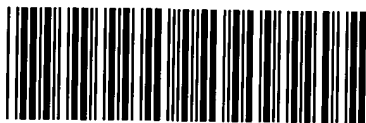


# **HORIBA TEST AUTOMATION LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**SATURDAY**



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**HORIBA TEST AUTOMATION LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J J Fowler S Koyama K P Mitera (resigned 11 August 2020) T Fukushima G T Gillespie R L Plank A Pressl (resigned 3 January 2021) D J Andrews (appointed 11 August 2020)
<b>Company secretary</b>	L Dunn-Massey
<b>Registered number</b>	04070217
<b>Registered office</b>	Brook Court Whittington Road WORCESTER WR5 2RX
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH
<b>Bankers</b>	HSBC P O Box 41 High Street Uxbridge Middlesex UB8 1BY

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**HORIBA TEST AUTOMATION LIMITED**

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**HORIBA TEST AUTOMATION LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

**Company information and principal activity**

Horiba Test Automation Limited is a privately held Limited company incorporated in England and Wales.

The company is principally engaged in the design and implementation of software for the automation and control of test rigs in the automotive development sector.

**Results and dividends**

The loss for the year, after taxation, amounted to £4,817,731 (2019 - loss £3,423,270).

**Directors**

The directors who served during the year were:

J J Fowler  
S Koyama  
K P Mitera (resigned 11 August 2020)  
T Fukushima  
G T Gillespie  
R L Plank  
A Pressl (resigned 3 January 2021)  
D J Andrews (appointed 11 August 2020)

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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**HORIBA TEST AUTOMATION LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

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

This report was approved by the board on 9 March 2021 and signed on its behalf.

*Patricia Louise Dunn-Massey*

**L Dunn-Massey**  
Secretary



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIBA TEST AUTOMATION LIMITED

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### Opinion

We have audited the financial statements of Horiba Test Automation Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIBA TEST AUTOMATION LIMITED  
(CONTINUED)**

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In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIBA TEST AUTOMATION LIMITED (CONTINUED)**

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### **Matter on which we are required to report under the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement set out on page 1, 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.





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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIBA TEST AUTOMATION LIMITED  
(CONTINUED)**

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**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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the company operates. We enquired of management whether they were aware of any instances of noncompliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our commercial experience and through discussion with management.
- we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and evaluating management's incentives and opportunities for manipulation of the financial statements. We considered the risk of fraud to be higher through the potential for management override of controls.
- audit procedures performed by the engagement team included:
  - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large, profit affecting or relating to unusual transactions;
  - challenging assumptions and judgements made by management;
  - detailed testing around revenue recognition and the recognition of deferred income balances;
  - identifying and testing related party transactions.
- assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training;
  - understanding of the financial reporting framework and the relevant tax compliance regulations specific to the entity.
- we did not identify any matters relating to non-compliance with laws and regulation or fraud.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIBA TEST AUTOMATION LIMITED  
(CONTINUED)**

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**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.

*Grant Thornton UK LLP*

Christopher Frostwick  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
East Midlands

9 March 2021

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**HORIBA TEST AUTOMATION LIMITED**


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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Note	2020 £	2019 £
Turnover	4	6,518,018	8,554,476
Cost of sales		(9,339,114)	(9,790,568)
<b>Gross loss</b>		<b>(2,821,096)</b>	<b>(1,236,092)</b>
Administrative expenses		(2,174,052)	(2,806,586)
Other operating income	5	301,754	552,242
<b>Operating loss</b>	6	<b>(4,693,394)</b>	<b>(3,490,436)</b>
Interest receivable and similar income	10	22	34
Interest payable and expenses	11	(88,974)	(43,065)
<b>Loss before tax</b>		<b>(4,782,346)</b>	<b>(3,533,467)</b>
Tax on loss	12	(35,385)	110,197
<b>Loss for the financial year</b>		<b>(4,817,731)</b>	<b>(3,423,270)</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of Comprehensive Income.

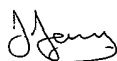
The notes on pages 11 to 22 form part of these financial statements.

**HORIBA TEST AUTOMATION LIMITED**  
**REGISTERED NUMBER:04070217**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	13	9,775	16,361
Tangible assets	14	201,295	271,163
		<u>211,070</u>	<u>287,524</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	909,354	1,646,976
Cash at bank and in hand	16	1,004,130	287,880
		<u>1,913,484</u>	<u>1,934,856</u>
Creditors: amounts falling due within one year	17	(2,919,260)	(3,699,355)
<b>Net current liabilities</b>		<u>(1,005,776)</u>	<u>(1,764,499)</u>
<b>Net liabilities</b>		<u>(794,706)</u>	<u>(1,476,975)</u>
Creditors: amounts falling due after more than one year	18	9,000,000	3,500,000
<b>Capital and reserves</b>			
Share capital	20	4,500,000	4,500,000
Share premium	19	220,000	220,000
Profit And Loss Account	19	(14,514,706)	(9,696,975)
		<u>(794,706)</u>	<u>(1,476,975)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 March 2021.



**J J Fowler**  
Director

The notes on pages 11 to 22 form part of these financial statements.

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**HORIBA TEST AUTOMATION LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	4,500,000	220,000	(9,696,975)	(4,976,975)
Loss for the year	-	-	(4,817,731)	(4,817,731)
<b>At 31 December 2020</b>	<b>4,500,000</b>	<b>220,000</b>	<b>(14,514,706)</b>	<b>(9,794,706)</b>

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	4,500,000	220,000	(6,273,705)	(1,553,705)
Loss for the year	-	-	(3,423,270)	(3,423,270)
<b>At 31 December 2019</b>	<b>4,500,000</b>	<b>220,000</b>	<b>(9,696,975)</b>	<b>(4,976,975)</b>

The notes on pages 11 to 22 form part of these financial statements.

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**HORIBA TEST AUTOMATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. General information**

Horiba Test Automation Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Brook Court Whittington Hall, Whittington Road, Worcester, England, WR5 2RX.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

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

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

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of HORIBA, Ltd as at 31 December 2020 and these financial statements may be obtained from 2 Miyanohigashi-cho, Minami-ku, Kyoto 601-8510, Japan.

**2.3 Going concern**

The directors have prepared forecasts to the end of 2021 and a business plan for 2022 and 2023. These plans take into account the current groupwide sales projections for both existing and new products from which the company will derive revenues, and all planned expenditure.

The parent company, Horiba Limited, has confirmed its intention to provide such on-going financial support to the company as it may require in order to meet its liabilities as they fall due. The directors therefore consider that the company will have sufficient access to cash to enable it to trade for the foreseeable future and accordingly consider that it is appropriate to prepare the financial statements on a going concern basis.

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**HORIBA TEST AUTOMATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Consistent with the above, revenue from the two key revenue streams is recognised as follows:

Software licence revenue is recognised when the licence to use related software is issued.

Maintenance and service contracts are recognised over the period to which they relate from the date at which the software has been accepted by the ultimate end user.

**2.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

Computer software - 33% per annum

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**HORIBA TEST AUTOMATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.6 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	-	20% per annum
Fixtures & fittings	-	20% per annum
Computer equipment	-	33% per annum

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

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

**2.7 Operating leases: the company as lessee**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.8 Debtors**

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

**2.9 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.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Government grants**

Grants relate to furlough income, which are accounted for under the accruals model and are recognised as other operating income in the same period as the related expenditure.



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**HORIBA TEST AUTOMATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.12 Foreign currency translation****Functional and presentational currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

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

*At each period end foreign currency monetary items are translated using the closing rate.*

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented within the profit and loss line item where the underlying transaction is recorded.

**2.13 Finance costs**

Finance costs are charged to the Statement of comprehensive income 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.

**2.14 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.*

**2.15 Taxation**

Tax is recognised in profit or loss 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 balance sheet date in the countries where the company operates and generates income.

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**HORIBA TEST AUTOMATION LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**2. Accounting policies (continued)**
**2.16 Research and development**

Given the nature of the company's business, it is not possible to differentiate between the research, development and configuration phases of software development. Accordingly, all such costs are charged to the Statement of Comprehensive Income as incurred.

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

Preparation of the financial statements requires management to make significant judgements and estimates which are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. The items in the financial statements where these judgements and estimates have been made include the timing of the recognition of revenue, in particular in respect of maintenance revenue and the going concern basis adopted in the preparation of these financial statements.

Judgements in applying accounting policies:

- the directors must judge whether all of the conditions required for revenues to be recognised in the statement of comprehensive income of the financial year, as set out in note 2.4 above, have been met;

Sources of estimation uncertainty:

- depreciation and amortisation rates are based on estimates of the useful lives and residual values of the assets involved (see notes 2.5 and 2.6).

**4. Turnover**

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

	2020 £	2019 £
Licenses	4,906,699	7,251,031
Maintenance and services	1,611,319	1,303,445
	<u>6,518,018</u>	<u>8,554,476</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	318,650	423,729
Rest of Europe	2,882,570	4,008,235
Rest of the world	3,316,798	4,122,512
	<u>6,518,018</u>	<u>8,554,476</u>

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**HORIBA TEST AUTOMATION LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**5. Other operating income**

	2020 £	2019 £
Government grants	7,730	-
Research and development tax credit	294,024	552,242
	<u>301,754</u>	<u>552,242</u>

**6. Operating loss**

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

	2020 £	2019 £
Defined contribution pension cost	315,712	270,327
Exchange differences	(9,295)	(1,479)
Other operating lease rentals	86,077	91,502
Amortisation of intangible assets	10,035	13,080
Depreciation of tangible fixed assets	120,212	136,914
	<u>120,212</u>	<u>136,914</u>

**7. Auditor's remuneration**

	2020 £	2019 £
Fees payable to the company's auditor for the audit of the company's annual accounts	15,900	13,800
	<u>15,900</u>	<u>13,800</u>
<b>Fees payable to the company's auditor in respect of:</b>		
Tax compliance services	2,900	2,800
Accounting services	1,100	1,000
All other services	14,900	9,400
	<u>18,900</u>	<u>13,200</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Employees**

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

	2020 £	2019 £
Wages and salaries	2,845,462	3,048,244
Social security costs	322,791	304,974
Cost of defined contribution scheme	309,130	270,327
	<u>3,477,383</u>	<u>3,623,545</u>

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

	2020 No.	2019 No.
	<u>58</u>	<u>56</u>

**9. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	162,255	163,423
Directors' pension costs	31,729	30,612
	<u>193,984</u>	<u>194,035</u>

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

The highest paid director received remuneration of £162,255 (2019: £163,423).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £31,729 (2019: £30,612).

**10. Interest receivable**

	2020 £	2019 £
Other interest receivable	<u>22</u>	<u>34</u>

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**11. Interest payable**

	2020 £	2019 £
Loans from group undertakings	<u>88,974</u>	<u>43,065</u>

**12. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Group taxation relief receivable	(85,340)	(307,052)
Adjustments in respect of previous periods	111,739	196,855
Foreign tax	8,986	-
<b>Total current tax</b>	<u>35,385</u>	<u>(110,197)</u>
<b>Taxation on loss on ordinary activities</b>	<u>35,385</u>	<u>(110,197)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(4,782,346)</u>	<u>(3,533,467)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(908,646)	(671,359)
<b>Effects of:</b>		
Fixed asset differences	5,417	967
Deferred tax not recognised	987,318	325,042
R&D expenditure credits	(55,865)	-
Adjustments to tax charge in respect of prior periods	(239)	196,855
Other permanent differences	(1,586)	54
Adjustments to opening/ closing deferred tax to average rate	-	38,244
Foreign tax credits	8,986	-
<b>Total tax charge for the year</b>	<u>35,385</u>	<u>(110,197)</u>

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**HORIBA TEST AUTOMATION LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**12. Taxation (continued)****Factors that may affect future tax charges**

Unrelieved tax losses of £9,976,344 (2019: £4,397,868) remain available to offset against future taxable trading profits.

**13. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 January 2020	<b>279,710</b>
Additions	<b>3,449</b>
	<hr/>
At 31 December 2020	<b>283,159</b>
	<hr/>
<b>Amortisation</b>	
At 1 January 2020	<b>263,349</b>
Charge for the year on owned assets	<b>10,035</b>
	<hr/>
At 31 December 2020	<b>273,384</b>
	<hr/>
<b>Net book value</b>	
At 31 December 2020	<b>9,775</b>
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<i>At 31 December 2019</i>	<b>16,361</b>
	<hr/> <hr/>

Amortisation of intangible fixed assets is included in cost of sales.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**14. Tangible fixed assets**

	Leasehold Improvements £	Furniture & fittings £	Computer hardware £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	193,283	120,291	510,454	824,028
Additions	1,673	3,226	45,445	50,344
Disposals	(50,105)	-	(59,871)	(109,976)
At 31 December 2020	144,851	123,517	496,028	764,396
<b>Depreciation</b>				
At 1 January 2020	97,831	57,464	397,570	552,865
Charge for the year on owned assets	28,775	18,124	73,313	120,212
Disposals	(50,105)	-	(59,871)	(109,976)
At 31 December 2020	76,501	75,588	411,012	563,101
<b>Net book value</b>				
At 31 December 2020	68,350	47,929	85,016	201,295
At 31 December 2019	95,452	62,827	112,884	271,163

**15. Debtors**

	2020 £	2019 £
Trade debtors	-	23,956
Amounts owed by group undertakings	687,333	1,416,166
Other debtors	54,160	42,738
Prepayments and accrued income	167,861	164,116
	909,354	1,646,976

£Nil impairment loss has been recognised against trade debtors (2019: £Nil).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**16. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	<u>1,004,130</u>	<u>287,880</u>

**17. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	213,035	153,825
Amounts owed to group undertakings	513,032	863,738
Other taxation and social security	84,697	94,210
Accruals and deferred income	2,108,496	2,587,582
	<u>2,919,260</u>	<u>3,699,355</u>

Included within accruals and deferred income are accrued pension contributions of £28,088 (2019: £28,338).

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

	2020 £	2019 £
Amounts owed to group undertakings	<u>9,000,000</u>	<u>3,500,000</u>

Amounts owed to group undertakings represent a loan provided by the parent company, HORIBA, Ltd which is repayable in two years. Interest on this loan is charged at arms length.

**19. Reserves****Share premium account**

The share premium accounts records the premium that shares were issued for above their nominal value.

**Profit & loss account**

The Profit and loss account includes all current and prior period retained profits and losses.



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**20. Share capital**

	2020 £	2019 £
<b>Authorised, allotted, called up and fully paid</b>		
4,500,000 (2019 - 4,500,000) Ordinary shares of £1 each	<b>4,500,000</b>	<b>4,500,000</b>

Called up share capital represents the nominal value of shares that have been issued.

**21. Commitments under operating leases**

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	<b>81,324</b>	70,431
Later than 1 year and not later than 5 years	<b>98,355</b>	153,444
	<b>179,679</b>	223,875

**22. Related party transactions**

As a 100% owned subsidiary of HORIBA, Ltd, the company is exempt from the requirements of FRS 102 to disclose transactions with other wholly owned members of the group headed by HORIBA, Ltd.

The transactions with subsidiary undertakings not wholly owned are summarised as follows

	2020 £	2019 £
Sales	<b>149,729</b>	90,621

**23. Ultimate parent company and controlling related party**

The immediate parent company is HORIBA, Ltd, a company registered in Japan, which the directors regard as the ultimate parent company and the ultimate controlling related party. Consolidated financial statements incorporating the results of Horiba Test Automation Limited are prepared by the ultimate parent undertaking and are available from HORIBA, Ltd, 2 Miyanohigashi-cho, Kisshoin, Minami-ku, Kyoto 601-8510, Japan.