

Registered number: 07863184

**DATAPATH GROUP LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2021**

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**DATAPATH GROUP LIMITED**

**COMPANY INFORMATION**

**Directors**

Mr T Jones  
Mr H Ford  
Mr N G Fasey  
Mr J J Storey  
Mr B Krylander  
Mr S J Leyland  
Mr M J Smith  
Mr D Griffiths (appointed 2 April 2020)

**Company secretary**

Mr N G Fasey

**Registered number**

07863184

**Registered office**

Bemrose House  
Bemrose Park  
Wayzgoose Drive  
Derby  
DE21 6XQ

**Independent auditor**

Cooper Parry Group Limited  
Chartered Accountants & Statutory Auditor  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

**Bankers**

National Westminster Bank Plc  
58 St Peters Street  
Derby  
DE1 1XL

**DATAPATH GROUP LIMITED**

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## **DATAPATH GROUP LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

#### **Introduction**

The group is involved in consultancy work in the field of micro-electronics and the manufacture and supply of electronic component units, sub-systems and software to industry.

#### **Business review**

The group reacted well to the challenges presented by the global pandemic. With a particular focus on the health of its employees, the business quickly adopted to new ways of working, continuing to deliver high quality products and services to its global customer base.

Rather than slow the pace of investment as a reaction to the pandemic, the board continued with investment expanding the group's global sales footprint and continuing to invest in the next generation of technology, launching it early in 2021.

The temporary shift to remote working was a success, with minimal disruption and an initial increase in productivity, particularly regards research and development. A natural balance between remote and office working will no doubt emerge during the current financial year.

The disruption to customers was to be expected with demand volatility caused by COVID-19 waves across different regions, globally. Taking advantage of its robust financial position, the group sought to work with customers, with a view to building on long term relationships. Following the initial outbreak, most customers have learnt to manage with the restrictions and consequently sales have increased gradually through the year.

#### *Results and performance*

Given the considerable disruption caused by the pandemic the board acknowledged the resulting reduction in turnover by 27%. The business decided to keep all the employees fully employed during the disruption, concentrating on the new products and services launched in the year. As a result, the operating profit was 10% after capitalisation of development costs of £1.5m.

#### *Product development*

In January 2021, the business launched Aetria, a new software platform for control rooms. This represents a significant step forward in capability in the control room market. For the first time, Aetria combines the control of the videowall and the workstations to provide a single interface to control any source, on any screen surface. This software platform introduces two new hardware families to support the total control room solution.

Arqa, a HD KVM (Keyboard, Video, Mouse) solution, integrates into Aetria providing a key requirement of control room solutions. The launch of Aligo in 2021, a 4k video over IP with KVM (AVoIP with KVM), will provide the final part of the solution.

To complement the new range of control room products the business has invested in growing its worldwide support function and launched a Premium Service and Product Registration offerings to support systems integrators and partners through the warranty period and beyond.

It has been a busy year for product launches at a time when trade exhibitions have been cancelled. Datapath has adapted its marketing and communications to get the messages out through well attended webinars and remote demonstrations with several notable successes.

## DATAPATH GROUP LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

#### *Future developments*

The business has first orders for Aetria and Arqa and expect strong revenues from these products from the second half of 2021 onwards. The new product portfolio, including Aligo, is expected to deliver solutions with the ability to drive a step-charge in the revenue per control room, compared to our current offerings and this will be a key driver for growth in the years to come.

In 2021 we have started to see the recovery in retail although the events market is likely to be suppressed until 2022. Medical markets continue to perform well with a very strong orderbook for the next 12 months.

Overall, we expect sales and profits to materially improve in the coming year with the growth in control rooms offsetting the continued slow recovery in the events and retail markets.

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

The business has shown it is resilient, coming through a challenging year with a profit and with reserves of cash. The largest risk is still fallout from the global pandemic. Customer demand is increasing in 2021 as businesses adapt to the restrictions placed on them. This demand side is also well mitigated by our geographical spread of customers around the world.

Supply chain is a risk with long lead times on many components, including graphics processors. Such supply chain issues are affecting many technology companies. The business has managed this risk by leveraging long term relationships and placing orders for over 12 months in advance to secure the supply of components needed.

There is a risk of business failure in both the customers and suppliers. The business has provided for bad debts to mitigate the customer risk. We partner with tier one distribution for components and the manufacturer direct to mitigate this chance of failure.

Over 93% of the group's revenues comes from exports and it is therefore exposed to exchange rate movements in US\$ and Euro. The group seeks to create a natural hedge in these currencies by purchasing goods and services in these currencies wherever possible to manage this risk.

#### *Environment*

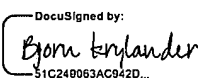
The group recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the group's activities. Initiatives include safe disposal of computer equipment, recycling, and reduced energy consumption.

#### **Financial key performance indicators**

The key performance indicators monitored by the board are turnover, gross profit and overall overhead cost, as detailed in the group's statement of comprehensive income.

The board is satisfied with the performance of the group against these KPI's given the economic circumstances in which the group operates.

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

DocuSigned by:  
  
31C249063AC942D...  
**Mr B Krylander**  
Director

Date: 20 September 2021

## **DATAPATH GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021**

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

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

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 the group and of the profit of the group for that period.

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

- select suitable accounting policies for the group 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £2,473,209 (2020: £6,007,209).

During the year the directors declared a dividend of £Nil (2020: £10,000,000).

#### **Directors**

The directors who served during the year are detailed on the company information page.

#### **Coronavirus**

At the date of signing these financial statements, the directors have considered the effect on the group with the information available to it, and do not believe it will affect the company's ability to continue to trade for the foreseeable future. See note 1.3 for further details.

**DATAPATH GROUP LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 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 and the group'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 and the group's auditor is aware of that information.

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

DocuSigned by:  
  
51C249083AC942D...  
**Mr B Krylander**  
Director

Date: 20 September 2021

## **DATAPATH GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DATAPATH GROUP LIMITED**

#### **Opinion**

We have audited the financial statements of Datapath Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows 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 group's and of the parent company's affairs as at 31 March 2021 and of the group's 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 group 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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



## **DATAPATH GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DATAPATH GROUP LIMITED (CONTINUED)**

#### **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 directors are 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.

#### **Opinion 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 group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **DATAPATH GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DATAPATH GROUP LIMITED (CONTINUED)**

#### **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 Group 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:

Our assessment focussed on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of technology development;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias, in particular the capitalisation of own work, and;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims.

**DATAPATH GROUP LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DATAPATH GROUP LIMITED  
(CONTINUED)**

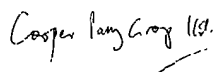
**Auditor's responsibilities for the audit of the financial statements (continued)**

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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.



Katharine Warrington (Senior Statutory Auditor)

for and on behalf of  
**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 20 September 2021

## DATAPATH GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
<b>Turnover</b>	3	21,845,392	29,923,103
Cost of sales		(8,531,238)	(12,679,137)
<b>Gross profit</b>		13,314,154	17,243,966
Administrative expenses		(11,052,150)	(10,603,456)
<b>Operating profit</b>	4	2,262,004	6,640,510
Interest receivable and similar income		2,875	56,560
<b>Profit before taxation on ordinary activities</b>		2,264,879	6,697,070
Tax on profit on ordinary activities	7	208,330	(689,861)
<b>Profit for the year</b>		2,473,209	6,007,209
Currency translation differences		100,108	(54,953)
<b>Other comprehensive income for the year</b>		100,108	(54,953)
<b>Total comprehensive income for the year</b>		2,573,317	5,952,256

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

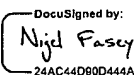
The notes on pages 15 to 28 form part of these financial statements.

**DATAPATH GROUP LIMITED**  
**REGISTERED NUMBER: 07863184**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	9	12,958,325	12,320,960
Tangible assets	10	300,992	334,539
		<u>13,259,317</u>	<u>12,655,499</u>
<b>Current assets</b>			
Stocks	12	5,559,235	5,099,533
Debtors	13	3,289,147	4,080,005
Cash at bank and in hand		6,485,734	4,580,492
		<u>15,334,116</u>	<u>13,760,030</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,911,086)</u>	<u>(2,639,294)</u>
<b>Net current assets</b>		<u>13,423,030</u>	<u>11,120,736</u>
<b>Total assets less current liabilities</b>		<u>26,682,347</u>	<u>23,776,235</u>
<b>Provisions for liabilities</b>			
Deferred taxation	15	<u>(571,753)</u>	<u>(248,950)</u>
<b>Net assets</b>		<u><u>26,110,594</u></u>	<u><u>23,527,285</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	13,296,612	13,286,620
Capital redemption reserve	17	880,110	880,110
Profit and loss account	17	11,933,872	9,360,555
<b>Shareholders' funds</b>		<u><u>26,110,594</u></u>	<u><u>23,527,285</u></u>

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

DocuSigned by:  
  
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**Mr N G Fasey**  
Director

Date: 20 September 2021

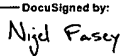
The notes on pages 15 to 28 form part of these financial statements.

**DATAPATH GROUP LIMITED**  
**REGISTERED NUMBER: 07863184**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	11	19,203,001	19,203,001
<b>Current assets</b>			
Debtors	13	11,183,513	11,183,597
<b>Creditors: amounts falling due within one year</b>	14	(15,997,384)	(16,007,376)
<b>Net current liabilities</b>		(4,813,871)	(4,823,779)
<b>Net assets</b>		14,389,130	14,379,222
<b>Capital and reserves</b>			
Called up share capital	16	13,296,612	13,286,620
Capital redemption reserve	17	880,110	880,110
Profit and loss account	17	212,408	212,492
<b>Shareholders' funds</b>		14,389,130	14,379,222

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

DocuSigned by:  
  
 24AC44D90D444A8...

**Mr N G Fasey**  
 Director

Date: 20 September 2021

The notes on pages 15 to 28 form part of these financial statements.

## DATAPATH GROUP LIMITED

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

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2020	13,286,620	880,110	9,360,555	23,527,285
Profit for the year	-	-	2,473,209	2,473,209
Currency translation differences	-	-	100,108	100,108
Shares issued during the year	9,992	-	-	9,992
<b>At 31 March 2021</b>	<b>13,296,612</b>	<b>880,110</b>	<b>11,933,872</b>	<b>26,110,594</b>

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

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2019	14,166,730	-	14,608,299	28,775,029
Profit for the year	-	-	6,007,209	6,007,209
Currency translation differences	-	-	(54,953)	(54,953)
Purchase of own shares	(880,110)	880,110	(1,200,000)	(1,200,000)
Dividend paid	-	-	(10,000,000)	(10,000,000)
<b>At 31 March 2020</b>	<b>13,286,620</b>	<b>880,110</b>	<b>9,360,555</b>	<b>23,527,285</b>

The notes on pages 15 to 28 form part of these financial statements.

## DATAPATH GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2020	13,286,620	880,110	212,492	14,379,222
Loss for the year	-	-	(84)	(84)
Shares issued during the year	9,992	-	-	9,992
<b>At 31 March 2021</b>	<b>13,296,612</b>	<b>880,110</b>	<b>212,408</b>	<b>14,389,130</b>

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2019	14,166,730	-	212,541	14,379,271
Profit for the year	-	-	11,199,951	11,199,951
Purchase of own shares	(880,110)	880,110	(1,200,000)	(1,200,000)
Dividend paid	-	-	(10,000,000)	(10,000,000)
<b>At 31 March 2020</b>	<b>13,286,620</b>	<b>880,110</b>	<b>212,492</b>	<b>14,379,222</b>

The notes on pages 15 to 28 form part of these financial statements.



## DATAPATH GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,473,209	6,007,209
<b>Adjustments for:</b>		
Amortisation of intangible assets	861,604	861,604
Depreciation of tangible assets	148,219	152,426
Loss on disposal of tangible assets	-	3,746
Interest received	(2,875)	(56,560)
Taxation charge	(208,330)	689,861
(Increase)/decrease in stocks	(585,404)	345,449
Decrease/(increase) in debtors	1,217,163	(98,380)
Increase/(decrease) in creditors	109,869	(167,718)
Corporation tax paid	(493,659)	(22,534)
<b>Net cash generated from operating activities</b>	<u>3,519,796</u>	<u>7,715,103</u>
<b>Cash flows from investing activities</b>		
Own work capitalised	(1,498,969)	(1,580,041)
Purchase of tangible fixed assets	(123,508)	(281,189)
Interest received	2,875	56,560
<b>Net cash from investing activities</b>	<u>(1,619,602)</u>	<u>(1,804,670)</u>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	9,992	-
Purchase of own shares	-	(1,200,000)
Dividends paid	-	(10,000,000)
<b>Net cash used in financing activities</b>	<u>9,992</u>	<u>(11,200,000)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>1,910,186</u>	<u>(5,289,567)</u>
Cash and cash equivalents at beginning of year	4,580,492	9,873,178
Foreign exchange gains	(4,944)	(3,119)
<b>Cash and cash equivalents at the end of year</b>	<u><u>6,485,734</u></u>	<u><u>4,580,492</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u><u>6,485,734</u></u>	<u><u>4,580,492</u></u>

The notes on pages 15 to 28 form part of these financial statements.

## **DATAPATH GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **1. Accounting policies**

Datapath Group Limited (the 'company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are prepared in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 31 March 2021 (2020: year ended 31 March 2020).

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

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies' Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following accounting policies have been applied:

##### **1.2 Basis of consolidation**

The consolidated financial statements present the results of the company and all of its subsidiary undertakings ('the group').

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### **1.3 Coronavirus and going concern**

At the balance sheet date the group had a significant cash balance and solvent net current asset position. At the time of signing these accounts, the directors have considered the effect of the Coronavirus on the going concern position, and consider that this does indicate that the group will continue to trade for a period of at least 12 months from the date of signing these accounts.

The financial forecasts prepared by the directors show that the group will be able to operate within the facilities available to it.

On that basis, the directors have prepared these financial statements on a going concern basis.

##### **1.4 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, Value Added Tax and other sales taxes. Turnover is recognised when goods are dispatched from the warehouse.

## DATAPATH GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 1. Accounting policies (continued)

##### 1.5 Tangible fixed assets

Tangible fixed assets 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 calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives on the following basis:

Plant and machinery	- 33.3% straight line
Fixtures and fittings	- 15% straight line

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 within 'administrative expenses' in the statement of comprehensive income.

At each balance sheet date, the group reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

##### 1.6 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life of 20 years.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and development costs are considered to have a finite useful life of 10 years.

##### 1.7 Valuation of investments

Investments in subsidiaries are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the statement of comprehensive income and the value of the investment is reduced accordingly.

## **DATAPATH GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

##### **1.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Raw material cost is based on the cost of purchase on a first in, first out basis. Finished goods are valued on a weighted average cost 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 the statement of comprehensive income.

##### **1.9 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 consolidated 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 group's cash management.

##### **1.10 Financial instruments**

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

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, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

##### **1.11 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 once the developed product is available for sale on a straight line basis over their estimated useful economic life of 10 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.

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

Foreign currency transactions are translated into the functional currency using the rate of exchange 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 statement of comprehensive income in the period in which they arise.

**DATAPATH GROUP LIMITED**

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

**1. Accounting policies (continued)**

**1.13 Operating leases**

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

**1.14 Pensions**

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

The contributions are recognised as an expense in the statement of comprehensive income 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 group in independently administered funds.

**1.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**1.16 Current and deferred taxation**

The tax charge for the year comprises of current and deferred tax.

Current or deferred tax is recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current or deferred tax is also recognised in other comprehensive income or directly in equity respectively.

The current and deferred tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**1.17 Dividends**

Equity dividends are recognised when they become legally payable.

## **DATAPATH GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

The directors of the group make estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the group's accounting policies. These 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **Depreciation and residual values**

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and project disposal values.

##### **Intangible assets**

The directors of the group establish a reliable estimate of the useful life of intangible assets. This estimate is based on a variety of factors such as the expected use of the asset, the expected useful life of the cash generating units to which the goodwill and other intangibles is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Significant judgement is involved in the process of identifying and evaluating intangible assets. Intangible assets with a finite life are reviewed for impairment when an impairment trigger is identified. Calculating any subsequent impairment, principally in the estimation of the future cash flows of the cash generating units and the discount rate applied to each cash generating unit involves judgement.

##### **Impairment of non-current assets**

The directors of the group assess the impairment of tangible and intangible fixed assets subject to depreciation and amortisation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

##### **Carrying value of stocks**

The directors review the market value of and demand for the group's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the group's products and achievable selling prices.

## DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 2. Judgements in applying accounting policies (continued)

## Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. The directors reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the statement of comprehensive income.

## 3. Turnover

The whole of the turnover is attributable to the group's principal activity.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	1,411,745	1,907,485
Europe	9,295,930	12,990,405
Rest of the World	11,137,717	15,025,213
	<u>21,845,392</u>	<u>29,923,103</u>

## 4. Operating profit

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

	2021 £	2020 £
Amortisation of intangible assets	861,604	861,604
Depreciation of tangible fixed assets	148,219	152,426
Operating lease expense	244,909	229,008
Research and development (excluding any directors' emoluments)	1,642,469	1,556,772
Exchange differences	823,898	(467,153)
Profit on sale of tangible fixed assets	-	3,746
Auditor's remuneration	22,700	21,125
	<u>22,700</u>	<u>21,125</u>

## DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 5. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	6,106,341	6,062,056	-	-
Social security costs	543,482	450,463	-	-
Pension costs	491,969	448,727	-	-
	<u>7,141,792</u>	<u>6,961,246</u>	<u>-</u>	<u>-</u>

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

	2021 No.	2020 No.
Directors	7	8
Sales	27	23
Administration	14	14
Production	92	86
	<u>140</u>	<u>131</u>

## 6. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	820,381	645,055
Company contributions to defined contribution pension schemes	14,066	3,619
Amounts paid to third parties in respect of directors' services	76,224	272,335
	<u>910,671</u>	<u>921,009</u>

During the year retirement benefits were accruing to 3 directors (2020: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £200,775 (2020: £200,979).



## DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 7. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	497,787
Adjustments in respect of previous periods	(531,133)	(31,442)
<b>Total current tax</b>	<u>(531,133)</u>	<u>466,345</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	322,803	223,516
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(208,330)</u>	<u>689,861</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 £	2020 £
Profit on ordinary activities before tax	<u>2,264,879</u>	<u>6,697,070</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	430,327	1,272,443
<b>Effects of:</b>		
Fixed asset differences	336	639
Expenses not deductible for tax purposes	205,297	223,665
Losses carried back	491,147	-
Adjustments to corporation tax charge in respect of prior periods	(531,133)	(31,442)
Enhancement relief for research and development expenditure	(804,304)	(775,444)
<b>Total tax charge for the year</b>	<u>(208,330)</u>	<u>689,861</u>

**Factors that may affect future tax charges**

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023.

## DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 8. Dividends

	2021 £	2020 £
<b>Ordinary</b>		
Dividends paid	-	4,257,036
<b>Ordinary A</b>		
Dividends paid	-	4,210,230
<b>Ordinary B</b>		
Dividends paid	-	1,532,734
	<u>-</u>	<u>10,000,000</u>

## 9. Intangible assets

## Group

	Patents £	Development costs £	Intellectual property £	Goodwill £	Total £
<b>Cost</b>					
At 1 April 2020	96,997	2,176,949	1,727,821	14,046,925	18,048,692
Own work capitalised	-	1,498,969	-	-	1,498,969
At 31 March 2021	<u>96,997</u>	<u>3,675,918</u>	<u>1,727,821</u>	<u>14,046,925</u>	<u>19,547,661</u>
<b>Amortisation</b>					
At 1 April 2020	19,400	596,908	-	5,111,424	5,727,732
Charge for the year	9,700	-	-	851,904	861,604
At 31 March 2021	<u>29,100</u>	<u>596,908</u>	<u>-</u>	<u>5,963,328</u>	<u>6,589,336</u>
<b>Net book value</b>					
At 31 March 2021	<u>67,897</u>	<u>3,079,010</u>	<u>1,727,821</u>	<u>8,083,597</u>	<u>12,958,325</u>
At 31 March 2020	<u>77,597</u>	<u>1,580,041</u>	<u>1,727,821</u>	<u>8,935,501</u>	<u>12,320,960</u>

## DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 10. Tangible fixed assets

## Group

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 April 2020	1,027,405	341,945	1,369,350
Additions	107,773	15,735	123,508
Exchange adjustments	(6,067)	(8,143)	(14,210)
At 31 March 2021	<u>1,129,111</u>	<u>349,537</u>	<u>1,478,648</u>
<b>Depreciation</b>			
At 1 April 2020	823,435	211,376	1,034,811
Charge for the year	116,021	32,198	148,219
Exchange adjustments	(4,520)	(854)	(5,374)
At 31 March 2021	<u>934,936</u>	<u>242,720</u>	<u>1,177,656</u>
<b>Net book value</b>			
At 31 March 2021	<u>194,175</u>	<u>106,817</u>	<u>300,992</u>
At 31 March 2020	<u>203,970</u>	<u>130,569</u>	<u>334,539</u>

## DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 11. Fixed asset investments

## Company

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 April 2020 and 31 March 2021	19,203,001
<b>Net book value</b>	
At 31 March 2021	19,203,001
At 31 March 2020	19,203,001

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Datapath Holdings Limited	Bemrose House, Bemrose Park, Wayzgoose Drive, Derby, DE21 6XQ	Ordinary	100%
Datapath North America Inc	2490 General Armistead Ave, Suite 102, Norristown, PA 19403	Ordinary	100%
Datapath Limited *	Bemrose House, Bemrose Park, Wayzgoose Drive, Derby, DE21 6XQ	Ordinary	100%

\* Indirect subsidiary

## DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 12. Stocks

	Group 2021 £	Group 2020 £
Raw materials	1,923,397	1,719,576
Finished goods	3,635,838	3,379,957
	<u>5,559,235</u>	<u>5,099,533</u>

Stock recognised in cost of sales during the year as an expense was £8,555,292 (2020: £12,415,407).

An impairment loss of £1,786 (2020: £83,198) was recognised in cost of sales against stock during the year.

## 13. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	2,318,932	3,571,352	-	-
Amounts owed by group undertakings	-	-	11,183,513	11,183,597
Other debtors	743,058	310,762	-	-
Prepayments and accrued income	227,157	197,891	-	-
	<u>3,289,147</u>	<u>4,080,005</u>	<u>11,183,513</u>	<u>11,183,597</u>

An impairment gain of £125,064 (2020: £78) was recognised in administrative expenses against trade debtors during the year.

## 14. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	770,940	1,079,066	-	-
Amounts owed to group undertakings	-	-	15,997,384	16,007,376
Corporation tax	-	483,499	-	-
Taxation and social security	162,158	167,430	-	-
Other creditors	29,412	32,235	-	-
Accruals and deferred income	948,576	877,064	-	-
	<u>1,911,086</u>	<u>2,639,294</u>	<u>15,997,384</u>	<u>16,007,376</u>

## DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 15. Deferred taxation

## Group

	2021 £
At beginning of year	248,950
Charged to the statement of comprehensive income	(322,803)
<b>At end of year</b>	<b>571,753</b>

The provision for deferred taxation is made up as follows:

	Group 2021 £	Group 2020 £
Accelerated capital allowances	584,428	302,237
Short term timing differences	(12,675)	(53,287)
	<b>571,753</b>	<b>248,950</b>

## 16. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
222,193 Ordinary shares of £26.67 each	5,925,887	5,925,887
219,750 Ordinary A shares of £26.67 each	5,860,733	5,860,733
80,000 Ordinary B shares of £18.75 each	1,500,000	1,500,000
8,235 G1 Ordinary shares of £0.91 each	7,494	-
19,215 G2 Ordinary shares of £0.13 each	2,498	-
	<b>13,296,612</b>	<b>13,286,620</b>

On 9 November 2020, the company issued 8,235 G1 Ordinary shares and 19,215 G2 Ordinary shares with a nominal value of £0.91 and £0.13 each respectively.

## DATAPATH GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 17. Reserves

##### Capital redemption reserve

The capital redemption reserve represents the company's acquisition of its own shares during the prior financial year.

##### Profit and loss account

The profit and loss account represents accumulated profits and losses for prior periods less dividends paid.

#### 18. Pension commitments

The group operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the group in independently administered funds. The pension charge represents contributions payable by the group to the funds and amounted to £491,969 (2020: £448,727).

#### 19. Commitments under operating leases

At 31 March 2021 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	188,673	170,000
Later than 1 year and not later than 5 years	198,333	368,333
<b>Total</b>	<b>387,006</b>	<b>538,333</b>

#### 20. Related party transactions

The company has taken advantage of the FRS 102 Section 33.1a exemption from disclosing transactions with group undertakings.

During the year, an Investor Director fee of £26,526 (2020: £25,545) was paid to VCF Partners, a business connected with Foresight Group LLP, which acts as investment manager to Foresight Funds. An Investor Director of the Group Company is a member of Foresight Group LLP.

Two directors of Datapath Limited invoiced the company for their services which totalled £76,224 (2020: £272,335). At the year end £Nil (2020: £Nil) was outstanding.

The directors consider there to be no key management personnel, other than the directors, who have authority and responsibility for planning, directing and controlling the activities of the company.

#### 21. Controlling party

In the opinion of the directors of Datapath Group Limited there is no one ultimate controlling party.