

# Buddi Limited

Registered number: 05308826

## Directors' report and financial statements

For the year ended 31 December 2021



## BUDDI LIMITED

### Company Information

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**Directors** Sara Murray  
Charles Lewinton  
Daren Morris (appointed on 21 November 2021)

**Company secretary** Sophie Georgiou-Pavli

**Registered number** 05308826

**Registered office** Talbot House  
17 Church Street  
Rickmansworth  
Hertfordshire  
WD3 1DE

**Independent auditors** Crowe U.K. LLP  
55 Ludgate Hill  
London  
EC4M 7JW

**Bankers** HSBC UK Bank plc.  
71 Queen Victoria Street  
London  
EC4V 4AY  
  
C. Hoare & Co.  
37 Fleet Street  
London  
EC4P 4DQ

**Legal advisers** Hill Dickinson LLP  
The Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

**BUDDI LIMITED**

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## **BUDDI LIMITED**

### **Strategic Report for the year ended 31 December 2021**

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#### **Introduction**

The directors present their Strategic Report on the Company for the year ended 31 December 2021. The principal activity of the Company remains the design, development, manufacture and delivery of remote monitoring technologies for a range of domestic and international customers.

#### **Business review**

The year ended 31 December 2021 was another year of growth for the Company. The Company delivered revenue growth of 1.3% to £29,340,000 (2020: £28,952,000), reflecting new contract wins and an increase in revenues earned from existing customers. Revenue growth was driven by the Asia-Pacific region, which grew at 36.5%. Revenues in Europe declined by 33.9% because comparator figures included a one-off customer contract related to Covid-19, which has not repeated in 2021. Revenues in the Americas declined by 21.3%.

Operating profit of £9,212,000 declined 33.5% against 2020 due to a number of one-off items in the year and the recognition of a share-based payments charge. Adjusting for these items, which totalled £3,488,000, the Company delivered an adjusted operating profit of £12,700,000.

Profit for the financial year, after taxation was £9,031,000 (2020: £13,069,000).

The Company has continued to strengthen its balance sheet during the year. Net assets increased from £23,344,000 to £33,788,000. Current assets increased by £10,604,000 to £35,436,000, mainly due to an £8,312,000 increase in cash at bank and in hand. Stocks increased by £942,000 as we invested in materials to support our capital expenditure requirements for next year and also held increased levels of long lead-time stock to protect against any supply chain disruption. Current liabilities increased by £733,000 to £4,457,000, mainly due to an increase in trade payables.

#### **Future development of the business**

The Company continued to deliver its hardware and software solutions to customers and saw ongoing growth in the number of electronic monitoring devices deployed across the globe, increasing its international footprint. Careful long-term planning with suppliers ensured minimal impact of supply-side challenges caused by the global pandemic and shipping disruption from the Suez Canal blockage, with no delays in the delivery of products to customers.

The Company continued to invest in research and development to support the future product roadmap by expanding in-house expertise within the development team. During the year the new wristband was made available in the care market and early indications show an increase in customer satisfaction with fewer returns. The new 4G Smart Tag was also well received in the criminal justice market. The Company is committed to ensuring that its products maintain their competitive advantage in the market and there are exciting new products in development for criminal justice customers, which will be trialled with customers during 2022.

#### **Principal risks and uncertainties**

The Company is part of the Big Technologies PLC Group. The risks and uncertainties relating to the Group and its subsidiaries are also applicable to the Company and they are disclosed in the Big Technologies PLC annual report and accounts for the year ended 31 December 2021. The directors are of the opinion that there are no other risks and uncertainties specific to the Company which require disclosure. Likewise, environmental and employee matters relating to the Group also apply to the Company and are disclosed in the Big Technologies PLC annual report and accounts for the year ended 31 December 2021.

## **BUDDI LIMITED**

### **Strategic Report (continued) for the year ended 31 December 2021**

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#### **Section 172 statement**

As required by Section 172 of the Companies Act, a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders. In doing so, the director must have regard, amongst other matters, to the following issues:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers/customers and others;
- impact of the company's operations on the community and environment;
- the company's reputation for high standards of business conduct; and
- need to act fairly between members of the company.

The directors believe that they have acted in accordance with Section 172 of the Companies Act during the year ended 31 December 2021. When making decisions, the board of directors seek to take the course of action that it considers best leads to the success of the Company over the long term, and this includes considering the Company's stakeholders.

The Company is a subsidiary of Big Technologies PLC and its stakeholder engagement is integrated within the governance framework of the Group. Each of the Company's three directors also serve as executive directors of the Group. The Group Board has considered matters under Section 172 in relation to both the Group and the Company and has set out these considerations on pages 20-21 of the Big Technologies PLC annual report and accounts for the year ended 31 December 2021. The Group's Section 172 statement does not form part of this report.

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



**Daren Morris**  
Director

Date: 25 May 2022

## **BUDDI LIMITED**

### **Directors' Report for the year ended 31 December 2021**

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The directors present their report and the financial statements for the year ended 31 December 2021.

#### **Directors' responsibilities statement**

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

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

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

#### **Results and dividends**

The profit for the financial year, after taxation, amounted to £9,031,000 (2020: £13,069,000). This represents a decline of 30.9% (2020: growth of 123.8%).

As at 31 December 2021, the Company had net assets of £33,788,000 (2020: £23,344,000).

The directors recommend that no dividend be paid for the year (2020: £1,000,000).

#### **Directors**

The directors who served during the year were:

Sara Murray

Charles Lewinton

Daren Morris (appointed on 21 November 2021)

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
  - the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.
- This information is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

**BUDDI LIMITED**

**Directors' Report (continued)  
for the year ended 31 December 2021**

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**Post balance sheet events**

There were no post balance sheet events to report.

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



**Daren Morris**  
Director

Date: 25 May 2022

## **BUDDI LIMITED**

### **Independent Auditor's Report to the members of Buddi Limited for the year ended 31 December 2021**

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#### **Opinion**

We have audited the financial statements of Buddi Limited (the 'Company') for the year ended 31 December 2021, which comprise the statement of income and retained earnings, the balance sheet and the related notes, 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the Annual Report. 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. 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 course of 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.

## **BUDDI LIMITED**

### **Independent Auditor's Report to the members of Buddi Limited (continued) for the year ended 31 December 2021**

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

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

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

#### **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 director's report.

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

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

#### **Responsibilities of directors**

As explained more fully in the director's responsibilities statement set out on page 1, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The most significant identified were the Companies Act 2006 and local trading laws. Our work included enquiry with the board of directors, reviewing board and relevant committee minutes, a review of legal expense and inspection of correspondence.

## **BUDDI LIMITED**

### **Independent Auditor's Report to the members of Buddi Limited (continued) for the year ended 31 December 2021**

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We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals by agreeing to supporting documentation and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

#### **Use of our report**

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



**Stephen Bullock** (senior statutory auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

55 Ludgate Hill London  
EC4M 7JW  
Date: 25 May 2022

**BUDDI LIMITED****Profit and loss account  
for the year ended 31 December 2021**

	<b>Note</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Turnover	4	29,340	28,952
Cost of sales		(9,960)	(9,461)
<b>Gross profit</b>		<b>19,380</b>	<b>19,491</b>
Administrative expenses		(10,168)	(5,654)
Other operating income		-	23
<b>Operating profit</b>	5	<b>9,212</b>	<b>13,860</b>
Interest payable	9	(28)	-
Interest receivable and similar income	10	-	8
<b>Profit before tax</b>		<b>9,184</b>	<b>13,868</b>
Tax on profit	11	(153)	(799)
<b>Profit for the financial year</b>		<b>9,031</b>	<b>13,069</b>

There were no recognised gains and losses for 2021 (2020: £nil) other than those included in the profit and loss account.

There was no other comprehensive income for 2021 (2020: £nil).

The notes on pages 11 to 27 form part of these financial statements.

**BUDDI LIMITED****Balance sheet  
as at 31 December 2021**

	<b>Note</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Fixed assets</b>			
Tangible assets	12	1,789	1,192
Investments	13	4	4
Deferred tax assets		<u>16</u>	<u>-</u>
		<b>1,809</b>	<b>1,196</b>
<b>Current assets</b>			
Stocks	15	3,079	2,137
Debtors: amounts falling due after more than one year	16	1,612	1,762
Debtors: amounts falling due within one year	16	6,672	5,172
Cash at bank and in hand	17	<u>25,073</u>	<u>16,761</u>
		<b>36,436</b>	<b>25,832</b>
Creditors: amounts falling due within one year	18	<u>4,457</u>	<u>3,684</u>
<b>Net current assets</b>		<b>31,979</b>	<b>22,148</b>
<b>Total assets less current liabilities</b>		<b>33,788</b>	<b>23,344</b>
<b>Net assets</b>		<b>33,788</b>	<b>23,344</b>
<b>Capital and reserves</b>			
Called up share capital	20	15	15
Share premium account	21	11,652	11,652
Share-based payments reserve	21	1,413	-
Profit and loss account		<u>20,708</u>	<u>11,677</u>
		<b>33,788</b>	<b>23,344</b>

The company registration number is 05308826.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**Daren Morris**  
Director

Date: 25 May 2022

**BUDDI LIMITED**

**Statement of changes of equity  
for the year ended 31 December 2021**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Share- based payments reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 January 2020</b>	<b>15</b>	<b>11,652</b>	<b>-</b>	<b>(392)</b>	<b>11,275</b>
Profit for the year	-	-	-	13,069	13,069
Dividends paid	-	-	-	(1,000)	(1,000)
<b>At 1 January 2021</b>	<b>15</b>	<b>11,652</b>	<b>-</b>	<b>11,677</b>	<b>23,344</b>
Profit for the year	-	-	-	9,031	9,031
Share-based payments	-	-	1,413	-	1,413
<b>At 31 December 2021</b>	<b>15</b>	<b>11,652</b>	<b>1,413</b>	<b>20,708</b>	<b>33,788</b>

The notes on pages 11 to 27 form part of these financial statements.

**BUDDI LIMITED****Statement of cash flows  
for the year ended 31 December 2021**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	9,031	13,069
Adjustments for:		
Depreciation of tangible assets	1,118	1,105
Taxation charge	153	-
Share-based payments charge	1,413	-
Interest received	-	(8)
Interest paid	28	-
Increase in stocks	(942)	(323)
Increase in debtors	(2,097)	(1,071)
Decrease in amounts owed by group undertakings	1,384	235
Increase in creditors	1,450	947
Corporation tax paid	(1,483)	(500)
<b>Net cash generated from operating activities</b>	<b>10,055</b>	<b>13,454</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(125)	(57)
Own work capitalised	(1,590)	(1,097)
Interest received	-	8
Interest paid	(28)	-
Investment in subsidiary company	-	(4)
<b>Net cash used in investing activities</b>	<b>(1,743)</b>	<b>(1,150)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(1,000)
Issue of ordinary shares	-	-
Repayment of other loans	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(1,000)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,312</b>	<b>11,304</b>
Cash and cash equivalents at beginning of year	16,761	5,457
<b>Cash and cash equivalents at end of year</b>	<b>25,073</b>	<b>16,761</b>
<b>Cash and cash equivalents at end of year comprise:</b>		
Cash at bank and in hand	25,073	16,761
	<b>25,073</b>	<b>16,761</b>

The notes on pages 11 to 27 form part of these financial statements.

## **BUDDI LIMITED**

### **Notes to the financial statements for the year ended 31 December 2021**

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#### **1. General information**

Buddi Limited is a private company limited by shares incorporated in England & Wales under the Companies Act (registered number 05308826). The address of the registered office is Talbot House, 17 Church Street, Rickmansworth, Hertfordshire, WD3 1DE.

The Company's principal activity is the design, development, manufacture and delivery of remote monitoring technologies for a range of domestic and international customers.

#### **2. Accounting policies**

##### **Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

##### **Going concern**

The directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Company's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. The possible continuing and future impact of Covid-19 on the Company has been considered in the preparation of the financial statements.

The directors have reviewed the forecasts for the Company for the period to 31 December 2024 and have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Company's ability to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### **Exemption from preparing consolidated financial statements**

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

## **BUDDI LIMITED**

### **Notes to the financial statements (continued) for the year ended 31 December 2021**

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#### **2. Accounting policies (continued)**

##### **Revenue**

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

##### *Sale of goods*

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

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

##### *Rendering of services*

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

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

##### **Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following basis:

Leasehold Property Plant & Machinery	5 years
Plant & machinery	3 years
Fixtures & fittings	3 years
Office equipment	3 years
Other fixed assets	2 years

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

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

## **BUDDI LIMITED**

### **Notes to the financial statements (continued) for the year ended 31 December 2021**

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#### **2. Accounting policies (continued)**

##### **Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **Debtors**

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

##### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

## **BUDDI LIMITED**

### **Notes to the financial statements (continued) for the year ended 31 December 2021**

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#### **2. Accounting policies (continued)**

##### **Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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 the profit and loss account.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

##### **Creditors**

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

##### **Foreign currency translation**

The Company's functional and presentational currency is pound sterling and figures are rounded to the nearest £'000.

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

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

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

##### **Share-based payments**

Employees (including directors and senior executives) of the Company receive remuneration in the form of share based-payment transactions, whereby these individuals render services as consideration for equity instruments ('equity-settled transactions'). These individuals are granted share option rights which allow them to acquire shares of the parent company, Big Technologies PLC. No cash-settled awards have been made or are planned.

The cost of equity-settled transactions is recognised over the period in which the performance and/ or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award ('vesting point'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments and value that will ultimately vest. The profit and loss charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in profit or loss on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of the Black Scholes model and Monte Carlo option pricing simulation.

## **BUDDI LIMITED**

### **Notes to the financial statements (continued) for the year ended 31 December 2021**

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#### **2. Accounting policies (continued)**

##### **Operating leases: the Company as lessee**

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

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

##### **Pensions**

###### *Defined contribution pension plan*

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### **Interest receivable and similar income**

Interest income is recognised in the profit and loss account using the effective interest method.

##### **Finance costs**

Finance costs are recognised in the profit and loss account in the year in which they are incurred.

##### **Taxation**

###### *Current tax*

Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

###### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

## **BUDDI LIMITED**

### **Notes to the financial statements (continued) for the year ended 31 December 2021**

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#### **2. Accounting policies (continued)**

##### **Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The only judgements made within the financial statements are those involving estimates.

##### **Estimation uncertainty**

###### **Stock Provision:**

Stocks are carried at the lower of cost and net realisable value, which is calculated as the estimated sales proceeds less costs of sale. Factors considered in the determination of net realisable value are the ageing, category and condition of stocks, as well as recent stock utilisation. Reviews of provisions held against damaged, obsolete and slow-moving inventory are carried out quarterly by management and these reviews require the application of judgement and estimates. At the balance sheet date a provision has been made for obsolete and slow-moving stock of £490,000 (2020: £364,000).

###### **Useful lives of tangible fixed assets – other fixed assets:**

Other fixed assets comprise electronic monitoring equipment that is considered to have a finite economic life. The useful economic life is determined based on historic experience and the fact that new versions of the Company's products are introduced from time to time. When new products are introduced, this is considered an indication of impairment.

###### **Share-based payments:**

The calculation of the fair value of share-based payments at the grant date impacts the profit or loss over the vesting period. The magnitude of the fair value is primarily determined by the estimated volatility. The volatility has been based on historical comparative benchmarks, but this is not necessarily representative of future volatility.

**BUDDI LIMITED****Notes to the financial statements (continued)  
for the year ended 31 December 2021****4. Turnover**

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

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Sales of goods	1,195	2,473
Delivery of services	28,145	26,479
	<u><b>29,340</b></u>	<u><b>28,952</b></u>

Revenue by geographical area is as follows:

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Europe	4,905	7,426
Asia-Pacific	17,690	12,959
Americas	6,745	8,567
	<u><b>29,340</b></u>	<u><b>28,952</b></u>

**5. Operating profit**

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

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Research and development charged as an expense	2,812	2,174
Foreign exchange rate differences	(91)	(234)
Operating lease expense	184	200
Depreciation of tangible fixed assets	1,118	1,105
Share-based payments	1,422	-

**BUDDI LIMITED****Notes to the financial statements (continued)  
for the year ended 31 December 2021****6. Auditor's remuneration**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>32</u>	<u>31</u>

**7. Employees**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Wages and salaries	4,564	3,510
Social security costs	1,460	396
Cost of defined contribution pension scheme	132	104
	<u><b>6,156</b></u>	<u><b>4,010</b></u>

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

	<b>2021</b> <b>No.</b>	<b>2020</b> <b>No.</b>
Employees	<u>84</u>	<u>73</u>

**BUDDI LIMITED****Notes to the financial statements (continued)  
for the year ended 31 December 2021****8. Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments	823	563
Company contributions to defined contribution pension schemes	57	46
Share-based payments expense	995	-
	<b>1,875</b>	<b>609</b>

During the year retirement benefits were accruing for three directors (2020: two directors) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £547,000 (2020: £385,000) and a share-based payments charge of £697,000 (2020: £nil).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £41,000 (2020: £40,000).

Key management personnel comprise the directors of the Company and details of their remuneration is given above.

**9. Interest payable**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable	28	-
	<b>28</b>	<b>-</b>

**10. Interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable	-	8
	<b>-</b>	<b>8</b>

**BUDDI LIMITED****Notes to the financial statements (continued)  
for the year ended 31 December 2021****11. Taxation**

	2021 £'000	2020 £'000
<b>Current tax:</b>		
Current tax on profits for the year	169	1,170
Adjustment in respect of prior periods	-	(371)
	<u>169</u>	<u>799</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(16)	-
Adjustment in respect of prior periods	-	-
	<u>(16)</u>	<u>-</u>
<b>Total tax charge for the year</b>	<u>153</u>	<u>799</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	<u>9,184</u>	<u>13,868</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	1,745	2,635
<b>Effects of:</b>		
Expenses not deductible for tax purposes	645	103
Capital allowances for the year in excess of depreciation	(73)	-
Research and development tax credit	(312)	(315)
Share options exercised in the year	(1,655)	-
Other temporary differences	(234)	-
Adjustments in respect of prior periods	-	(371)
Patent box relief	-	(1,067)
Changes in tax rates	(57)	(36)
Deferred tax not recognised	94	(150)
<b>Total tax charge for the year</b>	<u>153</u>	<u>799</u>

**Factors that may affect future tax charges**

On 1 April 2023 the main rate of corporation tax in the UK will increase to 25%.

**BUDDI LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2021**

**12. Tangible fixed assets**

	<b>Leasehold Property £'000</b>	<b>Plant &amp; machinery £'000</b>	<b>Fixtures &amp; fittings £'000</b>	<b>Office equipment £'000</b>	<b>Other fixed assets £'000</b>	<b>Total £'000</b>
<b>Cost</b>						
At 1 January 2021	142	275	10	158	5,607	6,192
Additions	-	109	-	16	1,590	1,715
Disposals	-	-	-	-	(2,000)	(2,000)
<b>At 31 December 2021</b>	<b>142</b>	<b>384</b>	<b>10</b>	<b>174</b>	<b>5,197</b>	<b>5,907</b>
<b>Depreciation</b>						
At 1 January 2021	132	229	8	132	4,499	5,000
Charge for the year on owned assets	6	49	1	17	1,045	1,118
Disposals	-	-	-	-	(2,000)	(2,000)
<b>At 31 December 2021</b>	<b>138</b>	<b>278</b>	<b>9</b>	<b>149</b>	<b>3,544</b>	<b>4,118</b>
<b>Net book value</b>						
<b>At 31 December 2021</b>	<b>4</b>	<b>106</b>	<b>1</b>	<b>25</b>	<b>1,653</b>	<b>1,789</b>
At 31 December 2020	10	46	2	26	1,108	1,192

The net book value of land and buildings may be further analysed as follows:

	<b>2021 £'000</b>	<b>2020 £'000</b>
Long leasehold	4	10
	<b>4</b>	<b>10</b>

**BUDDI LIMITED****Notes to the financial statements (continued)  
for the year ended 31 December 2021****13. Fixed asset investments**

	Investments in subsidiary companies £'000
<b>Cost or valuation</b>	
At 1 January 2021	728
Additions	-
<b>At 31 December 2021</b>	<b>728</b>
<b>Impairment</b>	
At 1 January 2021	724
Charge for the year	-
<b>At 31 December 2021</b>	<b>724</b>
<b>Net book value</b>	
<b>At 31 December 2021</b>	<b>4</b>
At 31 December 2020	4

**14. Subsidiary undertakings**

The company has the following subsidiary undertakings:

Electronic Medical Solutions Limited  
Registered office: Talbot House, 17 Church Street, Rickmansworth, Hertfordshire WD3 1DE  
Ordinary Shares  
100% holding by Buddi Limited

Buddi Colombia Sucursal Limited  
Registered office: Calle 93B, 12-48 Oficina 308, Bogota, Colombia  
Ordinary Shares  
100% holding by Buddi Limited

Buddi Australia Pty Limited  
Registered office: Level 1, 5 George Street, North Strathfield, NSW 2137, Australia  
Ordinary Shares  
100% holding by Buddi Limited

Union Temporal Vigilancia Electronica (UTVELEC)  
Registered office: Avenida Calle 80, 55A-13, Bogota, Colombia  
Ordinary Shares  
100% holding by Buddi Colombia Sucursal Limited

Buddi New Zealand Limited  
Registered office: Level 3 Fraser House, 160 Willis Street, Te Aro, Wellington 6011, New Zealand  
Ordinary Shares  
100% holding by Buddi Limited

**BUDDI LIMITED****Notes to the financial statements (continued)  
for the year ended 31 December 2021****15. Stocks**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials	2,381	1,452
Finished goods	<u>698</u>	<u>685</u>
	<b><u>3,079</u></b>	<b><u>2,137</u></b>

The value of stocks recognised as an expense during the year was £202,000 (2020: £787,000). During the year the amount charged to the profit and loss account as a provision against slow moving and obsolete stock was £490,000 (2020: £364,000).

**16. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due after more than one year</b>		
Other debtors	<u>1,612</u>	<u>1,762</u>
	<b><u>1,612</u></b>	<b><u>1,762</u></b>
<b>Due within one year</b>		
Trade debtors	3,891	2,070
Amounts due from group undertakings	1,191	2,582
Other debtors	683	376
Corporation tax	644	-
Prepayments	<u>263</u>	<u>144</u>
	<b><u>6,672</u></b>	<b><u>5,172</u></b>

**17. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	<u>25,073</u>	<u>16,761</u>
	<b><u>25,073</u></b>	<b><u>16,761</u></b>

**BUDDI LIMITED****Notes to the financial statements (continued)  
for the year ended 31 December 2021****18. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,760	552
Amounts owed to group undertakings	500	507
Corporation tax	-	670
Other taxation and social security	20	201
Other creditors	781	496
Accruals and deferred income	1,396	1,258
	<b>4,457</b>	<b>3,684</b>

**19. Financial instruments**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	25,073	16,761
Financial assets that are debt instruments measured at amortised cost	5,082	6,610
	<b>30,155</b>	<b>23,371</b>

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Financial liabilities measured at amortised cost	3,787	1,842
	<b>3,787</b>	<b>1,842</b>

Cash and cash equivalents comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

**20. Share capital**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Allotted, called up and fully paid		
1,491,469 (2020: 1,491,469) Ordinary shares of £0.01 each	15	15
100 (2020: nil) Ordinary A shares of £0.01 each	-	-
	<b>15</b>	<b>15</b>

## **BUDDI LIMITED**

### **Notes to the financial statements (continued) for the year ended 31 December 2021**

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#### **21. Reserves**

##### **Share premium account**

The share premium records the amount above the nominal value of the sums received for shares issued, less transaction costs.

##### **Profit and loss account**

The profit and loss account represents accumulated profits, losses and distributions of the Company.

##### **Share-based payments reserve**

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. See note 23 for further details.

#### **22. Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £132,000 (2020: £104,000). Contributions of £20,000 (2020: £16,000) were payable to the fund at the balance sheet date.

#### **23. Share-based payments**

Big Technologies PLC, the parent company to the Company has five equity-settled share-based payment arrangements in operation. The schemes were established to reward and incentivise the senior management team and staff to deliver share price growth. The schemes are administered by the Remuneration Committee of Big Technologies PLC and further details on each of the schemes is disclosed in the Big Technologies PLC annual report.

##### **EMI Plan**

The EMI plan was adopted by Big Technologies PLC on 14 January 2020. Awards made under the EMI plan to directors and employees take the form of an option to acquire shares at an exercise price of £0.27 in the parent company, Big Technologies PLC. The options vested on admission of the parent company's shares to AIM on 28 July 2021 and are exercisable from the date of vesting until 14 January 2030, subject to the continued employment of the participant.

##### **Non-EMI Plan**

A grant of 200,000 options to acquire shares at an exercise price of £0.34 in Big Technologies PLC was made on 30 June 2018. The options vested immediately and are exercisable from the date of vesting until 30 June 2028.

##### **Non-EMI Plan (in respect of the Non-Executive Chair of Big Technologies PLC)**

A grant of 2,000,000 options to acquire shares at an exercise price of £1.10 in Big Technologies PLC was made on 1 January 2021 to the Chair of Big Technologies PLC. The options vest annually over three years in equal tranches with the first vesting date being 31 December 2021, subject to admission of the parent company's shares to AIM with a market capitalisation in excess of £300 million. As at 31 December 2021 awards totalling 666,667 had vested but were not yet exercised.

## BUDDI LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2021

#### 23. Share-based payments (continued)

##### Long Term Incentive Plan ('LTIP')

The LTIP is a discretionary long-term incentive scheme for senior managers introduced on admission of the parent company's shares to AIM. It provides for the award of nominal value options which vest after at least three years, subject to performance conditions. Options issued under the LTIP are exercisable between three and ten years from the date of grant, subject to the continued employment of the participant and achievement of performance targets. All awards under the LTIP are nil cost. The LTIP scheme includes conditionality in relation to both total shareholder return (TSR) and cumulative EBITDA.

##### Growth Share Plan ('GSP')

The GSP was adopted on 21 July 2021 pursuant to which a total of 100 A shares in the Company were issued to directors. The plan is intended to align the interests of the board with those of shareholders and to incentivise delivery of growth in equity value of the parent company on a long-term basis. The holders of the A shares have the right to exchange their A shares into shares in Big Technologies PLC should certain share price criteria be met, subject to the continued employment of the holders. Specific share price criteria relating to the GSP is presented in the Remuneration Committee report in the Big Technologies PLC annual report.

During the year, the total expense recognised for share-based payment arrangements was as follows:

	2021 £'000	2020 £'000
EMI Plan	181	-
Non-EMI Plan	200	-
LTIP	37	-
GSP	995	-
<b>Share-based payments charge (FRS Section 26)</b>	<b>1,413</b>	<b>-</b>
Employers' tax charge in relation to share awards	9	-
<b>Total charge in respect of share-based payments</b>	<b>1,422</b>	<b>-</b>

#### 24. Commitments under operating leases

At 31 December 2021, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £'000	2020 £'000
Not later than one year	182	184
Later than one year and not later than five years	143	328
<b>Total</b>	<b>325</b>	<b>512</b>

## **BUDDI LIMITED**

### **Notes to the financial statements (continued) for the year ended 31 December 2021**

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#### **25. Related party transactions**

Buddi Limited is a 100% subsidiary of Big Technologies PLC, whose registered office is the same as the Company.

The Company has taken advantage of the exemption permitted by FRS 102 Section 33 'Related Party Disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the group.

Prior to his appointment to the board, a company that is a related party to Daren Morris provided consultancy services to the Company in relation to the Big Technologies PLC July 2021 IPO: £160,000 (2020: £9,000) was paid to Rockmount Financial Ltd, a company controlled by the wife of Daren Morris.

In addition to these transactions, £92,000 (2020: £84,000) was paid to TFM Developments Ltd, a company of which Sara Murray is a director. The transaction relates to a licence fee paid in respect of a patent owned by the company used by the Company as part of its continuing research and development activities.

Buddi Colombia Sucursal Limited, a wholly owned subsidiary of the Company has a 50% interest in Union Temporal Sistemas Electronicos De Seguridad (UTSES). During the year the Company made no sales to or purchases from UTSES (2020: £2,423,000).

#### **26. Ultimate parent undertaking and controlling party**

The ultimate parent company and controlling party is Big Technologies PLC, a company registered in England and Wales, the parent undertaking of the smallest and largest company for which consolidated financial statements are prepared. A copy of the consolidated financial statements is available from the company's registered office at Talbot House, 17 Church Street, Rickmansworth, Hertfordshire, WD3 1DE.