

**CYDEN LIMITED**  
**STRATEGIC REPORT,**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**

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

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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**CYDEN LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>DIRECTORS:</b>	E H Fitzwilliam Lay R M Clement A M C Avis G Davies
<b>SECRETARY:</b>	G Davies
<b>REGISTERED OFFICE:</b>	Office Block A Bay Studios Business Park Fabian Way Swansea SA1 8QB
<b>REGISTERED NUMBER:</b>	04470941 (England and Wales)
<b>AUDITORS:</b>	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 2020**

The directors present their strategic report for the year ended 31 December 2020.

**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**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Turnover £'000	89,430	46,081
Gross Profit Margin	21%	25%
Average Number of Employees	180	101

The Directors are pleased to report that there has been a significant increase in turnover and profit year on year. Investment in the Smoothskin own brand in recent years has grown the business and helped mitigate customer concentration risk.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Financial Risk:**

The company uses various financial instruments which include cash and 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.

The main financial risks arising from the company's financial instruments are interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

**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**

Two of the group'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 e.g. US already. 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.

**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**

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.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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 very pleased with the 2020 overall results and the company expects to continue to grow its operations in line with customer demand.

A note on the COVID-19 pandemic post balance sheet date - COVID-19 has widely impacted the UK economy however the Company has experienced no adverse impact on performance caused by the virus. Strategy has been put in place to mitigate any financial and operational risks whilst ensuring the safety of our staff.

**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

30 September 2021

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

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2020 will be £ 4,854,019 .

**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**

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

E H Fitzwilliam Lay  
R M Clement  
A M C Avis  
G Davies

**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 2020**

**STREAMLINED ENERGY AND CARBON REPORTING**

In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 we are required to disclose our UK energy and Greenhouse Gas emissions. This is the first year of reporting. Future reports will compare performance against the previous year.

UK GHG Emissions & Energy use Financial Year ending 31 December 2020

	kWh	tonnes CO2e
Scope 1 - Direct Emissions		
Gas Combustion	352,912	64.9
Scope 2 - Indirect Emissions		
Electricity	669,302	156.0
Scope 1 & 3 - Combined Emissions		
Transport	39,726	10.0
Total	1,061,940	230.9
Intensity Ratio tonnes CO2e per £M of Turnover	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.

**Energy efficiency**

Within the reporting period the company has taken measures to achieve energy efficiency, particularly during the refurbishment of the new factory opened in the year - for example, upgraded lighting within premises to low energy (LED) lamps.

**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.



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

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

30 September 2021

## **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 2020 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

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

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CYDEN LIMITED**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

### **Responsibilities of directors**

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

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

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CYDEN LIMITED

### **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. 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.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CYDEN LIMITED**

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

### **Use of our report**

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

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

30 September 2021

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

	Notes	2020 £	2019 £
<b>TURNOVER</b>	3	89,430,170	46,080,673
Cost of sales		<u>(70,522,647)</u>	<u>(34,473,609)</u>
<b>GROSS PROFIT</b>		18,907,523	11,607,064
Administrative expenses		<u>(5,733,705)</u>	<u>(4,147,985)</u>
		13,173,818	7,459,079
Other operating income		<u>130,611</u>	<u>32,254</u>
<b>OPERATING PROFIT</b>	5	13,304,429	7,491,333
Interest payable and similar expenses	6	<u>(43,378)</u>	<u>(87,695)</u>
<b>PROFIT BEFORE TAXATION</b>		13,261,051	7,403,638
Tax on profit	7	<u>198,260</u>	<u>1,333,747</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>13,459,311</u>	<u>8,737,385</u>

The notes form part of these financial statements

**CYDEN LIMITED (REGISTERED NUMBER: 04470941)**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>PROFIT FOR THE YEAR</b>		13,459,311	8,737,385
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>13,459,311</u>	<u>8,737,385</u>
<b>FOR THE YEAR</b>			

The notes form part of these financial statements

**BALANCE SHEET**  
**31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
<b>FIXED ASSETS</b>					
Intangible assets	9		1,248,105		628,676
Tangible assets	10		7,315,651		2,020,058
Investments	11		<u>1</u>		<u>1</u>
			8,563,757		2,648,735
<b>CURRENT ASSETS</b>					
Stocks	12	15,896,286		9,401,686	
Debtors	13	14,568,399		7,742,969	
Cash at bank		<u>297,212</u>		<u>377,724</u>	
		30,761,897		17,522,379	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>18,450,405</u>		<u>8,403,743</u>	
<b>NET CURRENT ASSETS</b>			<u>12,311,492</u>		<u>9,118,636</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			20,875,249		11,767,371
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(681,964)		-
<b>PROVISIONS FOR LIABILITIES</b>	19		<u>(245,672)</u>		<u>(425,050)</u>
<b>NET ASSETS</b>			<u>19,947,613</u>		<u>11,342,321</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		25,678		25,678
Retained earnings	21		<u>19,921,935</u>		<u>11,316,643</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>19,947,613</u>		<u>11,342,321</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2021 and were signed on its behalf by:

G Davies - Director



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

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2019</b>	25,678	2,579,258	2,604,936
<b>Changes in equity</b>			
Total comprehensive income	-	8,737,385	8,737,385
<b>Balance at 31 December 2019</b>	<u>25,678</u>	<u>11,316,643</u>	<u>11,342,321</u>
<b>Changes in equity</b>			
Dividends	-	(4,854,019)	(4,854,019)
Total comprehensive income	-	13,459,311	13,459,311
<b>Balance at 31 December 2020</b>	<u>25,678</u>	<u>19,921,935</u>	<u>19,947,613</u>

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

**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 2020

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.

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

**2. ACCOUNTING POLICIES - continued**

**Grants**

Grants are recognised at their fair value in profit or loss where there is reasonable assurance that the grant will be received and the company has complied with all the conditions.

Capital grants 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.

Revenue grants are credited to income as to match them with the expenditure to which they relate.

**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 2020**

**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 assets 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.

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

**2. ACCOUNTING POLICIES - continued**

**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.

**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.

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

**2. ACCOUNTING POLICIES - continued****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 benefit 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.

**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**

	2020	2019
	£	£
Wages and salaries	4,469,000	2,800,928
Social security costs	596,039	371,776
Other pension costs	329,622	187,215
	<u>5,394,661</u>	<u>3,359,919</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 20204. **EMPLOYEES AND DIRECTORS - continued**

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

	2020	2019
Clinical, research & development	29	23
CEO & senior management	8	1
Finance & HR	4	9
Operations, quality & factory	135	62
Sales & marketing	4	6
	<u>180</u>	<u>101</u>

Included in creditors are pension contributions of £71,154 (2019: £39,440).

	2020 £	2019 £
Directors' remuneration	236,980	241,392
Directors' pension contributions to money purchase schemes	<u>14,890</u>	<u>14,421</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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Information regarding the highest paid director is as follows:

	2020 £	2019 £
Emoluments etc	206,980	211,392
Pension contributions to money purchase schemes	<u>14,890</u>	<u>14,421</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation - owned assets	1,128,896	483,251
Patents and licences amortisation	751	1,855
Development costs amortisation	269,194	215,929
Computer software amortisation	17,548	11,681
Auditors' remuneration	16,000	14,750
Auditors' remuneration for non audit work	10,143	11,461
Foreign exchange differences	261,115	239,661
Directors pension	14,890	14,421
Research & development expenses	<u>62,837</u>	<u>43,122</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Bank loan interest	-	10,892
Other Interest	43,378	76,803
	<u>43,378</u>	<u>87,695</u>

## 7. TAXATION

**Analysis of the tax credit**

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

	2020 £	2019 £
Current tax:		
UK corporation tax	22,958	25,533
Deferred tax	(221,218)	(1,359,280)
Tax on profit	<u>(198,260)</u>	<u>(1,333,747)</u>

**Reconciliation of total tax 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:

	2020 £	2019 £
Profit before tax	13,261,051	7,403,638
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,519,600	1,406,691
Effects of:		
Expenses not deductible for tax purposes	3,590	2,166
Income not taxable for tax purposes	(4,364)	-
Capital allowances in excess of depreciation	(263,187)	(131,185)
Utilisation of tax losses	-	(967,139)
R&D deduction	(1,757,636)	(285,000)
Deferred tax	(221,218)	(1,359,280)
Group relief	(475,045)	-
Total tax credit	<u>(198,260)</u>	<u>(1,333,747)</u>

**Factors that may affect future current and total tax charges**

The deferred tax assets/liabilities at 31 December 2020 have been calculated at the rate of 19% (2019: 19%) as deferred tax assets are expected to be utilised before the change in corporation tax rate to 25% in 2023.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 8. DIVIDENDS

	2020 £	2019 £
Ordinary 0.1p shares of 0.1p each		
Interim	<u>4,854,019</u>	<u>-</u>

## 9. INTANGIBLE FIXED ASSETS

	Patents and licences £	Development costs £	Computer software £	Totals £
<b>COST</b>				
At 1 January 2020	41,018	1,925,173	152,387	2,118,578
Additions	-	894,577	12,345	906,922
At 31 December 2020	<u>41,018</u>	<u>2,819,750</u>	<u>164,732</u>	<u>3,025,500</u>
<b>AMORTISATION</b>				
At 1 January 2020	40,261	1,357,589	92,052	1,489,902
Amortisation for year	751	269,194	17,548	287,493
At 31 December 2020	<u>41,012</u>	<u>1,626,783</u>	<u>109,600</u>	<u>1,777,395</u>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<u>6</u>	<u>1,192,967</u>	<u>55,132</u>	<u>1,248,105</u>
At 31 December 2019	<u>757</u>	<u>567,584</u>	<u>60,335</u>	<u>628,676</u>

## 10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2020	2,654,230	702,460	369,385	3,726,075
Additions	3,883,148	2,285,210	256,131	6,424,489
At 31 December 2020	<u>6,537,378</u>	<u>2,987,670</u>	<u>625,516</u>	<u>10,150,564</u>
<b>DEPRECIATION</b>				
At 1 January 2020	1,270,438	187,260	248,319	1,706,017
Charge for year	692,610	382,010	54,276	1,128,896
At 31 December 2020	<u>1,963,048</u>	<u>569,270</u>	<u>302,595</u>	<u>2,834,913</u>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<u>4,574,330</u>	<u>2,418,400</u>	<u>322,921</u>	<u>7,315,651</u>
At 31 December 2019	<u>1,383,792</u>	<u>515,200</u>	<u>121,066</u>	<u>2,020,058</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 11. FIXED ASSET INVESTMENTS

	Unlisted investments £
<b>COST</b>	
At 1 January 2020	
and 31 December 2020	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>1</u>
At 31 December 2019	<u>1</u>

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

	% holding	2020 £	2019 £
Class of shares:	100.00		
Ordinary			
Aggregate capital and reserves		<u>1</u>	<u>1</u>

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

## 12. STOCKS

	2020 £	2019 £
Stocks	13,902,802	7,752,119
Work-in-progress	142,040	-
Finished goods	1,851,444	1,649,567
	<u>15,896,286</u>	<u>9,401,686</u>

## 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	7,650,088	4,080,716
Amounts owed by group undertakings	1,449,720	1,308,672
Other debtors	11,987	46,577
Taxation	561,173	-
VAT	2,584,296	748,382
Deferred tax asset	1,539,243	1,318,025
Prepayments and accrued income	771,892	240,597
	<u>14,568,399</u>	<u>7,742,969</u>

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

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

	2020	2019
	£	£
Bank loans and overdrafts (see note 16)	-	74,408
Hire purchase contracts (see note 17)	7,104	-
Trade creditors	12,510,845	5,096,635
Amounts owed to group undertakings	2,631,578	2,256,450
Tax	-	25,533
Social security and other taxes	271,669	156,542
Other creditors	1,222,749	107,162
Deferred income	303,476	-
Accrued expenses	1,502,984	687,013
	<u>18,450,405</u>	<u>8,403,743</u>

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

	2020	2019
	£	£
Hire purchase contracts (see note 17)	4,143	-
Accruals and deferred income	677,821	-
	<u>681,964</u>	<u>-</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>74,408</u>

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts 2020	2019
	£	£
Net obligations repayable:		
Within one year	7,104	-
Between one and five years	4,143	-
	<u>11,247</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 17. LEASING AGREEMENTS - continued

	Non-cancellable 2020 £	operating leases 2019 £
Within one year	518,800	142,975
Between one and five years	2,015,350	514,525
In more than five years	2,140,700	547,110
	<u>4,674,850</u>	<u>1,204,610</u>

## 18. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Bank overdraft	<u>-</u>	<u>74,408</u>

Amounts owed to group are interest free and repayable on demand.

Bank Securities

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

## 19. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Other provisions	<u>245,672</u>	<u>425,050</u>
	Deferred tax £	Warranty & liability provision £
Balance at 1 January 2020	(1,318,025)	425,050
Credit to Income Statement during year	<u>(221,218)</u>	<u>(179,378)</u>
Balance at 31 December 2020	<u>(1,539,243)</u>	<u>245,672</u>

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

**19. PROVISIONS FOR LIABILITIES - continued**

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:

	<b>2020</b>	<b>2019</b>
<b>Balances:</b>	<b>Net Asset</b>	<b>Net Asset</b>
	<b>£</b>	<b>£</b>
ACAs	507,107	229,666
Tax losses	<u>(2,046,350)</u>	<u>(1,547,691)</u>
	<u><u>(1,539,243)</u></u>	<u><u>(1,318,025)</u></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.

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	<b>2020</b>	<b>2019</b>
			<b>£</b>	<b>£</b>
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.

**21. RESERVES**

	<b>Retained earnings</b>
	<b>£</b>
At 1 January 2020	11,316,643
Profit for the year	13,459,311
Dividends	<u>(4,854,019)</u>
At 31 December 2020	<u><u>19,921,935</u></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.

**22. ULTIMATE PARENT COMPANY**

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

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

**23. RELATED PARTY DISCLOSURES**

During the year the company paid £968,948 to key management personnel.

**24. 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.

**25. 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.