ATIK CAMERAS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2022

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 2024. 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. 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

REVENUE RECOGNITION

Revenue is measured by reference to the fair value of consideration received or receivable by the Company, excluding value added tax (or similar local sales tax), in exchange for transferring the promised goods or services to the customer. The consideration is allocated to each separate performance obligation that is identified in a sales contract, based on stand-alone selling prices. Sales of instruments and spare parts, and sales of services, such as non-specialised installation or maintenance work, are assessed to be separate performance obligations.

Revenue is recognised when (or as) the Company satisfies the identified performance obligation. For sales of instruments and spare parts, the performance obligation is satisfied at a point in time; for revenue from services, the performance obligation is satisfied over time. As the period of time between payment and performance is less than one year, the Company does not adjust revenue for the effects of financing.

Revenue from sales of instruments and spare parts is recognised at the point at which the customer obtains control of the asset. This is usually when the customer receives the goods or when goods are collected by the customer. Revenue from installations is recognised at the point which the installation is completed. For large, complex instruments which require highly specialised installation, revenue from both the instrument and installation is recognised at the point which installation is completed.

Revenue from maintenance work relates to service visits carried out on equipment provided to customers whereby the performance obligation is to carry out service visits over a period of time. It is a separate, distinct, individually identified performance obligation and is recognised straight-line over the length of the service contract being provided as this reflects the inputs and efforts (service employees) which are expended evenly throughout the performance period (length of the contract).

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

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 SCHEME

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.

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.

ATIK CAMERAS LIMITED

BALANCE SHEET

As at 30 April 2022

	Note	2022	2021
		£	£
Fixed assets			
Tangible assets	2	**91,617**	116,908
Intangible assets	4	**469,027**	437,797
Deferred tax asset	9	**3,762**	77,000
		564,406	631,705
Current assets			
Stock	5	**-**	36,252
Debtors	6	**5,167,057**	4,650,511
Cash at bank and in hand		**145**	2,275
		5,167,202	4,689,038
Creditors: amounts falling due within one year	7	**(1,926,042)**	(3,380,454)
Lease liabilities	3	**(26,038)**	(25,360)
		(1,952,080)	(3,405,814)
Net current assets		**3,215,122**	1,283,224
Total assets less current liabilities		**3,779,528**	1,914,929
Provisions for liabilities and charges	8	**(163,652)**	(121,916)
Lease liabilities due after more than one year	3	**(54,192)**	(80,230)
Net assets		**3,561,684**	1,712,783
Capital and reserves			
Called-up share capital	10	**2**	2
Capital contribution reserve		**40,511**	36,384
Profit and loss account		**3,521,171**	1,676,397
Shareholders' funds		**3,561,684**	1,712,783

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 21/9/2022

J P Abell
Director
Company Number 05948849

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

1 DIRECTORS AND EMPLOYEES

The average number of employees of the Company during the year was:

	2022 Number	2021 Number
Administration	13	14

2 TANGIBLE FIXED ASSETS

	Right of Use assets £	Office equipment £	Plant & Machinery £	Total £
Cost				
At 1 May 2021	130,285	82,201	80,028	292,514
Additions	-	4,293	6,000	10,293
Disposals	-	-	-	-
At 30 April 2022	**130,285**	**86,494**	**86,028**	**302,807**
Depreciation				
At 1 May 2021	26,053	76,450	73,103	175,606
Charge for year	26,053	4,828	4,703	35,584
Disposals	-	-	-	-
At 30 April 2022	**52,106**	**81,278**	**77,806**	**211,190**
Net book value				
At 30 April 2022	**78,179**	**5,216**	**8,222**	**91,617**
At 30 April 2021	104,232	5,751	6,925	116,908

3 LEASES

Lease liabilities are presented in the balance sheet as follows:

	2022 £	2021 £
Current	**26,038**	25,360
Non-current	**54,192**	80,230
	80,230	105,590

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 5).

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 2022 were as follows:

	2022	2021
	£	£
Within one year	**27,850**	27,850
Within two to five years	**55,700**	83,550
Total undiscounted lease liabilities	**83,550**	111,400

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 2022 the Company had not committed to leases which had not yet commenced.

4 INTANGIBLE ASSETS

	Development costs
	£
Cost	
At 1 May 2021	820,894
Additions	264,816
Disposals	(379,643)
At 30 April 2022	**706,067**
Amortisation	
At 1 May 2021	383,097
Charge for the year	203,662
Disposals	(349,719)
At 30 April 2022	**237,040**
Net book value	
At 30 April 2022	**469,027**
At 30 April 2021	437,797

5 STOCK

	2022	2021
	£	£
Finished goods	-	36,252

In the year ended 30 April 2022 a total £2,920,968 (2021: £3,467,499) of inventories were consumed and charged to the income statement as an expense.

6 DEBTORS

	2022	2021
	£	£
Trade debtors	-	1,154,798
Amounts owed by Group undertakings	5,110,108	3,343,963
Prepayments and accrued income	-	6,310
Other receivables	56,949	145,440
	5,167,057	4,650,511

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	14,676	128,629
Amounts owed to Group undertakings	1,455,768	-
Social security and other taxes	14,724	12,444
Other creditors	3,294	6,930
Corporation tax	310,580	124,719
Accruals and deferred income	127,000	3,107,732
	1,926,042	3,380,454

8 PROVISIONS

	Warranty costs		Deferred tax	
	2022	2021	2022	2021
	£	£	£	£
At 1 May 2021	(45,000)	(45,000)	(76,916)	(79,414)
Credited/(charged) to the income statement	45,000	-	(86,736)	2,498
At 30 April 2022	-	(45,000)	(163,652)	(76,916)

9 DEFERRED TAXATION

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

	Asset		Liability	
	2022	2021	**2022**	2021
	£	£	**£**	£
Deferred taxation brought forward	**77,000**	4,574	**(76,916)**	(79,414)
Credited/(charged) to the income statement	**(92,908)**	4,829	**(86,736)**	2,498
Credited/(charged) to equity	**19,670**	67,597	**-**	-
Deferred taxation carried forward	**3,762**	77,000	**(163,652)**	(76,916)
Analysed as follows:				
Timing differences on fixed assets	**-**	-	**(3,098)**	(2,166)
R&D capitalised	**-**	-	**(160,554)**	(74,750)
Share options	**-**	73,669	**-**	-
Other timing differences	**3,762**	3,331	**-**	-
Deferred taxation carried forward	**3,762**	77,000	**(163,652)**	(76,916)

10 SHARE CAPITAL

	2022	2021
	£	£
Authorised		
1,000 Ordinary shares of £1 each (2021: 1,000 Ordinary shares of £1 each)	**1,000**	1,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each (2021: 2 Ordinary shares of £1 each)	**2**	2

11 RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 3. 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.sdigroup.com.

13 AUDITOR INFORMATION

The company has taken advantage of the small company provisions to file a balance sheet and related notes. The full annual accounts and directors' report have been subject to audit. The auditor's report was issued on 21/9/2022 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.