

GREY TECHNOLOGY LIMITED
Strategic Report, Report of the Director and
Financial Statements
for the Year Ended 30 November 2021

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for the year ended 30 November 2021

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GREY TECHNOLOGY LIMITED
Company Information
for the year ended 30 November 2021

DIRECTOR: Mr N G Grey

SECRETARY: Mrs L M Grey

REGISTERED OFFICE: First Floor
Saggar House
Princes Drive
Worcester
Worcestershire
WR1 2PG

REGISTERED NUMBER: 04320113 (England and Wales)

AUDITORS: Haines Watts Birmingham LLP
5 - 6 Greenfield Crescent
Edgbaston
Birmingham
West Midlands
B15 3BE

**Strategic Report
for the year ended 30 November 2021**

The director presents his strategic report for the year ended 30 November 2021.

REVIEW OF BUSINESS

Our review takes into account the size and nature of the business and the risks and uncertainties we face.

KEY PERFORMANCE INDICATORS

The director regularly monitors the trading climate in terms of the product performance, customer satisfaction and financial performance of the business.

DEVELOPMENT AND PERFORMANCE

Gtech's involvement in making a ventilator for the NHS in March 2020, resulted in a tremendous surge of publicity and goodwill. On the back of this Gtech enjoyed a tremendous period of trade between April 2020 and July 2021 as many people were stuck at home making a mess, but with below normal levels of income. Accordingly, Gtech pulled back on brand awareness advertising and offered customers best-ever discounts and special offers for NHS staff.

The upshot was an exceptional short-term increase of profit and cash amounting to around £30,000,000 across the 2020 and 2021 financial years.

PRINCIPAL RISKS AND UNCERTAINTIES

However, as things began to return to normal towards the end of the summer of 2021, demand for our products tapered off sharply and it is necessary for the company to re-establish a new business-as-usual approach.

The discounts that were offered during the pandemic are no longer sustainable. As I write in April 2022 business costs have skyrocketed due to global events including the war in Ukraine and the destabilisation of the supply chain, which began in 2019 is getting increasingly worse.

Gtech currently outsources our warehousing, manufacturing, and shipping and costs are increasing beyond our control; shipping has increased more than ten-fold in recent years and some China factories are requesting immediate cost increases upwards of USD10.00 per product.

In addition, Gtech's main competitors, Vax and Shark are both owned by Chinese manufacturers, so we are effectively being squeezed from both ends.

It is therefore sensible to invest around £10m of our cash reserves in buying our own warehouse and just-in-time production line for our key products.

We also need to stop advertising discounts, re-establish our selling prices at higher levels and build brand awareness via TV, print and social media. This is not just to resume selling at pre-Covid levels, but to introduce higher retail prices. This is expected to require media and production costs of around £6m.

Brand awareness advertising tends to have a much slower return than direct-retail TV, and in addition our flagship AirRAM model is now 7 years old and needs to be upgraded.

Accordingly, the business has recruited 6 additional design engineers and has commenced work on 4 major new development projects. Going on previous figures, investment of around £8m will be required to bring 3 major new product lines to market.

The management team are fully briefed on what is required from each of them and a new Managing Director has been appointed in order to oversee the re-building process.

While the company is expecting to return (and is already experiencing) a trading loss during 2022 and 2023 while addressing these long-term objectives, they are necessary in order to reverse the contraction of the business that we have seen over the last 5 years.

**Strategic Report
for the year ended 30 November 2021**

SECTION 172 STATEMENT

The Director considers that he has acted in a way he considers to be in good faith, and would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the shareholders and matters set out in s172(1)(a-f) of the act) in the decisions taken during the year ended 30 November 2021.

The Director believes that key stakeholders of the Company includes employees, shareholders, customers, suppliers and the local community, and the business plan that the Director has adopted includes the following key matters that are relevant to complying with S172(1) of the Companies Act 2006:

Long-term decisions

The Director's plan is designed to have a long-term beneficial impact on the Company to both continue to grow the reputation of the Company in the market place and employ experienced personnel throughout the business. During the 2021 financial year the company has developed a new flagship AirRAM model and upgraded the performance of our garden products.

Employees

The Director recognises the valuable contribution that our employees make to the success of the business. The company aims to be a responsible employer in our approach to the pay and benefits that our employees receive. The health safety and well-being of our employees is one of the primary considerations in the way that the company does business.

Customers and suppliers

Fostering positive and strategic long-term relationships with our retail customers and suppliers has been key to the Company's success and the Director recognises the need to continue to develop and maintain such relationships. High quality service to customers is a key value of Grey Technology Limited and central to how business is conducted and differentiates us from our competitors.

The Director, and employees at all levels in the business, are in regular ongoing communication with their counterparts from suppliers and retail customers. Key issues are escalated to the Director to ensure that the Company's values and standard are consistent throughout.

Community and the environment

As a responsible business, Grey Technology Limited recognises that its operations have potential direct and indirect impacts on the environment. Consequently, our development efforts continue to produce extremely power efficient and long lasting (20 year working life) products.

ON BEHALF OF THE BOARD:

Mr N G Grey - Director

25 July 2022

**Report of the Director
for the year ended 30 November 2021**

The director presents his report with the financial statements of the company for the year ended 30 November 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the design, development and supply of domestic electrical products

DIVIDENDS

Interim dividends per share were paid as follows:

1700	- 24 August 2021
<u>1700</u>	

The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 30 November 2021 will be £ 17,000,000 .

DIRECTOR

Mr N G Grey held office during the whole of the period from 1 December 2020 to the date of this report.

FINANCIAL INSTRUMENTS - FINANCIAL RISK MANAGEMENT

Cash flow

The company continues to be self-funded. The trading model and contract negotiations are expected to facilitate growth without the need for external financing. Cash flow is closely monitored and sufficient funds are available for all current and forecast activities.

Credit management

The company undertakes extensive credit checks prior to offering a credit account and has become more selective with retail partners. Stringent debt chasing policies ensure debtors are managed efficiently and the marketing strategy reduces Gtech's reliance on the retail environment.

Price risk / foreign exchange risk

The company is exposed to price risk and foreign exchange risk on its raw material and product supplies, which are principally denominated in US dollars.

GOING CONCERN

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the financial statements.

STREAMLINED ENERGY AND CARBON REPORTING

The company fulfils its statutory requirements for Streamlined Energy and Carbon Reporting, which includes disclosure of the company's carbon emissions. Under the Companies Act 2006 / SECR Regulations, 'Large' companies are required to report their annual emissions within the Director's Report.

The company's SECR statement covers the year to November 2021 and has been prepared in line with the requirements of the SECR regulations and the relevant areas of the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard.

Scope of reporting

The scope of this SECR includes all activities and sites controlled by Grey Technology Limited. All sites and activities are situated and carried out in the United Kingdom.

Emissions are broken down into three categories by the GHG Protocol, as follows:

Scope 1 - All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks;

Scope 2 - Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation; and

**Report of the Director
for the year ended 30 November 2021**

Scope 3 - All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

Methodology

A 'Dual Reporting' methodology has been used to indicate emissions using UK electricity grid average emission factors (the 'Location Based' method) and also using average fuel consumption factor to estimate usage where actual usage data was unavailable.

Energy data has been collected from the following sources:

<u>Activity</u>	<u>Source of data</u>
Electricity consumption	Total kilowatt hours used from suppliers' electricity bill and annual statements.
Gas consumption	N/A
Company owned commercial vehicles	Total litres purchased from fuel cards.
Company car fleet fuel consumption	Total litres purchased from fuel cards.

Energy usage and emissions report

	2021	2020
Total Energy consumption	331830 kWh	350985 kWh
Emissions from combustion of gas (Scope 1)	N/A	N/A
Emissions from combustion of fuel for the purposes of transport (Scope 1)	2 tCO ₂ e	2 tCO ₂ e
Emissions from purchased electricity (Scope 2)	67 tCO ₂ e	75 tCO ₂ e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	3t CO ₂ e	3 tCO ₂ e
Total gross emissions	72 tCO ₂ e	80 tCO ₂ e
Emissions per £1m turnover	1 tCO ₂ e per £1m turnover	1 tCO ₂ e per £1m turnover

DISCLOSURE IN THE STRATEGIC REPORT

Certain disclosures required by the Companies Act regarding the company's research and development activity, and an indication of the likely future developments in the business, have been covered in the context of the Strategic Report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**Report of the Director
for the year ended 30 November 2021**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is 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 he 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, Haines Watts Birmingham LLP, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

Mr N G Grey - Director

25 July 2022

Report of the Independent Auditors to the Members of Grey Technology Limited

Opinion

We have audited the financial statements of Grey Technology Limited (the 'company') for the year ended 30 November 2021 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, 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 30 November 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 director's 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 director with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, 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.

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 Director 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 Director have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Grey Technology Limited

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 Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page five, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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:

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the director and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included, but were not limited to:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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.

**Report of the Independent Auditors to the Members of
Grey Technology Limited**

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.

Andrew Hughes (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5 - 6 Greenfield Crescent
Edgbaston
Birmingham
West Midlands
B15 3BE

25 July 2022

Income Statement
for the year ended 30 November 2021

	Notes	2021 £	2020 £
TURNOVER	3	65,083,319	86,388,308
Cost of sales		<u>(33,767,396)</u>	<u>(47,106,246)</u>
GROSS PROFIT		31,315,923	39,282,062
Administrative expenses		<u>(18,683,373)</u>	<u>(22,444,033)</u>
		12,632,550	16,838,029
Other operating income		<u>-</u>	<u>14,099</u>
OPERATING PROFIT	5	12,632,550	16,852,128
Impairment of group debt	6	<u>-</u>	<u>116,503</u>
		12,632,550	16,968,631
Interest receivable and similar income	7	<u>34,943</u>	<u>247,265</u>
PROFIT BEFORE TAXATION		12,667,493	17,215,896
Tax on profit	8	<u>(2,296,117)</u>	<u>(2,429,381)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>10,371,376</u>	<u>14,786,515</u>

The notes form part of these financial statements

**Other Comprehensive Income
for the year ended 30 November 2021**

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		10,371,376	14,786,515
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>10,371,376</u>	<u>14,786,515</u>

The notes form part of these financial statements

Statement of Financial Position
30 November 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	10	9,392	-
Tangible assets	11	645,335	1,249,752
Investments	12	<u>1</u>	<u>1</u>
		<u>654,728</u>	<u>1,249,753</u>
CURRENT ASSETS			
Stocks	13	11,966,363	8,481,116
Debtors	14	8,572,082	17,587,607
Cash at bank and in hand		<u>35,732,183</u>	<u>42,727,297</u>
		56,270,628	68,796,020
CREDITORS			
Amounts falling due within one year	15	<u>(9,463,978)</u>	<u>(15,675,163)</u>
NET CURRENT ASSETS		<u>46,806,650</u>	<u>53,120,857</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		47,461,378	54,370,610
PROVISIONS FOR LIABILITIES	17	<u>(2,423,546)</u>	<u>(2,704,154)</u>
NET ASSETS		<u>45,037,832</u>	<u>51,666,456</u>
CAPITAL AND RESERVES			
Called up share capital	18	10,000	10,000
Retained earnings	19	<u>45,027,832</u>	<u>51,656,456</u>
SHAREHOLDERS' FUNDS		<u>45,037,832</u>	<u>51,666,456</u>

The financial statements were approved by the director and authorised for issue on 25 July 2022 and were signed by:

Mr N G Grey - Director

**Statement of Changes in Equity
for the year ended 30 November 2021**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 December 2019	10,000	36,869,941	36,879,941
Changes in equity			
Total comprehensive income	-	14,786,515	14,786,515
Balance at 30 November 2020	10,000	51,656,456	51,666,456
Changes in equity			
Dividends	-	(17,000,000)	(17,000,000)
Total comprehensive income	-	10,371,376	10,371,376
Balance at 30 November 2021	10,000	45,027,832	45,037,832

**Notes to the Financial Statements
for the year ended 30 November 2021**

1. STATUTORY INFORMATION

Grey Technology 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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Going concern

The director continues to adopt the going concern basis in preparing the financial statements as his belief is that company has adequate resources and support to continue in operational existence for the foreseeable future. In making this assessment the director considers a period of at least 12 months from the date of approval of these financial statements.

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 7 Statement of Cash Flows;
- the requirement of paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Grey Technology Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Grey Technology Holding Limited, United Kingdom.

Significant judgements and estimates

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Director to exercise judgement in applying the company's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Depreciation of tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Warranty provisions

A provision is incorporated into the financial statements to reflect an estimate of future costs to be incurred as a consequence of warranties provided to customers on invoiced sales. Warranties are provided to customers for a period of 2 years. The estimated requirement for provision is calculated using an average of returns for individual product lines from the current and previous financial years.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Domains & licences are being amortised evenly over their estimated useful life of three years.

Development costs are being amortised evenly over their estimated useful life of five years.

Notes to the Financial Statements - continued
for the year ended 30 November 2021

2. ACCOUNTING POLICIES - continued**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 20% straight line
Tooling	- 40% straight line
Fixtures, fittings and equipment	- 20% straight line
Motor vehicles	- 33% straight line
Computer equipment	- 33% straight line

Government grants

Grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Grants are recognised using the accrual model.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial assets and financial liabilities are categorised under FRS 102 as either basic financial instruments or other financial instruments.

The company deals principally in basic financial instruments, which are accounted for in accordance with section 11 of FRS102.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

The company has the ability to deal in other more complex financial instruments such as derivative forward contracts for the hedging of foreign currency. Where material, these will be accounted for under section 12 of FRS102, initially measured at fair value at the date on which the derivative contract is entered into and subsequently measured at fair value through profit and loss.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the year ended 30 November 2021

2. ACCOUNTING POLICIES - continued

Research and development

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

8.5% of the turnover of the company is attributable to geographical markets outside the UK (2020 12.7%).

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	4,960,759	7,085,273
Social security costs	411,917	726,391
Other pension costs	80,184	79,234
	<u>5,452,860</u>	<u>7,890,898</u>

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

	2021	2020
Director & Management	2	3
Research & Development	24	24
Selling & Distribution	158	153
Finance & Administration	15	14
	<u>199</u>	<u>194</u>

	2021	2020
	£	£
Director's remuneration	216,090	2,511,244
Director's pension contributions to money purchase schemes	<u>2,284</u>	<u>1,473</u>

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

	2021	2020
Money purchase schemes	<u>1</u>	<u>1</u>

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	216,090	2,511,244
Pension contributions to money purchase schemes	<u>2,284</u>	<u>1,473</u>

Notes to the Financial Statements - continued
for the year ended 30 November 2021

5. OPERATING PROFIT

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

	2021 £	2020 £
Depreciation - owned assets	845,883	1,118,943
(Profit)/loss on disposal of fixed assets	(15,833)	13,826
Development costs amortisation	2,108	-
Auditors' remuneration	18,000	17,500
Foreign exchange differences	(168,898)	(404,367)
Operating lease rental	150,000	150,000
Impairment of loans to subsidiary undertakings	-	(116,503)
Non-audit fees	<u>72,815</u>	<u>23,263</u>

6. EXCEPTIONAL ITEMS

	2021 £	2020 £
Impairment of group debt	<u>-</u>	<u>116,503</u>

Grey Trading (Shanghai) Co. Ltd

The Company's Chinese subsidiary ceased to trade in the accounting period to 30 November 2019. The balance owing on the intercompany loan between the two entities was deemed irrecoverable and was provided for in full. The total provision of £665,955 was charged to exceptional items in the profit and loss account in 2018. In the accounting period to 30 November 2019, sums were received back from the Chinese subsidiary. The sum of £274,459 has been credited to exceptional items in the profit and loss account. In the accounting period to 30 November 2020, sums were received back from the Chinese subsidiary. The sum of £116,503 was credited to exceptional items in the profit and loss account. In the accounting period to 30 November 2021 no further sums have been received.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £	2020 £
Intercompany interest	-	190,135
Bank interest	24,704	29,740
Corporation tax interest	<u>10,239</u>	<u>27,390</u>
	<u>34,943</u>	<u>247,265</u>

8. TAXATION

Analysis of the tax charge

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

	2021 £	2020 £
Current tax:		
UK corporation tax	2,429,101	2,372,995
Adjustments to Corporation Tax in respect of previous periods	<u>(7,915)</u>	<u>-</u>
Total current tax	<u>2,421,186</u>	<u>2,372,995</u>
Deferred tax	<u>(125,069)</u>	<u>56,386</u>
Tax on profit	<u>2,296,117</u>	<u>2,429,381</u>

UK corporation tax has been charged at 19% .

Notes to the Financial Statements - continued
for the year ended 30 November 2021

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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	12,667,493	17,215,896
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	2,406,824	3,271,020
Effects of:		
Expenses not deductible for tax purposes	1,958	2,877
Income not taxable for tax purposes	(4,855)	(22,136)
Capital allowances in excess of depreciation	-	(38,259)
Depreciation in excess of capital allowances	25,174	-
Adjustments to tax charge in respect of previous periods	(7,915)	-
Patent Box deduction	-	(33,161)
Research & Development enhanced deduction	-	(639,486)
Group relief	-	(111,474)
Deferred Tax	(125,069)	-
Total tax charge	2,296,117	2,429,381

At the date of the Director signing the Financial Statements, a claim for Research and Development was ongoing in respect of the period ended 30 November 2020. The taxation figures within the Financial Statements for the year ended 30 November 2021 include an estimate for the impact of the Research and Development claim, a sum of £639,486. The claim will be submitted in due course.

9. DIVIDENDS

	2021 £	2020 £
Ordinary shares of £1 each		
Interim	17,000,000	-

10. INTANGIBLE FIXED ASSETS

	Domains & licences £	Development costs £	Totals £
COST			
At 1 December 2020	1,750	-	1,750
Additions	-	11,500	11,500
At 30 November 2021	1,750	11,500	13,250
AMORTISATION			
At 1 December 2020	1,750	-	1,750
Amortisation for year	-	2,108	2,108
At 30 November 2021	1,750	2,108	3,858
NET BOOK VALUE			
At 30 November 2021	-	9,392	9,392
At 30 November 2020	-	-	-

Notes to the Financial Statements - continued
for the year ended 30 November 2021

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Tooling £	Fixtures, fittings and equipment £
COST			
At 1 December 2020	12,651	9,288,899	410,379
Additions	-	132,677	10,538
Disposals	-	(984,579)	-
Cost adjustment	-	9,207	-
At 30 November 2021	12,651	8,446,204	420,917
DEPRECIATION			
At 1 December 2020	12,651	8,268,417	335,037
Charge for year	-	698,771	55,503
Eliminated on disposal	-	(984,579)	-
At 30 November 2021	12,651	7,982,609	390,540
NET BOOK VALUE			
At 30 November 2021	-	463,595	30,377
At 30 November 2020	-	1,020,482	75,342

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 December 2020	140,711	1,656,270	11,508,910
Additions	49,588	39,456	232,259
Disposals	(38,087)	-	(1,022,666)
Cost adjustment	-	-	9,207
At 30 November 2021	152,212	1,695,726	10,727,710
DEPRECIATION			
At 1 December 2020	63,711	1,579,342	10,259,158
Charge for year	41,910	49,699	845,883
Eliminated on disposal	(38,087)	-	(1,022,666)
At 30 November 2021	67,534	1,629,041	10,082,375
NET BOOK VALUE			
At 30 November 2021	84,678	66,685	645,335
At 30 November 2020	77,000	76,928	1,249,752

Notes to the Financial Statements - continued
for the year ended 30 November 2021

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 December 2020 and 30 November 2021	<u>1</u>
NET BOOK VALUE	
At 30 November 2021	<u>1</u>
At 30 November 2020	<u>1</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Gtech USA Inc

Registered office: 2511 North Frazier Street Conroe, TX 77303, United States.

Nature of business: Distribution of domestic electrical products

	% holding	2021 £	2020 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		<u>(285,191)</u>	<u>(275,394)</u>

Gtech USA Inc. was incorporated on 16 November 2012. The company commenced trading in 2013. The company ceased to trade in the period ended 30 November 2019.

Grey Technology (Shanghai) Co. Ltd

The company's Chinese subsidiary has ceased to trade in the year ending 30 November 2019 and full impairment of the investment has been made via provision against the intercompany debt (see note 6 - Exceptional items).

13. STOCKS

	2021 £	2020 £
Finished goods	<u>11,966,363</u>	<u>8,481,116</u>

14. DEBTORS

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	6,714,029	7,000,826
Amounts owed by group undertakings	186,740	165,011
Other debtors	202,543	139,545
Directors' current accounts	164,011	1,271,662
Tax	53,304	-
Deferred tax asset	410,021	284,952
Prepayments and accrued income	841,434	571,086
	<u>8,572,082</u>	<u>9,433,082</u>

Notes to the Financial Statements - continued
for the year ended 30 November 202114. **DEBTORS - continued**

	2021 £	2020 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	8,154,525
Aggregate amounts	8,572,082	17,587,607

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Trade creditors	5,819,341	8,900,407
Amounts owed to group undertakings	461,036	-
Tax	384,898	976,632
Social security and other taxes	120,564	90,649
Wages	(15,897)	(16,136)
VAT	1,317,479	1,221,481
Other creditors	7,437	28,246
Accrued expenses	1,369,120	4,473,884
	9,463,978	15,675,163

A debenture is held by Handelsbanken over the company assets and undertakings.

16. **LEASING AGREEMENTS**

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

	2021 £	2020 £
Within one year	150,000	100,000
Between one and five years	450,000	650,000
	600,000	750,000

17. **PROVISIONS FOR LIABILITIES**

	2021 £	2020 £
Other provisions		
Warranty provision	2,423,546	2,704,154
	Deferred tax	Warranty provision
	£	£
Balance at 1 December 2020	(284,952)	2,704,154
Provided during year	(125,069)	(280,608)
Balance at 30 November 2021	(410,021)	2,423,546

A warranty provision is provided at the point the revenue is recognised on products sold under the company warranty terms. The provision is estimated based on an average return rate calculated by reference to the product and sales channel.

Notes to the Financial Statements - continued
for the year ended 30 November 2021

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value: £1	2021 £	2020 £
10,000	Ordinary		<u>10,000</u>	<u>10,000</u>

19. RESERVES

	Retained earnings £
At 1 December 2020	51,656,456
Profit for the year	10,371,376
Dividends	(17,000,000)
At 30 November 2021	<u>45,027,832</u>

20. ULTIMATE PARENT COMPANY

The Immediate and Ultimate parent company is Grey Technology Holding Limited, a company registered and incorporated in England and Wales.

Consolidated accounts for the year are available from Brindley Road, Warndon, Worcestershire, WR4 9FB.

21. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 30 November 2021 and 30 November 2020:

	2021 £	2020 £
Mr N G Grey		
Balance outstanding at start of year	1,271,662	71,488
Amounts advanced	440,727	1,200,174
Amounts repaid	(1,548,378)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>164,011</u>	<u>1,271,662</u>

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", not to disclose related party transactions with wholly owned subsidiaries within the group.

23. ULTIMATE CONTROLLING PARTY

The director remains the ultimate controlling party, by virtue of holding the controlling interest in the parent company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.