigate social, economic or political risk to any one country.

The COVID-19 pandemic and subsequent lockdowns across the world came in the last quarter of our financial year, typically our busiest period. This resulted in some restriction of our activities, particularly access to customer sites to complete various integration and test milestones, and the inability of certain customers to accept completed goods. Although, the full economic impacts of COVID-19 is not fully known, the Company was able to demonstrate flexibility of the workforce during these times and the impact upon our operations and performance was not significant the forecast impact for the next financial year is also minimal.

With the growth in overseas business, the company is exposed to foreign currency risk. This exposure is minimised by invoicing in sterling wherever possible, matching foreign currency requirements for purchases where appropriate, or undertaking foreign currency exchange contracts.

Environmental, Employee, Social, Community and Human Rights Matters

The business continues to ensure that all operations and activities are executed within the UK's legislation and within that of the local countries in which we operated. Business policies relating to employees, anti-bribery, social and environmental responsibilities are reviewed with strict governance in place.

BUSINESS PERFORMANCE

Analysis of performance and position

The operating profit attributable to trading activities for the year of £1,323k was below expectations, following some delays in key contract awards, which are expected to be placed in the first half of 2020/21. The Company is continuing to win new and exciting contracts following on from the transition of products into systems, incorporating Vision4ce software and expertise from our land and naval system teams. The business continues to invest in R&D, additional facilities and employees to maintain our excellent customer support.

KPI performance

The business utilises financial and non-financial KPI's to monitor the performance of the business on a monthly and quarterly basis. These measurements cover all stages of the business lifecycle from design and production through to delivery and after sales support.

The Company key financial and other performance indicators during the year were as follows:

	2020	2019
	£000	£000
Turnover	**22,716**	21,275
Operating profit on trading activities	**1,323**	1,908
Operating margin on trading activities	**5.82%**	8.97%
Shareholders' funds	**4,750**	3,853
Orders	**15,441**	18,345
Order book	**12,317**	20,734
	No.	No.
Employees at year end	**138**	125

Orders received in 2019/20 amounted to £15,441k and the expectation is for significant growth in 2020/21 following some delays to contract award during 2019/20. There is now significant traction on sales of the products and systems that were developed over the previous 3 years. In addition, the strategic decision to target overseas customers has resulted in 84% of the orders placed in 2019/20 being destined for export.

FUTURE DEVELOPMENTS

A number of significant contracts were awarded during the year for both Land and Naval systems, as well as for new bespoke engineering projects that are anticipated to lead to future product sales. Despite a degree of uncertainty, including Brexit conclusions and COVID-19, there is a high level of optimism in the current year already, with 4 significant prospects being in the latter stages of negotiations. This gives us confidence that the momentum of order-intake is expected to accelerate in 2020/21, providing a solid platform for the future.

The Group has a wealth of expertise in optical tracking and this, combined with a high level of land and naval systems expertise, has placed the business in a strong position to support future customer demand.

Chess has and will continue to form strategic alliances with key international Prime Contractors and end users to provide evermore integrated defence and security solutions to counter the emerging threats from terrorism and state adversaries. Our counter Unmanned Aircraft Systems (UAS) solutions continue to be developed and expanded to cover Ground Based Air Defence (GBAD) and Mobile Short Range Air Defence (M-SHORAD) using our innovative vehicle agnostic Modular Integrated Pod System (MIPS ™). On the commercial security side we have launched our Sigma range of high definition coastal and border security systems and continue to expand our drone defence solutions for Airports and critical national infrastructure protection with our AirGuard™ and AirShield™ systems incorporating Radio Frequency Direction Finding (RFDF) and Artificial Intelligence (AI) machine learning reducing the burden of manning providing latest state of the art reliable autonomous systems..

Approved by the Board of Directors on 19th October 2020 and signed by order of the Board.

D A Tuddenham
Director

CHESS DYNAMICS LIMITED

REPORT OF THE DIRECTORS
For the year ended 30 April 2020

The directors of Chess Dynamics Limited (Registered Company Number 03891212) (the "Company") present their report and financial statements for the year ended 30 April 2020.

PRINCIPAL ACTIVITIES

The principal activities of Chess Dynamics continue to be the design, manufacture and installation of Electro Optic Fire Control and surveillance systems for use in harsh exposed environments, incorporating advanced optical target detection, tracking and identification software from its associated group company Vision4ce Ltd. In addition, the business operates service, maintenance and spares activities covering all these sectors.

RESULTS AND DIVIDENDS

The profit after taxation for the year amounts to £928k (2019: £983k).

The directors do not recommend a payment of a dividend to the ordinary shareholders in respect of the year (2019: £nil).

CONTRIBUTIONS

During the year the Company made no political donations or incurred any political expenditure during the year.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

The Company has included within the strategic report disclosures relating to future developments.

RESEARCH AND DEVELOPMENT

The Company carries out research and development in support of its activities. The Company continues to develop its products and systems for the business with a number of key projects to be released over the coming year. Research and development carried out in the financial year has been expensed as incurred.

DIRECTORS

The directors who have served during the year and up to the date of this report are as follows:

D A Tuddenham
A S Thomis
S R Walther

STATEMENT IN RESPECT OF INFORMATION PROVIDED TO THE AUDITOR

So far as each of the directors in office at the time this report is approved are aware:

i. There is no relevant information of which the auditor is unaware; and
ii. They have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITOR

RSM UK AUDIT LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing their appointment was passed by the Board on 9 June 2020.

Approved by the Board of Directors on 19th October 2020 and signed by order of the Board.

D A Tuddenham
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 30 April 2020

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESS DYNAMICS LIMITED
For the year ended 30 April 2020

Opinion
We have audited the financial statements of Chess Dynamics Limited (the 'Company') for the year ended 30 April 2020 which comprise the profit and loss account, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (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 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

RSM UK AUDIT LLP

RICHARD BARTLETT-RAWLINGS (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
The Pinnacle, 170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP
Date: 26 October 2020

CHESS DYNAMICS LIMITED
03891212
PROFIT AND LOSS ACCOUNT
For the year ended 30 April 2020

	Notes	2020 £000	2019 £000
Turnover	3	**22,716**	21,275
Cost of sales		**(15,197)**	(12,530)
GROSS PROFIT		**7,519**	8,745
Administrative expenses		**(6,196)**	(6,837)
OPERATING PROFIT		**1,323**	1,908
Interest receivable and similar income	8	**5**	-
Interest payable and similar expenses	9	**(599)**	(551)
PROFIT BEFORE TAXATION		**729**	1,357
Tax on profit	10	**199**	(374)
PROFIT FOR THE FINANCIAL YEAR		**928**	983

There was no other comprehensive income in either year.

The accompanying notes on pages 16 to 37 form part of the financial statements.

CHESS DYNAMICS LIMITED
03891212
STATEMENT OF FINANCIAL POSITION
For the year ended 30 April 2020

	Notes	2020 £000	2019 £000
FIXED ASSETS			
Tangible assets	11	**1,648**	493
CURRENT ASSETS			
Stocks	12	**5,881**	6,816
Debtors	13	**10,599**	6,362
Cash at bank and in hand	14	**512**	759
		16,992	13,937
Creditors: amounts falling due within one year	15	**(11,322)**	(8,880)
NET CURRENT ASSETS		**5,670**	5,057
Total assets less current liabilities		**7,318**	5,550
Creditors: amounts falling due after one year	16	**(2,499)**	(1,664)
Deferred tax	17	**(2)**	(33)
NET ASSETS		**4,817**	3,853
CAPITAL AND RESERVES			
Called up share capital	18	**-**	-
Other reserves	19	**214**	406
Profit and loss account	19	**4,603**	3,447
SHAREHOLDERS' FUNDS		**4,817**	3,853

The accompanying notes on pages 16 to 37 form part of the financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 19th October 2020.

Signed on behalf of the Board of Directors

D A Tuddenham
Director
(Company No. 03891212)

CHESS DYNAMICS LIMITED
03891212
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 April 2020

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 May 2018	-	576	2,203	2,779
Comprehensive income for the period				
Profit for the year	-	-	983	983
Share option charge	-	-	91	91
Total comprehensive income for the period	-	-	1,074	1,074
Unwinding of discounted cashflows arising from capital contribution from parent undertaking	-	(171)	171	-
Total transactions with owners	-	(171)	171	-
At 1 May 2019	**-**	**405**	**3,448**	**3,853**
Comprehensive income for the period				
Profit for the year	-	-	928	928
Share option charge	-	-	16	16
Total comprehensive income for the period	-	-	944	944
Unwinding of discounted cashflows arising from capital contribution from parent undertaking	-	(191)	191	-
Movement in deferred tax	-	-	20	20
Total transactions with owners for the period	-	(191)	211	-
At 30 April 2020	**-**	**214**	**4,603**	**4,817**

The accompanying notes on pages 16 to 37 form part of the financial statements.

1. ACCOUNTING POLICIES

1.1 General information

The Company is a private limited company, limited by shares, incorporated, domiciled and registered in England and Wales. The address of the registered office is:

Quadrant House,
North Heath Lane Industrial Estate,
North Heath Lane,
Horsham,
West Sussex,
RH12 5QE.

The Registration number (03891212) can be found on the company information page.

The principal activities of the Company can be found within the directors report (page 7).

1.2 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 Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS") amended where necessary in order to comply with the Companies Act 2006

Under FRS 101, the Company has chosen to apply the recognition and measurement provisions of International Accounting Standard ('IAS') 27 'Separate Financial Statements', as endorsed by the European Union ('EU').

1.3 Financial reporting standard 101 - reduced disclosure exemptions

The consolidated financial statements of Cohort Plc (the 'Group') are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Cohort plc, 2 Waterside Drive, Arlington Business Park, Theale, Reading RG7 4SW. As such the Company is a member of a group, where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements under FRS 101 available in respect of:

- The requirements of IAS 7 *Statement of Cash Flows*.
- The requirements of IFRS 2 *Share based Payments* paragraphs 45(b) and 46 to 52, that include the effect of the share-based payment arrangements on the entity's profit or loss and its financial position.

1. ACCOUNTING POLICIES *(continued)*

1.3 Financial reporting standard 101 - reduced disclosure exemptions *(continued)*

- The requirements in IAS 24 *Related Party Disclosures,* to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements,* to present comparative information in respect of Property, Plant and Equipment.
- The requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 30, in relation to IFRS issued but not effective and the listing of new or revised standards that have not been adopted (and information about their likely impact) may be omitted.
- Certain disclosures of IFRS 16 *Leases* in respect of a single lease disclosure note.
- Certain disclosures required of IFRS 13 *Fair Value Measurement,* paragraph 91 to 99 Fair Value Measurement and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*
- Certain disclosures required by IFRS 3 *Business Combinations,* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.4 Going concern

The Company had net current assets of £5,670k as at 30 April 2020 (2019: £5,057k) and therefore, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the Chess Technologies Group for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through the Group's overdraft facility, to meet its liabilities as they fall due for that period.

The Company's forecasts and projections consider the reasonably possible changes in trading performance (including any impact of COVID-19). All outcomes show that the Company should be able to operate within the level of its current facilities.

Those forecasts are dependent on the Company's immediate parent company, Chess Technologies Limited not seeking repayment of the amounts currently due, which at 30 April 2020 amounted to £5,187k and continued availability of the Cohort Plc UK Group banking arrangement. This is a facility with NatWest and Lloyds for £40m which is due for renewal in November 2022.

1. ACCOUNTING POLICIES *(continued)*

1.4 Going concern *(continued)*

At 30 April 2020 £25.0m of this facility was drawn on leaving £15.0m available to the Group, of which the Company is able to participate for overdraft purposes. Cohort Plc UK has indicated its intention to continue to make available such funds as are needed by the company.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Company has prepared forecasts which go beyond 12 months of the approval date of these accounts. Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.5 Foreign currency translation

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency), which is currently sterling.

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account.

1.6 Impact of new international reporting standards, amendments and interpretations

From 1 May 2019, the company has applied IFRS 16 in accordance with the IFRSs as issued by the IASB.

The Company has applied IFRS 16 using the modified retrospective method with the right-of-use asset measured at amount equal to the lease liability. The comparative information has not been restated and continues to be reported under IAS 17. Additionally, the disclosure requirements in IFRS 16 have not been generally applied to comparative information. The details of the significant changes and quantitative impact of the changes are set out below.

1. ACCOUNTING POLICIES *(continued)*

1.6 Impact of new international reporting standards, amendments and interpretations *(continued)*

(a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: *Determining whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 1. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 May 2019.

(b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Leases classified as operating leases under IAS 17

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 May 2019.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company applied this approach to all other leases.

The Company has used its assessment of whether leases are onerous applying IAS 37 at 30 April 2019 as an alternative to performing an impairment review of the recognised right-of-use assets on the date of transition. The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

1. ACCOUNTING POLICIES *(continued)*

1.6 Impact of new international reporting standards, amendments and interpretations *(continued)*

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

The following table summarises the quantitative impact of adopting IFRS 16 on the Company's financial statements for the year ending 30 April 2019:

	Impact of adoption of IFRS 16		
	As reported at 1 May 2019	Adjustments due to the impact of adopting IFRS 16	As at 1 May 2019 post adoption of IFRS 16
	£000	£000	£000
Balance sheet			
Property, plant and equipment	493	1,239	1,732
Creditors	(10,544)	(1,239)	(11,783)

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 May 2019. The weighted-average rate applied 3%.

1. ACCOUNTING POLICIES *(continued)*

1.7 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for the provision of goods and services. excluding discounts, VAT and other sales and related taxes. Sales of goods are recognised when goods are delivered and title has passed.

The Company applies IFRS 15 'Revenue from Contracts with Customers" and falls into three main categories:

Sale of goods

Revenue is recognised in accordance with IFRS15 when the seller has transferred to the buyer the significant risks and rewards of ownership.

Rendering of services

For service provision, revenue is generally a fixed price for the provision of specific ongoing defined services (not the construction of an asset) over an agreed period. These services include the provision of technical engineering support, maintaining help desks and consultancy. Where the services comprise an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the period that the services are provided. Where the services comprise one or more significant acts, revenue is recognised as each act is completed.

Equipment design and delivery

These contracts are typically for the design and build of equipment. These contracts are accounted for under IFRS15. The company's contracts of this nature are generally fixed-price and usually contain stage payments for achieving certain milestones.

In these contracts the revenue is recognised as performance obligations 'over-time'. Costs are expensed as incurred in respect of all contracts unless they relate to goods yet to be delivered.

1.8 Operating leases: the Company as lessee (up to 1 May 2019)

Rentals paid under operating leases are charged to the Profit and Loss account 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, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1. ACCOUNTING POLICIES *(continued)*

1.9 Leases (applicable from the 1 May 2019)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the lease term of useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

1. ACCOUNTING POLICIES *(continued)*

1.9 Leases (applicable from the 1 May 2019) *(continued)*

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.10 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.11 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

1.12 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1. ACCOUNTING POLICIES *(continued)*

1.13 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

1.14 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 the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.15 Share based payments

The Company's ultimate parent company operates a share option scheme which allows employees to acquire shares in the parent company. Where the parent company awards share options under the scheme, the fair value of options granted is calculated at the grant date using the Quoted Companies Alliance binomial model. The resulting cost is recognised in the trading subsidiary over the vesting period (during which the recipient becomes unconditionally entitled to exercise the option) as a charge to the profit and loss account with a corresponding credit to equity (capital contribution).

1.16 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.

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

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

1. ACCOUNTING POLICIES *(continued)*

1.16 Current and deferred taxation *(continued)*

- 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 reporting date.

1.17 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:

Leasehold improvements	- over the life of the lease
Plant and machinery	- 10 - 20% straight line
Motor vehicles	- 10% straight line
Fixtures and fittings	- 10 - 25% straight line
Right-of-use	- over the life of the lease

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 the Profit and Loss Account.

1. ACCOUNTING POLICIES *(continued)*

1.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.19 Non-derivative financial instruments

Non-derivative financial instruments comprise of trade and other debtors, cash and cash equivalents and trade and other creditors.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Trade & other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Long-term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording revenue and related costs as contract activity progresses. Revenue is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which revenue exceeds payments on account is classified as "contract assets" and included within trade and other receivables; to the extent that payments on account exceed relevant revenue, the excess is included as a Contract Liability within trade and other payables. The amount of long-term contracts, at cost net of amounts transferred to cost of sales, costs incurred plus recognised profits, less provision for foreseeable losses and payments on account not matched with revenue, is included within trade and other receivables as "Contract Assets".

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1. ACCOUNTING POLICIES *(continued)*

1.20 Impairment (excluding stocks and deferred tax assets)

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

1.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management have determined there are key judgements or sources of estimation included in the current year financial statements

Long term contracts

Income has been recognised on long term contracts in accordance with the accounting policy above. The key assumptions in confirming the profitability and the revenue to be recognised at the period end for each project is based on costs incurred to date as a proportion of the estimated total cost of the project. The total cost is estimated in relation to previous constructions runs, with the assumption that common projects will likely incur similar costs. For new projects an evaluation is made into the design and production requirements of the project at commencement with the assumption that management have the experience to accurately predict the total costs.

Long term loans

Liabilities in respect of interest free loans are recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The initial adjustment on recognition of the present value of the liability is included as a non-distributable reserve. The discount rate in calculating the present value of the liability is based on an arm's length rate of interest at the date of inception of the loan.

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2020	2019
	£000	£000
Sales of goods	6,176	7,479
Equipment design and delivery	16,540	13,796
Total turnover	22,716	21,275

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
United Kingdom	4,755	6,410
Rest of the world	17,961	14,865
Total turnover	22,716	21,275

4. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£000	£000
Depreciation of tangible fixed assets – owned	152	125
Depreciation of tangible fixed assets – right of use asset	277	-
Exchange rate gains/losses	11	50
Operating lease payments – under IAS 17	10	287

5. AUDITORS' REMUNERATION

	2020	2019
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	43	28

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	**5,148**	4,697
Social security costs	**598**	503
Share based payments	**16**	91
Cost of defined contribution scheme	**276**	257
	6,038	5,548

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Directors	**4**	4
Sales and operations	**24**	19
Engineering and servicing	**103**	93
	131	116

7. DIRECTORS' REMUNERATION

	2020 £000	2019 £000
Directors' emoluments	**134**	446
Share based payments	**16**	91
Company contributions to defined contribution pension schemes	**6**	84
	156	621

During the year retirement benefits were accruing to 1 director *(2019 – 4)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £134k *(2019 – £128k)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6k *(2019 – £43k)*.

During the year, no directors exercised share options *(2019 – 4)*.

In addition to the above remuneration are £46,475 (2019: £43,850) of directors' costs borne by the parent entity, the charge reflects the value of services provided to the entity.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £000	2019 £000
Bank interest receivable	5	-
	5	-

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £000	2019 £000
Bank interest payable	4	34
Lease interest payable	36	-
Interest due to Group undertakings	559	503
Other loan interest payable	-	14
	599	551

10. TAXATION

Recognised in the profit and loss account:

	2020 £000	2019 £000
UK corporation tax:		
Current tax on profits for the year	(37)	388
Adjustments in respect of prior periods	(151)	5
Total current tax credit	(188)	393
Deferred tax		
Origination and reversal of temporary differences	-	(14)
Changes to tax rates	(2)	1
Adjustment in respect to prior period	(9)	(6)
Total deferred tax	(11)	(19)
Tax on profit	(199)	374

10. TAXATION *(continued)*

Reconciliation of effective tax rate:

	2020 £000	2019 £000
Profit for the year	**928**	983
Total tax charge/(credit)	**(199)**	374
Profit before taxation	**729**	1,357
Tax using the UK corporation tax rate of 19% (2019: 19%)	**139**	258
Adjustment in research and development tax credit	**(192)**	-
Effect of Capital Allowances in excess of depreciation	**-**	-
Effect of disallowed items for tax purposes	**5**	136
Adjustments in respect of prior periods	**(151)**	(20)
Total tax expense	**(199)**	374

The actual tax charge is at an effective tax rate of 19% (2019: 19%) of profit before tax.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 30 April 2020 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

11. TANGIBLE FIXED ASSETS

	Long-term leasehold property	Plant and machinery	Motor vehicles	Fixtures & fittings and computer equipment	Right-of-use	Total
	£000	£000	£000	£000	£000	£000
COST						
At 1 May 2019	408	846	27	368	530	2,179
Additions	155	44	-	150	709	1,058
Disposals	(59)	(239)	-	(165)	-	(463)
At 30 April 2020	**504**	**651**	**27**	**353**	**1,239**	**2,774**
DEPRECIATION						
At 1 May 2019	335	554	5	262	-	1,156
Charge for the year	39	64	3	46	277	429
Disposals	(59)	(238)	-	(162)	-	(459)
At 30 April 2020	**315**	**380**	**8**	**146**	**277**	**1,126**
NET BOOK VALUE						
At 30 April 2020	**189**	**271**	**19**	**207**	**962**	**1,648**
At 1 May 2019	*73*	*292*	*22*	*106*	*1,239*	*1,732*

12. STOCKS

	2020	2019
	£000	£000
Raw materials and consumables	**2,899**	5,691
Work in progress (goods to be sold)	**2,982**	1,125
	5,881	6,816

Raw materials, consumables and work in progress recognised as cost of sales in the year amounted to £11,096k (2019 - £10,306k)

13. DEBTORS

	2020	2019
	£000	£000
Trade debtors	**4,323**	2,752
Receivables from contracts with customers	**5,571**	2,436
Amounts owed by group undertakings	**6**	129
Other debtors	**135**	288
Prepayments and accrued income	**268**	757
Corporation tax	**296**	-
	10,599	6,362

14. CASH AND CASH EQUIVALENTS

	2020	2019
	£000	£000
Cash at bank and in hand	**512**	759
Less: bank overdrafts	**(4,623)**	(984)
	(4,111)	(225)

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£000	£000
Bank overdrafts	**4,623**	984
Obligations under finance lease and hire purchase contracts	**48**	48
Trade creditors	**1,909**	2,636
Amounts owed to group undertakings	**3,401**	2,820
Corporation tax	-	282
Other taxation and social security	**157**	152
Other creditors	**147**	369
Accruals and deferred income	**704**	1,589
Warranty provision	**50**	-
Lease liability	**283**	-
	11,322	8,880

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR *(continued)*

The following liabilities were secured:

	2020	2019
	£000	£000
Bank overdrafts	4,623	984
Obligations under finance lease and hire purchase contracts	48	48
	4,671	1,032

Details of security provided:
The bank overdrafts and obligations under finance lease and hire purchase contracts are secured against assets of the company under fixed and floating charges in favour of Barclays Bank Plc.

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

	2020	2019
	£000	£000
Net obligations under finance leases and hire purchase contracts	21	69
Amounts owed to group undertakings	1,786	1,595
Lease liability	692	-
	2,499	1,664

17. DEFERRED TAX

	Tangible fixed assets £000	Share based payments £000	Other £000	Total £000
At 1 May 2018	(52)	-	-	(52)
Recognised in income	19	-	-	19
At 30 April 2019	(33)	-	-	(33)
Current year credit/(charge)	4	-	(3)	1
Prior year credit/(charge)	-	-	9	9
Change in tax rate	-	-	1	1
Equity movement (credit to the reserves)	-	20	-	20
At 30 April 2020	**(29)**	**20**	**7**	**(2)**

Certain deferred tax assets and liabilities have been offset where the Company has a legally enforceable right to do so. The following is the analysis of deferred tax balances (after offset) for financial reporting purposes:

	2020 £000	2019 £000
Deferred tax liability	**(2)**	(33)

18. CALLED UP SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
100 *(2019 - 100)* Ordinary shares of £1.00 each	**100**	100

19. RESERVES

Share option reserve

Represents the total fair value of options in respect of the share options granted to members and employees of the Company.

Other reserves

Capital contribution - represents the capital contributions made to the Company in respect of below market rate loans provided by its immediate parent undertaking Chess Technologies Limited. It is a non-distributable reserve.

19. RESERVES *(continued)*

Profit and loss account

This reserve records the retained profits and accumulated losses.

20. CONTINGENT LIABILITIES AND GUARANTEES

The Company, as part of Cohort Plc's group banking and offset arrangements, is also a guarantor for £43,152,000 (2019: £43,281,000) of bank borrowings and overdraft drawn by its parent along with a further £594,000 (2019: £1,221,000) in respect of bank guarantees drawn by fellow subsidiary undertakings.

21. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £275,788 (2019 - £256,696). Contributions totalling £38,725 (2019 - £53,603) were payable to the fund at the balance sheet date and are included in creditors.

22. COMMITMENTS UNDER OPERATING LEASES *(under IAS 17)*

At 30 April 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
Not later than 1 year	**6**	242
Later than 1 year and not later than 5 years	**3**	683
	9	925

23. RELATED PARTIES

During the year, the company incurred the followings fees for services received from within the Cohort Plc Group.

	2020	2019
	£000	£000
Systems Engineering & Assessment (SEA)	**845**	-
Mass Consultants	**7**	-

During the year, the Company received income for services provided to Systems Engineering & Assessment (SEA) of £2k (2019: £Nil)

24. ULTIMATE PARENT COMPANY

The Company is under control of its ultimate parent undertaking, Cohort Plc.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The address of the parent undertaking is 1 Waterside Drive, Arlington Business Park, Theale, Reading, England, RG7 4SW.