

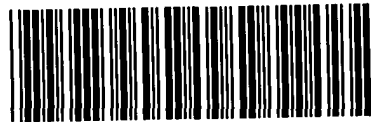
Registered number: 07863184

DATAPATH GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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COMPANIES HOUSE

DATAPATH GROUP LIMITED

COMPANY INFORMATION

Directors	Mr T Jones Mr H Ford (resigned 31 March 2023) Mr N G Fasey Mr J J Storey Mr B Krylander Mr S J Leyland (resigned 31 March 2023) Mr M J Smith (resigned 31 March 2023) Mr D Griffiths
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 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 2023

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 year has seen a turning point in the challenges brought by the pandemic. The component supply issues subsided in the last quarter of the year, markets continue to recover at different rates to the repercussions.

Our products are supplied into larger projects that require all of the elements to come together. A shortage of products, labour or capital can delay a project and each of these have been negatively impacted by the pandemic. We are seeing improvements in all of these elements and across all markets.

Working capital, and stock in particular, has increased substantially in the later part of the year as delayed components have been delivered ahead of expected delivery times. We expect this and other normal project cycles to return to normal in 2023.

The development and sales of Aetria platform have been encouraging despite the challenges mentioned above. Installations have now been completed around the world and the pipeline of opportunities continues to grow. The sales effort is now supported with a global network of showrooms for Aetria to allow a hands-on experience of the solution.

On 31 March 2023 Datapath was acquired by VITEC SA, a French privately owned technology business. This presents an exciting opportunity to widen the technology portfolio for Datapath, allowing an expanded range of solutions in the future.

Results and performance

The board were satisfied with the increase in turnover by 14% DPL, 9% DGL. Operating profits decreased by £20k DPL, £733k DGL as a result of an increase in sales and marketing expenditure to promote Aetria and a return to full travel following the restrictions.

Product Development

Aetria developments continue to add features and functionality to extend the addressable market opportunity. The Aligo product range is to be expanded with the Aligo TX100 which will provide a lower cost solution for smaller systems.

The company has launched a SDVoE Capture card for the general pro AV industry to provide a solution for this new video standard. In addition, an Aligo capture card is being produced to be able to capture Aligo streams directly into a PC system.

Future Developments

The Aetria platform and associated products addresses a much larger solution for the control room market, than the company has been able to do in the past, thereby increasing the value per project, this will be a key driver for growth for many years to come.

The medical market continues to perform well as we work closely with our partners to develop and design improvements to existing products.

The retail market continues to recover, and we have started to see the recovery in the events market. These markets have their own challenges in bouncing back from COVID-19 so will take some time to recover completely.

DATAPATH GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

The critical risks of the previous years are all easing although it will take most of 2023 for the consequences to unwind fully.

There is a risk in the macro economics of countries with very high debt, post pandemic, that they will slow infrastructure spending. Our wide geographical spread of customers in sixty countries worldwide helps to mitigate a downturn in a particular country.

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

The Ukraine war create instability in the region and loss of confidence in planning projects, further escalation could worsen the economic outlook. Likewise the risk of increasing tension between Taiwan and China could cause disruption to the supply of electronic components, the majority of which come from Taiwan. The EU and US are investing in new fabrications outside of Taiwan to reduce the exposure, but these will not come on stream until 2024 at best.

Over 91% 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 company's activities. Initiatives include safe disposal of computer equipment, recycling, reduced energy consumption through LED lighting and solar power generation.

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:

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Mr B Krylander
Director

Date: 14 July 2023

DATAPATH GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

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 or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 £2,911,632 (2022: £3,598,514).

During the year the directors declared a dividend of £Nil (2022: £Nil).

Directors

The directors who served during the year were:

Mr T Jones
Mr H Ford (resigned 31 March 2023)
Mr N G Fasey
Mr J J Storey
Mr B Krylander
Mr S J Leyland (resigned 31 March 2023)
Mr M J Smith (resigned 31 March 2023)
Mr D Griffiths

DATAPATH GROUP LIMITED

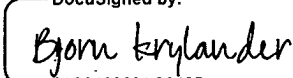
**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

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:

51C249063AC942D...
Mr B Krylander
Director

Date: 14 July 2023

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 2023, 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 2023 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 focused on key laws and regulations the entity 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 detect irregularity included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework, including a review of legal and professional nominal codes and board minutes in the year and post year end;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and walkthroughs;
- designing our audit procedures to respond to our risk assessment;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business; and
- challenging the assumptions and judgements made by management within significant accounting estimates, in particular in relation to the capitalisation of own work, recoverability of debtors and obsolete stock provisioning.

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

DATAPATH GROUP LIMITED

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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. 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.



Emre Saka (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Statutory Auditor

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

Date: 14 July 2023

DATAPATH GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	3	28,218,666	25,878,364
Cost of sales		(11,301,388)	(10,624,549)
Gross profit		16,917,278	15,253,815
Administrative expenses		(13,834,155)	(11,437,905)
Operating profit	4	3,083,123	3,815,910
Interest receivable and similar income		43,226	252
Profit on ordinary activities before taxation		3,126,349	3,816,162
Taxation on profit on ordinary activities	7	(214,717)	(217,648)
Profit for the financial year		2,911,632	3,598,514
Currency translation differences		(66,871)	(100,156)
Other comprehensive income for the year		(66,871)	(100,156)
Total comprehensive income for the year		2,844,761	3,498,358

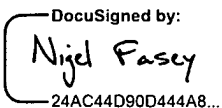
There were no recognised gains and losses for 2023 or 2022 other than those included in the consolidated statement of comprehensive income.

The notes on pages 16 to 30 form part of these financial statements.

DATAPATH GROUP LIMITED
REGISTERED NUMBER: 07863184
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	8	13,590,724	13,286,755
Tangible assets	9	597,882	481,192
		<u>14,188,606</u>	<u>13,767,947</u>
Current assets			
Stocks	11	9,422,151	5,528,267
Debtors	12	10,623,301	4,378,841
Cash at bank and in hand		3,560,750	9,487,881
		<u>23,606,202</u>	<u>19,394,989</u>
Creditors: amounts falling due within one year	13	(3,733,898)	(2,829,796)
Net current assets		<u>19,872,304</u>	<u>16,565,193</u>
Total assets less current liabilities		<u>34,060,910</u>	<u>30,333,140</u>
Provisions for liabilities			
Deferred taxation	14	(1,453,836)	(724,188)
		<u>(1,453,836)</u>	<u>(724,188)</u>
Net assets		<u><u>32,607,074</u></u>	<u><u>29,608,952</u></u>
Capital and reserves			
Called up share capital	15	13,300,600	13,296,612
Share premium account	16	149,373	-
Capital redemption reserve	16	880,110	880,110
Profit and loss account	16	18,276,991	15,432,230
Shareholders' funds		<u><u>32,607,074</u></u>	<u><u>29,608,952</u></u>

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: 14 July 2023

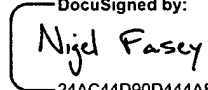
The notes on pages 16 to 30 form part of these financial statements.

DATAPATH GROUP LIMITED
REGISTERED NUMBER: 07863184

COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	10	19,209,802	19,203,001
		<u>19,209,802</u>	<u>19,203,001</u>
Current assets			
Debtors	12	16,183,598	11,183,513
		<u>16,183,598</u>	<u>11,183,513</u>
Creditors: amounts falling due within one year	13	(20,850,824)	(15,997,384)
Net current liabilities		<u>(4,667,226)</u>	<u>(4,813,871)</u>
Net assets		<u>14,542,576</u>	<u>14,389,130</u>
Capital and reserves			
Called up share capital	15	13,300,600	13,296,612
Share premium account	16	149,373	-
Capital redemption reserve	16	880,110	880,110
Profit and loss account	16	212,493	212,408
Shareholders' funds		<u>14,542,576</u>	<u>14,389,130</u>

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: 14 July 2023

The notes on pages 16 to 30 form part of these financial statements.

DATAPATH GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2022	13,296,612	-	880,110	15,432,230	29,608,952
Profit for the year	-	-	-	2,911,632	2,911,632
Currency translation differences	-	-	-	(66,871)	(66,871)
Shares issued during the year	3,988	149,373	-	-	153,361
At 31 March 2023	13,300,600	149,373	880,110	18,276,991	32,607,074

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	13,296,612	880,110	11,933,872	26,110,594
Profit for the year	-	-	3,598,514	3,598,514
Currency translation differences	-	-	(100,156)	(100,156)
At 31 March 2022	13,296,612	880,110	15,432,230	29,608,952

The notes on pages 16 to 30 form part of these financial statements.

DATAPATH GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2022	13,296,612	-	880,110	212,408	14,389,130
Profit for the year	-	-	-	85	85
Shares issued during the year	3,988	149,373	-	-	153,361
At 31 March 2023	13,300,600	149,373	880,110	212,493	14,542,576

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	13,296,612	880,110	212,408	14,389,130
At 31 March 2022	13,296,612	880,110	212,408	14,389,130

The notes on pages 16 to 30 form part of these financial statements.

DATAPATH GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	2,911,632	3,598,514
Adjustments for:		
Amortisation of intangible assets	1,620,367	1,309,146
Depreciation of tangible assets	255,942	169,889
Interest received	(43,226)	(252)
Taxation charge	214,717	217,648
(Increase)/decrease in stocks	(3,838,282)	81,754
(Increase) in debtors	(5,926,293)	(1,030,980)
Increase in creditors	741,648	632,857
Corporation tax received	224,216	3,857
Net cash generated from operating activities	<u>(3,839,279)</u>	<u>4,982,433</u>
Cash flows from investing activities		
Expenditure on intangible fixed assets	(1,924,336)	(1,637,576)
Purchase of tangible fixed assets	(368,178)	(346,599)
Interest received	43,226	252
Net cash from investing activities	<u>(2,249,288)</u>	<u>(1,983,923)</u>
Cash flows from financing activities		
Issue of ordinary shares	153,361	-
Net cash used in financing activities	<u>153,361</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	<u>(5,935,206)</u>	<u>2,998,510</u>
Cash and cash equivalents at beginning of year	9,487,881	6,485,734
Foreign exchange gains and losses	8,075	3,637
Cash and cash equivalents at the end of year	<u><u>3,560,750</u></u>	<u><u>9,487,881</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,560,750	9,487,881
	<u><u>3,560,750</u></u>	<u><u>9,487,881</u></u>

The notes on pages 16 to 30 form part of these financial statements.

DATAPATH GROUP LIMITED**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023**

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	9,487,881	(5,927,131)	3,560,750
	<u>9,487,881</u>	<u>(5,927,131)</u>	<u>3,560,750</u>

The notes on pages 16 to 30 form part of these financial statements.

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 2023 (2022: year ended 31 March 2022).

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 company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was £85 (2022: loss of £84).

1.3 Going concern

At the balance sheet date, the group had a strong cash balance and net current asset position. At the time of signing these financial statements, the directors have prepared forecasts based on future trading expectations, 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 financial statements due to the banking facilities available to it.

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

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.4 Revenue

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

Sale of goods

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

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

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.

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

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

Costs incurred internally in researching a product are charged to expense until technological feasibility has been established for the product. Technological feasibility for products are reached after all high-risk development issues have been resolved. Once technological feasibility is established, development costs are capitalised until the product is available for release for sale. Additional development costs associated with upgrades for a product are capitalised to the extent of costs relating to any new features or capabilities are added to the product. Any costs associated with maintaining the product and fixing bugs are recognised as an expense.

Judgment is required in determining when technological feasibility of a product is established and when development costs should no longer be capitalised. The amortisation of these costs is included in cost of revenue over the estimated life of the products.

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.

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.

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

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.

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.

DATAPATH GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. Accounting policies (continued)

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.

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 2023

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:

	2023 £	2022 £
United Kingdom	2,438,777	1,521,382
Rest of Europe	12,316,341	12,222,820
Rest of the world	13,463,548	12,134,162
	<u>28,218,666</u>	<u>25,878,364</u>

4. Operating profit

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

	2023 £	2022 £
Amortisation of intangible assets	1,620,367	1,309,146
Depreciation of tangible fixed assets	255,942	169,889
Operating lease expense	226,148	248,620
Research and development (excluding directors' emoluments)	2,058,470	1,656,310
Exchange differences	(416,721)	(444,975)
Auditor's remuneration	33,060	26,000
	<u>28,218,666</u>	<u>25,878,364</u>

DATAPATH GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****5. Employees**

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	7,325,282	6,526,549	-	-
Social security costs	735,288	573,297	-	-
Pension costs	757,256	647,295	-	-
	<u>8,817,826</u>	<u>7,747,141</u>	<u>-</u>	<u>-</u>

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

	2023 No.	2022 No.
Directors	8	8
Sales	29	28
Administration	15	14
Production	91	92
	<u>143</u>	<u>142</u>

6. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	935,871	895,188
Group contributions to defined contribution pension schemes	63,425	65,422
Amounts paid to third parties in respect of directors' services	79,736	82,513
	<u>1,079,032</u>	<u>1,043,123</u>

During the year retirement benefits were accruing to 4 directors (2022: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £288,792 (2022: £288,324).

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

7. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	(221,645)	65,214
Adjustments in respect of previous periods	(293,286)	(1)
	<u>(514,931)</u>	<u>65,213</u>
Total current tax	<u>(514,931)</u>	<u>65,213</u>
Deferred tax		
Origination and reversal of timing differences	332,594	(28,118)
Effect of tax rate change on opening balances	397,054	180,553
Total deferred tax	<u>729,648</u>	<u>152,435</u>
Taxation on profit on ordinary activities	<u>214,717</u>	<u>217,648</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>3,126,349</u>	<u>3,816,162</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	594,006	725,071
Effects of:		
Fixed asset differences	(8,097)	(11,858)
Expenses not deductible for tax purposes	348,341	138,476
Income not taxable for tax purposes	(78,012)	-
Adjustments to corporation tax charge in respect of prior periods	-	(1)
Enhancement relief for research and development expenditure	(893,899)	(807,845)
Remeasurement of deferred tax for changes in tax rates	79,823	173,805
Surrender of tax losses for R&D tax credit refund	290,433	-
Adjustments in respect of prior periods	(293,286)	-
Adjustments in respect of prior periods (deferred tax)	397,054	-
Current tax - other	(221,646)	-
Total tax charge for the year	<u>214,717</u>	<u>217,648</u>

Factors that may affect future tax charges

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

7. Taxation (continued)

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. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 31 March 2022 is 25% and deferred tax has been re-measured at this date.

8. Intangible assets

Group

	Patents £	Development expenditure £	Trademarks £	Goodwill £	Total £
Cost					
At 1 April 2022	96,997	4,716,586	1,727,821	14,046,925	20,588,329
Own work capitalised	-	1,924,336	-	-	1,924,336
At 31 March 2023	96,997	6,640,922	1,727,821	14,046,925	22,512,665
Amortisation					
At 1 April 2022	38,800	310,681	136,861	6,815,232	7,301,574
Charge for the year	9,700	576,284	182,479	851,904	1,620,367
At 31 March 2023	48,500	886,965	319,340	7,667,136	8,921,941
Net book value					
At 31 March 2023	48,497	5,753,957	1,408,481	6,379,789	13,590,724
At 31 March 2022	58,197	4,405,905	1,590,960	7,231,693	13,286,755

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 April 2022	1,395,651	436,465	1,832,116
Additions	196,531	171,647	368,178
Exchange adjustments	6,297	2,514	8,811
At 31 March 2023	<u>1,598,479</u>	<u>610,626</u>	<u>2,209,105</u>
Depreciation			
At 1 April 2022	1,078,762	272,162	1,350,924
Charge for the year	193,964	61,978	255,942
Exchange adjustments	3,137	1,220	4,357
At 31 March 2023	<u>1,275,863</u>	<u>335,360</u>	<u>1,611,223</u>
Net book value			
At 31 March 2023	<u>322,616</u>	<u>275,266</u>	<u>597,882</u>
At 31 March 2022	<u>316,889</u>	<u>164,303</u>	<u>481,192</u>

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 April 2022	19,203,001
Additions	6,801
At 31 March 2023	<u>19,209,802</u>
Net book value	
At 31 March 2023	<u>19,209,802</u>
At 31 March 2022	<u>19,203,001</u>

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Datapath Holdings Limited	Intermediate holding company	Ordinary	100%
Datapath North America Inc	Manufacture and supply of electronic component units, sub-systems and software	Ordinary	100%
Datapath Limited *	Manufacture and supply of electronic component units, sub-systems and software	Ordinary	100%
Datapath Japan G.K.	Supply of electronic component units, sub-systems and software	Ordinary	100%

* Indirect subsidiary

The registered office of Datapath Holdings Limited and Datapath Limited are the same as Datapath Group Limited.

The registered office of Datapath North America Inc is 2490 General Armistead Ave, Suite 102, Norristown, PA 19403.

On 4th March 2022, the company incorporated Datapath Japan G.K. and paid a nominal value of JPY 1,000,000. The registered office of Datapath Japan GK is 1 Chome-1-23 Shibadaimon, Minato City, Tokyo 105-0012, Japan.

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11. Stocks

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Raw materials	4,221,200	2,842,546	-	-
Finished goods	5,200,951	2,685,721	-	-
	<u>9,422,151</u>	<u>5,528,267</u>	<u>-</u>	<u>-</u>

An impairment loss of £762 (2022: £41) was recognised in cost of sales against stock during the year.

12. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	4,413,590	3,521,897	-	-
Amounts owed by group undertakings	5,000,000	-	16,183,598	11,183,513
Other debtors	470,806	293,151	-	-
Prepayments and accrued income	517,259	563,793	-	-
Tax recoverable	221,646	-	-	-
	<u>10,623,301</u>	<u>4,378,841</u>	<u>16,183,598</u>	<u>11,183,513</u>

An impairment gain of £2,403 (2022: loss of £104,363) was recognised in administrative expenses against trade debtors during the year.

13. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade creditors	1,442,562	855,689	-	-
Amounts owed to group undertakings	-	-	20,850,824	15,997,384
Corporation tax	-	69,070	-	-
Other taxation and social security	359,082	174,257	-	-
Other creditors	29,412	29,412	-	-
Accruals and deferred income	1,902,842	1,701,368	-	-
	<u>3,733,898</u>	<u>2,829,796</u>	<u>20,850,824</u>	<u>15,997,384</u>

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Deferred taxation

Group

	2023 £
At beginning of year	724,188
Credited to the statement of comprehensive income	729,648
At end of year	1,453,836

The provision for deferred taxation is made up as follows:

	Group 2023 £	Group 2022 £
Accelerated capital allowances	1,470,045	739,209
Tax losses carried forward	(16,209)	(15,021)
	(1,453,836)	(724,188)

15. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
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
12,618 (2022: 8,235) G1 Ordinary shares of £0.91 each	11,482	7,494
19,215 G2 Ordinary shares of £0.13 each	2,498	2,498
	13,300,600	13,296,612

On 16 March 2023, the company issued 4,383 G1 Ordinary shares with a nominal value of £0.91 for a consideration of £34.99 each for total consideration of £153,361.20.

DATAPATH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16. 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.

17. 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 £711,379 (2022: £637,701). At March 2023 contributions of £64,833 (2022: £45,231) are included within creditors in respect of the defined contribution pension scheme.

18. Commitments under operating leases

At 31 March 2023 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £
Not later than 1 year	186,667	171,867
Later than 1 year and not later than 5 years	896,000	28,333
Later than 5 years	261,333	-
	1,344,000	200,200

19. 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 £28,719 (2022: £30,905) 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 Group Limited invoiced the company for their services which totalled £79,736 (2022: £82,513). At the year end £Nil (2022: £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.

20. Controlling party

In the opinion of the directors of Datapath Group Limited Vitec SA is considered to be the ultimate controlling party.