

REGISTERED NUMBER: 04286171 (England and Wales)

Technia Limited

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31st December 2021

Technia Limited (Registered number: 04286171)

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for the Year Ended 31st December 2021

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Technia Limited
Company Information
for the Year Ended 31st December 2021

Directors: J F Isaksson
M Hurst
M Falkman

Registered office: Nordic House Brunleys
Kiln Farm
Milton Keynes
Bedfordshire
MK11 3EW

Registered number: 04286171 (England and Wales)

Auditors: MHA MacIntyre Hudson
Statutory Auditors
Northampton
United Kingdom

Strategic Report
for the Year Ended 31st December 2021

The directors present their strategic report for the year ended 31st December 2021.

Summary

The business performed in line with budget for 2021 despite the underlying uncertainty surrounding COVID 19. As a business we continued to follow government guidelines with varying degrees of working from home and office attendance. Fortunately we were well placed to operate in either setting due to the investments in underlying business systems and infrastructure. As part of the TECHNIA Group, further investment has been made in 2021 in company wide ERP, CRM, Human Resources and Customer Support systems. These company wide investments have created the platform for common processes, operational excellence and business continuity to support further growth moving forward.

There was demand for our PLM Consultancy, Support and Training services throughout the year which delivered strong and consistent revenues. Our Design and Simulation consultancy continued to build momentum during the year with increasing strength in Q3 and Q4. This was due to a number of factors - foundations laid during the prior year to reorganise and align the organisational structure, this has now embedded allowing us to gain synergies, refresh and promote new offerings to the market. Similarly, Software sales gained momentum in Q3 and Q4 with investment made into the sales organisational to fulfil our diversification and go to market strategy which resulted in very strong performance in Q3 and Q4.

Our full year result was achieved through a combination of strong Consultancy revenues, an increasing demand for the Dassault Systemés 3DX platform and Simulation. The combination of offerings and capability lead to customers adopting additional domains alongside a number of new customer acquisitions who committed to, and invested in, the toolsets as well as our own TECHNIA Software.

The combined result of this is that the business has delivered turnover of £18.65m up from £17.82m with profit after taxation of £1.4m up from £1.03m. Net assets have decreased from £5.13m to £2.52m.

Outlook

Market conditions improved as the year progressed with improving customer demand for our technologies and capabilities which continues into 2022. There are new and increasing market drivers around sustainability, electrification and other 'clean' technologies that are presenting new opportunities for growth. TECHNIA have a track record of helping customers with sustainable product creation and achieving their goals so are well place to capitalise on these increasing 'greenification' drivers. TECHNIA continue to invest in infrastructure and systems as well as people and competencies to ensure we are in a good position to secure and deliver on the demand for Product Life Cycle and Virtual Twin opportunities.

Strategic Report
for the Year Ended 31st December 2021

Principal risks and uncertainties

The board has a proactive approach to risk management with the aim of protecting its employees and customers and safeguarding the interests of company and its shareholders. The company has specific policies to ensure that risk are properly evaluated and managed at appropriate levels in the business.

The company's financial instruments comprise cash, trade debtors and creditors that arise directly from its operations. It has been the policy of the company throughout the year under review that no trading in financial instruments shall be undertaken. There are no significant risks arising directly from the company's financial instruments and the directors have specially considered the risk in the following areas.

Liquidity risk

The company does not have any significant liquidity exposure. Cash is managed on a daily basis to ensure that the company has sufficient funds available to meet its needs.

Credit risk

The company has policies that require appropriate financial checks on potential customers before sales are made.

Interest rate risk

The company is not exposed to any interest rate risk by reason of its substantial cash balances.

Foreign currency risk

The company is exposed to a limited extent to currency fluctuations. It does not enter into forward exchange transactions.

Financial key performance indicators

The company has made profit before taxation of £1,692,463 (2020 - £1,222,963).

The company has net current assets of £2,492,188 (2020 - £5,106,362) and net assets of £2,520,509 (2020 - £5,133,900).

The directors have taken advantage of the exemption for medium sized companies not to disclose non financial key performance indicators under S. 417 (7) of the Companies Act 2006.

On behalf of the board:

M Hurst - Director

2nd August 2022

Report of the Directors
for the Year Ended 31st December 2021

The directors present their report with the financial statements of the company for the year ended 31st December 2021.

Principal activity

The principal activity of the company in the year under review was that of the sale and support of engineering software in the United Kingdom.

Dividends

The profit for the year, after taxation, amounted to £1,402,159 (2020 - £1,026,422).

Dividends of £4,000,000 (2020 - £NIL) have been paid in the year.

Directors

The directors shown below have held office during the whole of the period from 1st January 2021 to the date of this report.

J F Isaksson
M Hurst

Other changes in directors holding office are as follows:

J F Andersson - resigned 16th November 2021
K J Gejer - resigned 16th November 2021
M Falkman - appointed 16th November 2021

Post balance sheet events

The directors have not identified any post balance sheet events.

Matters disclosed in the strategic report

The directors have omitted certain items, including an indication of likely future developments, from the Directors' Report because it is shown in the Strategic Report instead under S.414C (11) of the Companies Act 2017.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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.

Report of the Directors
for the Year Ended 31st December 2021

Statement of directors' responsibilities - continued

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

Statement as to disclosure of information to auditors

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

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006

On behalf of the board:

M Hurst - Director

2nd August 2022

Report of the Independent Auditors to the Members of **Technia Limited**

Opinion

We have audited the financial statements of Technia Limited (the 'company') for the year ended 31st December 2021 which comprise the Income statement, Statement of other comprehensive income, Balance sheet, Statement of changes in equity, Cash flow statement 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 31st December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

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

Report of the Independent Auditors to the Members of **Technia Limited**

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Report of the directors.

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

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

Responsibilities of directors

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

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

Report of the Independent Auditors to the Members of **Technia Limited**

Auditors' responsibilities for the audit of the financial statements

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

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to access compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities including those leading to material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Richard Powell BA, FCA, (Senior Statutory Auditor)
for and on behalf of MHA MacIntyre Hudson
Statutory Auditors
Northampton
United Kingdom

30th August 2022

Technia Limited (Registered number: 04286171)

Income Statement
for the Year Ended 31st December 2021

		2021	2020
	Notes	£	£
Turnover	4	18,646,599	17,823,394
Cost of sales		<u>15,414,595</u>	<u>14,879,087</u>
Gross profit		3,232,004	2,944,307
Administrative expenses		<u>1,540,335</u>	<u>1,898,912</u>
		1,691,669	1,045,395
Other operating income		<u>-</u>	<u>57,352</u>
Operating profit	6	1,691,669	1,102,747
Profit on sale of operation	8	<u>-</u>	<u>111,091</u>
		1,691,669	1,213,838
Interest receivable and similar income	9	<u>794</u>	<u>9,125</u>
Profit before taxation		1,692,463	1,222,963
Tax on profit	10	<u>290,304</u>	<u>196,541</u>
Profit for the financial year		<u>1,402,159</u>	<u>1,026,422</u>

The notes form part of these financial statements

Technia Limited (Registered number: 04286171)

**Statement of other
comprehensive income
for the Year Ended 31st December 2021**

	2021	2020
Notes	£	£
Profit for the year	1,402,159	1,026,422
Other comprehensive loss		
Translation reserve	(15,550)	(5,213)
Income tax relating to other comprehensive loss	-	-
Other comprehensive loss for the year, net of income tax	(15,550)	(5,213)
Total comprehensive income for the year	<u>1,386,609</u>	<u>1,021,209</u>

The notes form part of these financial statements

Technia Limited (Registered number: 04286171)

Balance Sheet
31st December 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		5,470		4,731
Tangible assets	13		<u>22,851</u>		<u>22,807</u>
			28,321		27,538
Current assets					
Stocks	14	121,196		-	
Debtors	15	6,112,643		5,776,519	
Cash at bank		<u>6,693,396</u>		<u>8,561,890</u>	
		12,927,235		14,338,409	
Creditors					
Amounts falling due within one year	16	<u>10,435,047</u>		<u>9,232,047</u>	
Net current assets			<u>2,492,188</u>		<u>5,106,362</u>
Total assets less current liabilities			<u>2,520,509</u>		<u>5,133,900</u>
Capital and reserves					
Called up share capital	19		101		101
Retained earnings	20		<u>2,520,408</u>		<u>5,133,799</u>
Shareholders' funds			<u>2,520,509</u>		<u>5,133,900</u>

The financial statements were approved by the Board of Directors and authorised for issue on 2nd August 2022 and were signed on its behalf by:

M Hurst - Director

Technia Limited (Registered number: 04286171)

Statement of Changes in Equity
for the Year Ended 31st December 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st January 2020	101	4,112,590	4,112,691
Changes in equity			
Total comprehensive income	-	1,021,209	1,021,209
Balance at 31st December 2020	101	5,133,799	5,133,900
Changes in equity			
Dividends	-	(4,000,000)	(4,000,000)
Total comprehensive income	-	1,386,609	1,386,609
Balance at 31st December 2021	101	2,520,408	2,520,509

The notes form part of these financial statements

Technia Limited (Registered number: 04286171)

Cash Flow Statement
for the Year Ended 31st December 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	22	2,576,140	1,501,988
Tax paid		<u>(421,305)</u>	<u>(226,758)</u>
Net cash from operating activities		<u>2,154,835</u>	<u>1,275,230</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(5,668)	(4,864)
Purchase of tangible fixed assets		(18,845)	(3,942)
Sale of tangible fixed assets		390	-
Interest received		<u>794</u>	<u>9,125</u>
Net cash from investing activities		<u>(23,329)</u>	<u>319</u>
Cash flows from financing activities			
Equity dividends paid		<u>(4,000,000)</u>	<u>-</u>
Net cash from financing activities		<u>(4,000,000)</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,868,494)</u>	<u>1,275,549</u>
Cash and cash equivalents at beginning of year	23	8,561,890	7,286,341
Cash and cash equivalents at end of year	23	<u>6,693,396</u>	<u>8,561,890</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31st December 2021

1. Statutory information

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

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

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared 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 judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied.

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios and current economic pressures. This analysis also considers the effectiveness of available measures to assist in mitigating any impacts.

Related party transactions

The company does not disclose transactions with its parent or with members of the same group that are wholly owned.

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

2. Accounting policies - continued

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 association 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;
- 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.

Intangible assets

Intangible fixed assets comprise software licences and are measured at cost less accumulated amortisation and any accumulated impairment losses and is amortised on a straight line basis over 3 years.

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

2. Accounting policies - continued

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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Computers and office equipment - 20% - 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 within "other operating income" in the Statement of Income and Retained Earnings.

Work in progress

Work in progress is valued at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

2. Accounting policies - continued

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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 change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Creditors

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

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

2. **Accounting policies - continued**

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as 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.

Deferred tax

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

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

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

Research and development

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

Foreign currency translation

Functional and presentation currency

The company's functional and presentation currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within "finance income and costs". All other foreign exchange gains and losses are presented in the Income Statement with "other operating income".

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

2. Accounting policies - continued

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution pension 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 payments obligations.

The contributions are recognised as an expense in the Income Statement 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.

Interest income

Interest income is recognised in the Income Statement using the effective method.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3. Critical accounting judgements and key sources of estimation uncertainty

In application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not really apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Fixed assets

In determining the depreciation rate, management's best estimate of the expected useful economic life of each asset class has been used in determining the rate applied.

4. Turnover

The whole of the turnover is attributable to the principal business activity, that of the sale and support of engineering software in the United Kingdom.

5. Employees and directors

	2021	2020
	£	£
Wages and salaries	3,277,755	3,362,299
Social security costs	395,579	379,555
Other pension costs	128,682	143,203
	<u>3,802,016</u>	<u>3,885,057</u>

Technia Limited (Registered number: 04286171)

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

5. Employees and directors - continued

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

	2021	2020
Management and administration	12	13
Technical and support	49	58
	<u>61</u>	<u>71</u>

	2021	2020
	£	£
Directors' remuneration	172,745	196,336
Directors' pension contributions to money purchase schemes	<u>9,852</u>	<u>10,127</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Only company directors are considered to be key management personnel. Employers National Insurance for key management personnel amounted to £22,138 (2020 - £25,444).

6. Operating profit

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

	2021	2020
	£	£
Depreciation - owned assets	18,424	26,951
(Profit)/loss on disposal of fixed assets	(13)	4,466
Patents and licences amortisation	4,929	9,508
Foreign exchange differences	13,326	(17,784)
Research and development expenditure	293,385	415,674
Operating leases	<u>85,404</u>	<u>149,808</u>

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>18,900</u>	<u>15,850</u>

8. Exceptional items

	2021	2020
	£	£
Profit on sale of operation	<u>-</u>	<u>111,091</u>

Technia Limited (Registered number: 04286171)

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

9. Interest receivable and similar income

	2021	2020
	£	£
Deposit account interest	-	6,496
Other loan interest	794	2,629
	<u>794</u>	<u>9,125</u>

10. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:	288,652	199,875
Prior year adjustment	702	1,528
Total current tax	<u>289,354</u>	<u>201,403</u>
Deferred tax arising on the origination and reversal of timing differences	950	(4,862)
Tax on profit	<u>290,304</u>	<u>196,541</u>

Reconciliation of the total tax charge included in the Income Statement

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

The difference is explained below:

	2021	2020
	£	£
Profit before tax	<u>1,692,463</u>	<u>1,222,963</u>
Profit multiplied by 19% (2020 - 19%)	321,568	232,363
Adjustments to tax charge in respect of previous periods	701	1,528
Adjustment in research and development tax credit leading to a decrease in the tax charge	(30,893)	(40,404)
Adjustment in respect of foreign taxes	3	3,423
Other timing differences	<u>(1,075)</u>	<u>(369)</u>
Total tax charge	<u>290,304</u>	<u>196,541</u>

11. Dividends

	2021	2020
	£	£
Ordinary shares of £1 each		
Interim	<u>4,000,000</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

12. Intangible fixed assets

	Patents and licences £
Cost	
At 1st January 2021	55,467
Additions	5,668
At 31st December 2021	<u>61,135</u>
Amortisation	
At 1st January 2021	50,736
Amortisation for year	4,929
At 31st December 2021	<u>55,665</u>
Net book value	
At 31st December 2021	<u>5,470</u>
At 31st December 2020	<u>4,731</u>

13. Tangible fixed assets

	Computer and office equipment £
Cost	
At 1st January 2021	136,714
Additions	18,845
Disposals	(390)
At 31st December 2021	<u>155,169</u>
Depreciation	
At 1st January 2021	113,907
Charge for year	18,424
Eliminated on disposal	(13)
At 31st December 2021	<u>132,318</u>
Net book value	
At 31st December 2021	<u>22,851</u>
At 31st December 2020	<u>22,807</u>

Technia Limited (Registered number: 04286171)

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

14. Stocks

	2021	2020
	£	£
Work-in-progress	<u>121,196</u>	<u>-</u>

15. Debtors: amounts falling due within one year

	2021	2020
	£	£
Trade debtors	2,630,028	3,367,290
Amounts owed by group undertakings	158,165	105,389
Other debtors	49,806	63,388
Deferred tax asset	3,361	4,311
Prepayments and accrued income	3,256,978	2,109,836
Amounts to be billed to customers	<u>14,305</u>	<u>126,305</u>
	<u>6,112,643</u>	<u>5,776,519</u>

16. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,745,640	1,149,513
Amounts owed to group undertakings	3,149	9,745
Corporation tax	10,160	142,112
Social security and other taxation	646,435	1,429,507
Other creditors	21,920	20,839
Accruals and deferred income	<u>8,007,743</u>	<u>6,480,331</u>
	<u>10,435,047</u>	<u>9,232,047</u>

17. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	61,019	100,487
Between one and five years	<u>-</u>	<u>49,605</u>
	<u>61,019</u>	<u>150,092</u>

18. Deferred tax

	£
Balance at 1st January 2021	(4,311)
Provided during year	<u>950</u>
Balance at 31st December 2021	<u>(3,361)</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

18. Deferred tax - continued

(Note 15) The deferred tax asset at the balance sheet date of £3,361 (2020 - (£4,311)) is split between an liability relating to accelerated capital allowances of £804 (2020 - £(352)) and an asset relating to an unpaid pension provision of £4,165 (2020 - £3,959)

19. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
101	Ordinary	£1	<u>101</u>	<u>101</u>

20. Reserves

Retained earnings

The retained earnings reserve includes all current and prior period retained profit and losses.

21. Controlling party

The ultimate controlling company is Addnode Group AB, Hudiksvallsagatan 4B, SE113 30 Stockholm, Sweden which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Consolidated accounts can be obtained from the ultimate controlling company's address. The directors consider that there is no controlling party.

22. Reconciliation of profit before taxation to cash generated from operations

	2021	2020
	£	£
Profit before taxation	1,692,463	1,222,963
Depreciation charges	23,352	36,459
(Profit)/loss on disposal of fixed assets	(13)	4,466
Exchange adjustment	(15,550)	(4,404)
Finance income	<u>(794)</u>	<u>(9,125)</u>
	1,699,458	1,250,359
Increase in stocks	(121,196)	-
Increase in trade and other debtors	(337,074)	(314,096)
Increase in trade and other creditors	<u>1,334,952</u>	<u>565,725</u>
Cash generated from operations	<u>2,576,140</u>	<u>1,501,988</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

23. Cash and cash equivalents

The amounts disclosed on the Cash flow statement in respect of cash and cash equivalents are in respect of these Balance sheet amounts:

Year ended 31st December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	<u>6,693,396</u>	<u>8,561,890</u>

Year ended 31st December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	<u>8,561,890</u>	<u>7,286,341</u>

24. Analysis of changes in net funds

	At 1/1/21	Cash flow	At 31/12/21
	£	£	£
Net cash			
Cash at bank	<u>8,561,890</u>	<u>(1,868,494)</u>	<u>6,693,396</u>
	<u>8,561,890</u>	<u>(1,868,494)</u>	<u>6,693,396</u>
Total	<u>8,561,890</u>	<u>(1,868,494)</u>	<u>6,693,396</u>

25. 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 £118,830 (2020 - £143,203). Contributions totalling £21,920 (2020 - £20,838) were payable to the fund at the balance sheet date.

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