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ATIK CAMERAS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2020

Company number: 05948849

BASIS OF PREPARATION

These financial statements were prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates.. It also requires management to exercise judgement in applying the company's accounting policies.

Atik Cameras Limited is a private limited company incorporated and domiciled in England and Wales. The address of the registered office is Beacon House, Nuffield Road, Cambridge, CB4 1TF. The financial statements are prepared in sterling and are stated to the nearest £.

GOING CONCERN

The Company meets its cash flow and borrowing requirements through loans from other companies within the Group. The Company and SDI Group plc, of which Atik Cameras Limited is a 100% subsidiary, has prepared forecasts for the period to 30 April 2022. These indicate that the Company and Group will continue to trade within existing facilities with scope to further manage its cost base if necessary. The Board are confident that continued focus on research and development, new product development and sales & marketing will deliver growth. The Board are confident that the sales projections and forecasts are realistic in light of recent trading and that these reflect sales projections taking into account various outcomes for both Brexit and the current COVID-19 pandemic, including cash requirements when sales recover and possible worsening of customer payment times and inventory turns, as well as for new products coming on stream as a result of the Company and Group research and development activity and continued cost management. . They consider that the Company and Group will have adequate cash resources within existing facilities to continue to trade for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DISCLOSURE EXEMPTIONS ADOPTED

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

1. A statement of cash flows and related notes
2. the requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the Group as they are wholly owned within the Group
3. Disclosure of key management personnel compensation
4. Capital management disclosures
5. Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
6. The effect of future accounting standards not adopted
7. Certain share-based payment disclosures
8. Disclosures in relation to impairment of assets
9. Disclosures in relation to IFRS 7 Financial Instruments

CASH FLOW

The Company is a wholly owned subsidiary of SDI Group plc and the cash flows of the Company are included in the consolidated Group cash flow statement of SDI Group plc. Consequently, the Company is exempt from the requirement to publish a cash flow statement.

REVENUE RECOGNITION

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised at the point where the risks and rewards of ownership change hands. Income from service contracts is spread evenly over the term of the contract. IFRS15 'Revenue from Contracts with Customers' is effective for accounting periods beginning on or after 1 January 2018 and replaced existing accounting standards. The standard is based on revenue being recognised as and when 'transfer of control' (of the goods and services) occurred, which is a change from the 'risks and rewards' model under the previous standard.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The company applies the following rates:

Plant and Machinery	33.33% straight line
Office equipment	33.33% straight line

LEASED ASSETS

For any new contracts entered into on or after 1 May 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or income statement if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the income statement on a straight-line basis over the lease term. On the balance sheet, right-of-use assets have been included in tangible fixed assets and lease liabilities have been included within creditors.

INTANGIBLE ASSETS

Intangible assets are included at cost less amounts written off. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the economic life of that asset as follows:

Capitalised development costs	3 – 5 years straight line

STOCKS

Stocks and work in progress 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 an appropriate proportion of fixed and variable overheads. Work in-progress is reflected in the accounts on a contract by contract basis by recording turnover and related costs as contract activity progresses.

DEBTORS

Short term debtors are measured at transaction price, less any impairment.

CASH

Cash is represented by cash in hand deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

TAXATION

Current tax is provided at amounts expected to be paid (or received) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

PENSION SCHEME CONTRIBUTIONS

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

RESEARCH AND DEVELOPMENT

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production or new or substantially improved products and processes, is capitalised if the following conditions are met:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or the intangible asset itself, or, if it is to be used internally, the asset will be used for generating such benefits; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

The expenditure capitalised includes direct costs of material, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expenses as incurred. Capitalised development is stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite upon completion of the project. Amortisation is shown within administrative expenses in the income statement. The estimated useful lives of current development projects are between three and five years. Until completion of the project the assets are subject to impairment testing.

SHARE OPTIONS

SDI Group plc issues share options to Group employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense which is written off to the income statement over the vesting period of the option. The amount to be expensed is determined by reference to the fair value of the options at the grant date.

EQUITY

Equity comprises the following:

- "Called up share capital" represents the nominal value of equity shares.
- "Capital contribution reserve" represents a contribution from the parent entity in relation to equity-settled share-based employee remuneration, where the share options are issued and settled by the parent entity.
- "Profit and loss account" represents all current and prior period retained earnings.

FURLOUGH SCEHME

A government grant receivable has been accrued and as well as a credit to match the related employee costs as and when they are incurred, on the assumption that there is reasonable assurance that it will comply with the conditions attaching to the scheme and that the grant will be received.

Any decision to top up the furlough payments to employees (e.g by choosing to pay more than the government guaranteed 80% of salary up to a maximum of £2,500 per month) is a voluntary decision and should not be provided for in advance. This is because there is no obligation to make these additional payments and to do so would constitute providing for future operating costs.

NEW ACCOUNTING STANDARDS

IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 May 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 3.1%. The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 May 2019:

	Carrying amount at 30 April 2019	**Remeasurement**	**IFRS16 carrying amount at 1 May 2019**
Tangible fixed assets	13,102	-	13,102
Lease liabilities	-	-	-

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial information in conformity with FRS 101 requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amount of assets and liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

Critical judgements in applying the company's accounting policies.

Assessing whether development costs meet the criteria for capitalisation
The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable. The carrying value of development assets also depends on management's ability to demonstrate the future economic benefits they will deliver. This judgement requires assumptions about factors outside the business's control such as medium-term economic conditions, technological developments and market changes. The Company tests annually whether the capitalised development costs have been impaired by reference to expected future generation of cash from the technologies developed and the timing of when these will be released. Details of capitalised development costs are detailed in Note 4.

IFRS 16 Leased assets
There are various judgements that management are required to make, as follows:

- Identifying whether a contract (or part of a contract) includes a lease and establishing whether there are multiple leases in an arrangement;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Determination of whether variable payments are in-substance fixed; and
- Determination of the appropriate rate to discount the lease payments.

ATIK CAMERAS LIMITED

BALANCE SHEET

As at 30 April 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	2	**9,777**	13,102
Intangible assets	4	**427,477**	369,874
Deferred tax asset		**4,574**	8,000
		441,828	390,976
Current assets			
Stock	5	**197,797**	208,514
Debtors	6	**1,117,670**	715,185
Cash at bank and in hand		**721,160**	418,428
		2,036,627	1,342,127
Creditors: amounts falling due within one year	7	**(781,518)**	(759,934)
		(781,518)	(759,934)
Net current assets		**1,255,109**	582,193
Total assets less current liabilities		**1,696,937**	973,169
Provisions for liabilities	8	**(124,414)**	(20,536)
Net assets		**1,572,523**	952,633
Capital and reserves			
Called-up share capital	10	**2**	2
Capital contribution reserve		**20,138**	9,279
Profit and loss account		**1,552,383**	943,352
Shareholders' funds		**1,572,523**	952,633

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to the companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors on 04/09/2020.

J P Abell
Director
Company Number 05948849

The accompanying accounting policies and notes form an integral part of these financial statements.

ATIK CAMERAS LIMITED

STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 May 2018	**2**	**6,301**	**1,443,076**	**1,449,379**
Dividends paid	-	-	(2,048,239)	(2,048,239)
Share based payments (in parent company shares)	-	2,978	-	2,978
Profit for the year	-	-	1,548,515	1,548,515
At 30 April 2019	**2**	**9,279**	**943,352**	**952,633**
Restatement for IFRS 16 ("Leases")	-	-	-	-
Adjusted balances at 30 April 2019	**2**	**9,279**	**943,352**	**952,633**
Dividends paid	-	-	(537,974)	(537,974)
Share based payments (in parent company shares)	-	10,859	-	10,859
Profit for the year	-	-	1,147,005	1,147,005
At 30 April 2020	**2**	**20,138**	**1,552,383**	**1,572,523**

The accompanying accounting policies and notes form an integral part of these financial statements.

1 DIRECTORS AND EMPLOYEES

	2020 Number	2019 Number
Administration	13	10

2 TANGIBLE FIXED ASSETS

	Office equipment £	**Buildings and leasehold improvements**	**Plant & Machinery £**	**Total £**
Cost				
At 1 May 2019	72,917	-	70,270	143,187
Adjustment on transition to IFRS 16	-	27,374	-	27,374
Additions	7,179	-	-	7,179
Disposals	-	-	-	-
At 30 April 2020	**80,096**	**27,374**	**70,270**	**177,740**
Depreciation				
At 1 May 2019	61,714	-	68,371	130,085
Charge for year	9,532	27,374	972	37,878
Disposals	-	-	-	-
At 30 April 2020	**71,246**	**27,374**	**69,343**	**167,963**
Net book value				
At 30 April 2020	**8,850**	-	**927**	**9,777**
At 30 April 2019	11,203	-	1,899	13,102

Included in the net carrying amount of buildings and leasehold improvements are right-of-use assets of £nil.

3 LEASES

Lease liabilities are presented in the balance sheet as follows:

	2020 £	2019 £
Current	-	-
Non-current	-	-
	-	-

The Company has leases for the main warehouse and an office. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its tangible fixed assets (see Note 2).

3 LEASES (CONTINUED)

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Furthermore, the Company must insure items of plant and machinery and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Total contractual undiscounted lease liabilities at 30 April 2020 were as follows:

	2020	2019
	£'000	£'000
Within one year	-	-
Within two to five years	-	-
After five years	-	-
Total undiscounted lease liabilities	-	-

Lease payments not recognised as a liability
The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

At 30 April 2020 the Company had not committed to leases which had not yet commenced.

4 INTANGIBLE ASSETS

	Development costs
	£
Cost	
At 1 May 2019	604,935
Additions	237,062
Disposals	(207,077)
At 30 April 2020	**634,920**
Amortisation	
At 1 May 2019	235,061
Charge for the year	179,459
Disposals	(207,077)
At 30 April 2020	**207,443**
Net book value	
At 30 April 2020	**427,477**
At 30 April 2019	369,874

5 STOCKS

	2020	2019
	£	£
Finished goods	**197,797**	208,514

In the year ended 30 April 2020 a total of £1,596,824 (2019: £1,566,000) of inventories were consumed and charged to the income statement as an expense.

6 DEBTORS

	2020	2019
	£	£
Trade debtors	**205,193**	417,375
Amounts owed by Group undertakings	**902,902**	295,339
Prepayments and accrued income	**9,575**	2,471
	1,117,670	715,185

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	**288,663**	82,746
Amounts owed to Group undertakings	**127,155**	254,414
Social security and other taxes	**23,693**	9,022
Other creditors	**1,093**	10,900
Corporation tax	**214,120**	256,995
Accruals and deferred income	**126,794**	145,857
	781,518	759,934

8 PROVISIONS

	Warranty costs		Deferred tax	
	2020	2019	2020	2019
	£	£	£	£
At 1 May 2019	**-**	-	**(20,536)**	(20,536)
Charged to the income statement	**(45,000)**	-	**(58,878)**	-
At 30 April 2020	**(45,000)**	-	**(79,414)**	(20,536)

9 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below:

	Asset		Liability	
	2020	2019	**2020**	2019
	£	£	**£**	£
Deferred taxation brought forward	**8,000**	-	**(20,536)**	(20,536)
Charged/(credited) to the income statement	**3,426**	8,000	**(58,878)**	-
Deferred taxation carried forward	**4,574**	8,000	**(79,414)**	(20,536)
Analysed as follows:				
Timing differences on fixed assets	**-**	-	**(1,639)**	(1,906)
R&D capitalised	**-**	-	**(77,775)**	(18,630)
Stock options	**4,574**	8,000	**-**	-
Short term timing differences	**-**	-	**-**	-
Deferred taxation carried forward	**4,574**	8,000	**(79,414)**	(20,536)

10 SHARE CAPITAL

	2020	2019
	£	£
Authorised		
1,000 Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	**2**	2

11 RELATED PARTY TRANSACTIONS

Employee remuneration for services provided by J Payne, a related party to a Director of the company, amounted to £nil (2019: £15,635).

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

12 PARENT UNDERTAKING AND CONTROL

100% of the issued share capital of Atik Cameras Limited is owned by SDI Group plc, a company incorporated in England and Wales, listed on the AIM market of the London Stock Exchange. Group accounts are available from www.thesdigroup.net.

13 AUDITOR INFORMATION

The company has taken advantage of the small company provisions to file a balance sheet, statement of changes in equity and related notes. The full annual accounts and directors' report have been subject to audit. The auditor's report was issued on 4 September 2020 by Grant Thornton UK LLP, signed by David White as the senior statutory auditor. The auditor's report was unqualified and did not include a statement under section 498(2) or section 498(3) of the Companies Act 2006.