

CYDEN LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
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Swansea
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FOR THE YEAR ENDED 31 DECEMBER 2021**

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CYDEN LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:

G Davies
J E Dykes
S T Jones

SECRETARY:

G Davies

REGISTERED OFFICE:

Office Block A
Bay Studios Business Park
Fabian Way
Swansea
SA1 8QB

REGISTERED NUMBER:

04470941 (England and Wales)

AUDITORS:

Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

PRINCIPAL ACTIVITIES

The company activities consist of the design, development, manufacture and sale of intense pulsed light (IPL) devices for home-based hair removal. The company sells its products as an Outsourced Design Manufacturer (ODM) to a single large customer and internationally under its own brand, Smoothskin.

REVIEW OF BUSINESS

	<u>2021</u>	<u>2020</u>
Turnover £'000	93,284	89,430
Gross Profit Margin	17%	24%
Average Number of Employees	232	180

The Directors are pleased to report that there has been a further increase in turnover year on year. Reduced margins reflect a change in commercial and group structure; necessary to lay a foundation for and facilitate growth in future years.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

PRINCIPAL RISKS AND UNCERTAINTIES

The company's risk management processes minimise its exposure to unforeseen events and identified risks, allowing the business to focus on delivering its strategic objectives. The directors regularly reviews the principal risks facing the company including those that would impact its business model, future performance and solvency. The directors ensure that the nature and extent of significant risks facing the business are identified and adequately managed.

The company uses various financial instruments which include cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

There continues to be a focus on identifying and assessing potential emerging risks. These can be newly identified risks or known risks that have evolved. The directors horizon scan to ensure they can take appropriate actions against potential changes that could change the industry or the business from a risk and opportunity perspective.

The directors will continually monitor the principal and other risks and uncertainties for the business. The directors will closely monitor business performance, including through the use of monthly key performance indicators, and will take appropriate action, including amendments to its business model, if and when required.

The following are the risks the directors believe to be the most important risks and uncertainties that may impact on the company's ability to deliver its strategy effectively.

Liquidity Risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability.

Credit Risk

The company's principal financial assets are cash and trade debtors. The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history.

Trading Risks

(i) Customer Concentration

One of the company's largest customers account for a significant proportion of sales. There is an inherent risk should these customers cease to participate in the category. The success of the own brand business in other markets helps mitigate this risk.

(ii) Regulatory Framework:

IPL hair removal devices are increasingly being classified as medical devices in global markets. The company has had significant success in obtaining medical device clearances in certain territories around the world. There is however a risk that as territories switch classification of home use IPL devices from 'over the counter' to being medical a period of adjustment is required which may adversely affect trading. If this were to occur there is likely only a short term effect while the necessary clearances are obtained, the longer term outlook would not be effected.

(iii) Current economic climate:

Recent inflation in the UK (and subsequent weakening of the Pound) has driven up the cost of acquiring components and packaging materials, and inevitably wages. The directors continually review purchasing and investment strategies and pricing structure to mitigate this risk. The company will continue to monitor consumer behaviours and regularly review KPIs including brand performance across key market segments and geographies.

(iv) Disruption of Production / Supply Chain

There is a risk that supply chain failure could affect the supply of raw materials and equipment. The company manages its assets which include its brand, plant and equipment and people to ensure that are contingency measures in place in such an event. The company regularly reviews availability, lead times and stock levels to reduce the risk of disruption to the company's supply chain.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Compliance with GDPR

There is a risk that the group is not compliant with GDPR with potential for penalties to be imposed. The group has made sure that decision makers and data controllers within the organisation maintain awareness of the latest GDPR requirements.

Information Technology

IT risks consist of data loss (both commercial and financial), the inability to operate effectively due to a technical fault, and/or system intrusion or hacking. The risk of inadequate protection of consumer data could lead to reputational damage and financial loss due to penalties and fines. To mitigate this risk resources have been invested to ensure the business complies with all necessary data privacy and data security regulations.

The business continues to rely heavily on its IT infrastructure to enable it to function efficiently. A continuing policy of appraisal and development ensures we keep pace with this ever changing environment. As a means to safeguard the integrity of our data we have systems in place to regularly update and back up all relevant information.

Health & Safety, Quality and Environment

The company has in place a rigorous and far reaching health & safety policy and is committed to adhering to all legislative requirements imposed on it through the various enforcing authorities.

The company holds quality management accreditation e.g. MDSAP / ISO-13485 (US-FDA, Health Canada) and Korean MFDS K-GMP, which ensure customers can have confidence in our supply chain management.

Future Development

The directors are pleased with the top line growth of the business; improvement in net assets position; and continued profitability. The company expects to continue to maximise its operations in line with customer demand.

A note on COVID-19 which widely impacted the UK economy in recent years - the company experienced no adverse impact on performance caused by the virus and expectation is that this won't change.

SECTION 172(1) STATEMENT

The directors are well aware of their duty under s172 of the Companies Act 2006 to act in the way which they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole and, in doing so, to have regards to the following: -

- The likely long-term consequences of any decision;
- The interest of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and other stakeholders;
- The impact of the company's operations on the community and the environment; and
- Desirability of the company maintaining a reputation for high standards of business conduct.

The Directors' regard to these matters is embedded in their decision-making process, through the Company's business strategy, culture, governance framework, management information flows and stakeholder engagement process.

The board considers that its major stakeholders are its employees, customers, suppliers and shareholders. When making decisions, the interest of these stakeholders is considered informally as part of the Board's discussions.

The board promote a culture of upholding the highest standards of business conduct and regulatory conduct. The Board recognises that building strong and lasting relationships with stakeholders will help deliver the company's strategy in line with our values and a sustainable business.

ON BEHALF OF THE BOARD:

G Davies - Director

28 September 2022

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

RESEARCH AND DEVELOPMENT

The company is currently undertaking research and development to enhance its offerings to customers. The directors regard such investment as an integral part of the continuing strength of the business.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

G Davies has held office during the whole of the period from 1 January 2021 to the date of this report.

Other changes in directors holding office are as follows:

E H Fitzwilliam Lay - resigned 29 September 2021

J E Dykes and S T Jones were appointed as directors after 31 December 2021 but prior to the date of this report.

A M C Avis and R M Clement ceased to be directors after 31 December 2021 but prior to the date of this report.

EMPLOYMENT OF DISABLED PERSONS

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged.

ENGAGEMENT WITH EMPLOYEES

Our employees contribute to a positive working culture and the company recognises that employee involvement is fundamental to its success. We work hard to ensure employees feel welcome and are valued and recognised for their hard work. The directors attach high importance to the wellbeing of the workforce and are committed to their support, development and motivation.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and the factors affecting performance of the company. This is achieved through formal and informal communications to employees.

The company attach importance to its approach to pay and benefits. The company is an equal opportunities employer and is committed to the principal of equality.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Customers

Customers are essential to the company's success and has achieved its growth by ensuring customers are provided with the highest quality service. Regular contact is maintained as this is deemed critical to ensuring their service level requirements are met.

Suppliers

The company is supported by a range of suppliers, varying in size, who form a crucial element in enabling the company to meet the service levels of customers. We are committed to being fair and transparent in our dealings with suppliers, working in partnership to ensure our own values and principals are upheld.

Shareholders

The board seeks to behave in a responsible manner towards shareholders of its parent company. The board communicates information relevant to those shareholders on a regular and timely manner.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

STREAMLINED ENERGY AND CARBON REPORTING

In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, disclosure of UK energy and Greenhouse Gas emissions is as follows:

	<u>2021</u> <u>KWh</u>	<u>2020</u> <u>KWh</u>
Total Energy Consumption	1,381,856	1,061,940
GHG Emissions CO2 equivalent	<u>2021</u> <u>metric tonnes</u>	<u>2020</u> <u>metric tonnes</u>
Natural gas (Scope 1)	81.0	64.9
Grid supplied Electricity (Scope 2)	189.3	156.0
Transport Fuel (Scope 2 & 3 combined)	12.0	10
Total gross CO2e emissions	282.3	230.9
Intensity Ratio		
metric tonnes CO2e per £100,000 of Turnover	0.303	0.245

Methodology

Greenhouse gas emissions are reported in gross tonnes CO2e in line with the requirements of large unquoted companies set out in the UK Government's Environmental Reporting Guidelines (March 2019 version) and use the UK Government GHG (Green House Gas) Conversion Factors for Company Reporting (2020 version 1.0). The operational control approach for the company's UK activities has been applied and is guided by the GHG Protocol - Corporate Standard (revised edition). Gross calorific values have been applied to conversion of natural gas and net values to vehicle fuel. Emissions from electricity are location based and report grid purchased electricity (Scope 2 only). Transport emissions relating to owned vehicles (Scope 1) and where employees have used their own vehicle for business purposes (Scope 3) have been combined.

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). 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;
- 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 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

ON BEHALF OF THE BOARD:

G Davies - Director

28 September 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CYDEN LIMITED

Opinion

We have audited the financial statements of CyDen Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 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.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CYDEN LIMITED

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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.

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. We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

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

- enquiring of management, including obtaining and reviewing support documentation, concerning the company's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the company. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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
CYDEN 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.

Alison Vickers (Senior Statutory Auditor)
for and on behalf of Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

29 September 2022

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
TURNOVER	3	93,283,886	89,430,170
Cost of sales		<u>77,430,463</u>	<u>67,591,654</u>
GROSS PROFIT		15,853,423	21,838,516
Administrative expenses		<u>11,795,294</u>	<u>8,664,698</u>
		4,058,129	13,173,818
Other operating income		<u>966,457</u>	<u>130,611</u>
OPERATING PROFIT	5	5,024,586	13,304,429
Interest payable and similar expenses	6	<u>83,747</u>	<u>43,378</u>
PROFIT BEFORE TAXATION		4,940,839	13,261,051
Tax on profit	7	<u>405,942</u>	<u>(198,260)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>4,534,897</u>	<u>13,459,311</u>

The notes form part of these financial statements

CYDEN LIMITED (REGISTERED NUMBER: 04470941)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		4,534,897	13,459,311
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,534,897</u>	<u>13,459,311</u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Intangible assets	9		1,511,404		1,248,105
Tangible assets	10		7,480,948		7,315,651
Investments	11		<u>1</u>		<u>1</u>
			8,992,353		8,563,757
CURRENT ASSETS					
Stocks	12	23,229,918		15,896,286	
Debtors	13	11,451,471		14,568,399	
Cash at bank		<u>1,996,413</u>		<u>297,212</u>	
		36,677,802		30,761,897	
CREDITORS					
Amounts falling due within one year	14	<u>18,295,448</u>		<u>18,450,405</u>	
NET CURRENT ASSETS			<u>18,382,354</u>		<u>12,311,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			27,374,707		20,875,249
CREDITORS					
Amounts falling due after more than one year	15		(2,247,436)		(681,964)
PROVISIONS FOR LIABILITIES	18		<u>(644,761)</u>		<u>(245,672)</u>
NET ASSETS			<u>24,482,510</u>		<u>19,947,613</u>
CAPITAL AND RESERVES					
Called up share capital	19		25,678		25,678
Retained earnings	20		<u>24,456,832</u>		<u>19,921,935</u>
SHAREHOLDERS' FUNDS			<u>24,482,510</u>		<u>19,947,613</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2022 and were signed on its behalf by:

G Davies - Director

CYDEN LIMITED (REGISTERED NUMBER: 04470941)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	25,678	11,316,643	11,342,321
Changes in equity			
Dividends	-	(4,854,019)	(4,854,019)
Total comprehensive income	-	13,459,311	13,459,311
Balance at 31 December 2020	<u>25,678</u>	<u>19,921,935</u>	<u>19,947,613</u>
Changes in equity			
Total comprehensive income	-	4,534,897	4,534,897
Balance at 31 December 2021	<u>25,678</u>	<u>24,456,832</u>	<u>24,482,510</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. STATUTORY INFORMATION

CyDen 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.

The company is both a parent and subsidiary undertaking of a small group and as such has taken advantage of the exemption available under the Companies Act 2006 to prepare consolidated financial statements. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption 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.

Related party exemption

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.

Critical accounting judgements and key sources of estimation uncertainty

Significant Judgements used by management

The preparation of the financial statement requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Warranty Returns Provision

The company provides warranty coverage on our products that varies per customer. The estimated warranty costs are accounted for by accruing these costs for each product upon recognition of the sale. The estimated warranty costs are based on the cost of the product and the historical level of returns received. Actual results may vary from these estimates but they are reviewed on an ongoing basis.

Depreciation and Amortisation

Tangible assets are depreciated over their estimated useful lives of 5 years, they are stated at cost less accumulated depreciation. Tangible assets are reviewed periodically, and where any asset is no longer used by the Cyden the balance is written off to the income statement.

Development and software costs are amortised over their estimated useful life of 5 years and Patents and licenses are amortised over their estimated useful life of 6 years. They are both stated at cost less accumulated amortisation. Intangible assets are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance is written off to the income statement.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised on despatch of the goods to the customer.

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.

Patents and licences are being amortised evenly over their estimated useful life of six years.

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

Computer software is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets

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

Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 20% on cost

If there is an indication that there has been a significant change in depreciation rate or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Cost comprises the purchase price of the asset and expenditure directly attributable to the acquisition of the item.

A fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the income statement.

Impairment of fixed assets

The company performs impairment testing where there are any indicators of impairment. Impairment is calculated as the difference between the carrying value and the recoverable value of the asset. Recoverable value is the higher of net realisable value and estimated value in use at the date the impairment loss is recognised. Value in use represents the present value of expected future discounted cash flows. If incurred, impairment is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised estimate of the recoverable amount, but so that the increased carrying value does not exceed the carrying value that would have been determined if no impairment loss had been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately as a credit to the income statement.

Fixed asset investments

Fixed asset investments are valued at fair value unless fair value cannot be measured reliably, in which case investments are valued at cost less impairment.

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 stocks. Cost includes all direct costs and, where required, an appropriate proportion of fixed and variable overheads. In general, cost is determined on a first in first out basis.

Stock is reviewed at each reporting date to determine whether there is any indication of impairment.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, amounts due to and from related parties.

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Debt instruments like loans and other receivables and payables are initially measured at present value of the future payments 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 outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised 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 profit or loss. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying value 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. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount recognised 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. At each reporting date non-financial assets not carried at fair value, such as property, plant and equipment are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less costs to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or 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 balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 31 DECEMBER 2021**

2. ACCOUNTING POLICIES - continued

External research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis the anticipated life of the benefits arising from the completed product or project, which typically is deemed to be 5 years.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the income statement. Expenditure on product research and development is written off to the income statement in the year in which it is incurred.

R&D tax credits are recognised on an accruals basis and are included as an income tax credit under current assets.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling using a monthly average exchange rate. If exchange rates fluctuate significantly in the month 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.

Deferred income

Contributions received towards development costs are recognised in the period that development expenditure is incurred. Capital contributions are initially recognised as deferred income on the balance sheet and credited to the profit and loss account by instalments on a basis consistent with the depreciation policy of the relevant asset, as adjusted for any impairment.

Warranty Provision

The company recognises a provision for warranty cost; which is valid for between 2 and 5 years depending on the product sold. A range of 2 - 20% of turnover is as provided. Once the product is 2->5 years old the warranty provision is released.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Debtors

Short term trade debtors are measured at transaction price, less any impairment. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due.

Creditors

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

Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Functional and presentation currency

The company's functional and presentational currency is pounds sterling.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

3. TURNOVER

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

The company supplies various markets other than just in the UK, the disclosure of which would be seriously prejudicial to the interests of the company and therefore will not be disclosed.

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	7,721,362	6,387,956
Social security costs	730,308	596,039
Other pension costs	482,440	329,622
	<u>8,934,110</u>	<u>7,313,617</u>

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

	2021	2020
Clinical, research & development	38	29
CEO & senior management	8	8
Finance & HR	6	4
Operations, quality & factory	174	135
Sales & marketing	6	4
	<u>232</u>	<u>180</u>

Included in creditors are pension contributions of £66,448 (2020: £71,154).

	2021	2020
	£	£
Directors' remuneration	264,240	236,980
Directors' pension contributions to money purchase schemes	<u>14,997</u>	<u>14,890</u>

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

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

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	234,240	206,980
Pension contributions to money purchase schemes	<u>14,997</u>	<u>14,890</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

5. OPERATING PROFIT

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

	2021	2020
	£	£
Depreciation - owned assets	2,215,460	1,128,896
Profit on disposal of fixed assets	(126)	-
Patents and licences amortisation	3,887	751
Development costs amortisation	413,502	269,194
Computer software amortisation	12,706	17,548
Auditors' remuneration	18,000	16,000
Auditors' remuneration for non audit work	16,712	10,143
Foreign exchange differences	159,958	261,115
Directors pension	14,997	14,890
Research & development expenses	<u>211,667</u>	<u>62,837</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank interest	477	-
Other Interest	72,573	43,378
Loan	<u>10,697</u>	<u>-</u>
	<u>83,747</u>	<u>43,378</u>

7. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	-	22,958
Deferred tax	<u>405,942</u>	<u>(221,218)</u>
Tax on profit	<u>405,942</u>	<u>(198,260)</u>

Reconciliation of total tax charge/(credit) 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	<u>4,940,839</u>	<u>13,261,051</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	938,759	2,519,600
Effects of:		
Expenses not deductible for tax purposes	(109,146)	3,590
Income not taxable for tax purposes	-	(4,364)
Capital allowances in excess of depreciation	(361,478)	(263,187)
Utilisation of tax losses	(44,568)	-
R&D deduction	(423,567)	(1,757,636)
Deferred tax movement	405,942	(221,218)
Group relief	-	(475,045)
Total tax charge/(credit)	<u>405,942</u>	<u>(198,260)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

7. TAXATION - continued

Factors that may affect future current and total tax charges

The deferred tax assets/liabilities at 31 December 2021 have been calculated at the rate of 19% (2020: 19%).

8. DIVIDENDS

	2021 £	2020 £
Ordinary 0.1p shares of 0.1p each		
Interim	-	4,854,019

9. INTANGIBLE FIXED ASSETS

	Patents and licences £	Development costs £	Computer software £	Totals £
COST				
At 1 January 2021	41,018	2,819,750	164,732	3,025,500
Additions	18,044	582,736	144,803	745,583
Disposals	-	(41,556)	-	(41,556)
Reclassification/transfer	121,456	(19,468)	(108,376)	(6,388)
At 31 December 2021	180,518	3,341,462	201,159	3,723,139
AMORTISATION				
At 1 January 2021	41,012	1,626,783	109,600	1,777,395
Amortisation for year	3,887	413,502	12,706	430,095
Eliminated on disposal	-	(8,401)	-	(8,401)
Reclassification/transfer	111,714	(4,506)	(94,562)	12,646
At 31 December 2021	156,613	2,027,378	27,744	2,211,735
NET BOOK VALUE				
At 31 December 2021	23,905	1,314,084	173,415	1,511,404
At 31 December 2020	6	1,192,967	55,132	1,248,105

10. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2021	-	6,537,378	2,987,670
Additions	223,642	3,332,377	18,643
Disposals	-	(1,457,271)	-
Reclassification/transfer	2,773,375	(136,929)	(2,768,695)
At 31 December 2021	2,997,017	8,275,555	237,618
DEPRECIATION			
At 1 January 2021	-	1,963,048	569,270
Charge for year	195,313	991,754	894,266
Eliminated on disposal	-	(180,050)	-
Reclassification/transfer	902,858	396,357	(1,372,001)
At 31 December 2021	1,098,171	3,171,109	91,535
NET BOOK VALUE			
At 31 December 2021	1,898,846	5,104,446	146,083
At 31 December 2020	-	4,574,330	2,418,400

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

10. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2021	-	625,516	10,150,564
Additions	-	55,082	3,629,744
Disposals	-	-	(1,457,271)
Reclassification/transfer	28,319	54,589	(49,341)
At 31 December 2021	28,319	735,187	12,273,696
DEPRECIATION			
At 1 January 2021	-	302,595	2,834,913
Charge for year	1,888	132,239	2,215,460
Eliminated on disposal	-	-	(180,050)
Reclassification/transfer	6,608	(11,397)	(77,575)
At 31 December 2021	8,496	423,437	4,792,748
NET BOOK VALUE			
At 31 December 2021	19,823	311,750	7,480,948
At 31 December 2020	-	322,921	7,315,651

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2021 and 31 December 2021	1
NET BOOK VALUE	
At 31 December 2021	1
At 31 December 2020	1

The company's investments at the Balance Sheet date in the share capital of companies include the following:

MC500 Limited

Registered office:

Nature of business: Dormant

Class of shares: %
holding
Ordinary 100.00

	2021 £	2020 £
Aggregate capital and reserves	1	1

The company's investment is the 100% holding of the ordinary share capital of MC500 Limited, a dormant company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

12. STOCKS

	2021	2020
	£	£
Stocks	20,892,331	13,902,802
Work-in-progress	39,614	142,040
Finished goods	2,297,973	1,851,444
	<u>23,229,918</u>	<u>15,896,286</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	6,241,199	7,650,088
Amounts owed by group undertakings	2,188,541	1,449,720
Other debtors	86,033	11,987
Taxation	561,173	561,173
VAT	591,390	2,584,296
Deferred tax asset	1,133,301	1,539,243
Prepayments and accrued income	649,834	771,892
	<u>11,451,471</u>	<u>14,568,399</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Hire purchase contracts (see note 16)	4,735	7,104
Trade creditors	9,892,610	12,510,845
Amounts owed to group undertakings	2,192,382	2,631,578
Social security and other taxes	266,730	271,669
Other creditors	3,109,453	1,222,749
Deferred income	822,265	303,476
Accrued expenses	2,007,273	1,502,984
	<u>18,295,448</u>	<u>18,450,405</u>

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

	2021	2020
	£	£
Hire purchase contracts (see note 16)	-	4,143
Accruals and deferred income	2,247,436	677,821
	<u>2,247,436</u>	<u>681,964</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	4,735	7,104
Between one and five years	-	4,143
	<u>4,735</u>	<u>11,247</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

16. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	518,800	518,800
Between one and five years	2,082,183	2,015,350
In more than five years	1,619,068	2,140,700
	<u>4,220,051</u>	<u>4,674,850</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Hire purchase contracts	<u>4,735</u>	<u>11,247</u>

Hire purchase agreements are secured against the assets they relate too.

Bank Securities

Fixed and floating charge over the undertaking and all property and assets present and future dated 10/07/2019.

18. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Other provisions	<u>644,761</u>	<u>245,672</u>
	Deferred tax	Warranty & liability provision
	£	£
Balance at 1 January 2021	(1,539,243)	245,672
Charge to Income Statement during year	405,942	399,089
Balance at 31 December 2021	<u>(1,133,301)</u>	<u>644,761</u>

Other provisions represent warranty and liability claims. Warranty costs run between a two and five year period from the point of sale and are utilised on expiry of the period. The credit to the profit and loss is the net affect of provisions relating to current year sales, warranty costs incurred in the year and the release of expired warranties.

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

	2021	2020
	Net Asset	Net Asset
	£	£
Balances:		
ACAs	868,481	507,107
Tax losses	<u>(2,001,782)</u>	<u>(2,046,350)</u>
	<u>(1,133,301)</u>	<u>(1,539,243)</u>

The deferred tax asset is recognised as it is considered probable that future taxable profits will be available against which the unused tax losses will be utilised.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
25,677,901	Ordinary 0.1p	0.1p	<u>25,678</u>	<u>25,678</u>

Each share is entitled to:

- One vote in any circumstances;
- Pari passu to dividend or any other distribution; and
- Full participation in capital distributions.

20. RESERVES

	Retained earnings £
At 1 January 2021	19,921,935
Profit for the year	<u>4,534,897</u>
At 31 December 2021	<u>24,456,832</u>

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

Retained earnings - included all current and prior period retained profits and losses.

21. ULTIMATE PARENT COMPANY

Ipulse Limited is regarded by the directors as being the company's ultimate parent company.

22. RELATED PARTY DISCLOSURES

During the year the company paid £1,267,227 to key management personnel.

23. POST BALANCE SHEET EVENTS

There were no events after the reporting period to the date the accounts were approved that are material for disclosure in the financial statements.

24. ULTIMATE CONTROLLING PARTY

Richard Koch is the ultimate controlling party by virtue of holding more than 50% of the iPulse Limited share capital.

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.