

Registered number: 08207441

RASPBERRY PI (TRADING) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



RASPBERRY PI (TRADING) LIMITED

COMPANY INFORMATION

DIRECTORS Mr M J Hellawell (appointed 29 July 2019)
Dr D D Cleevely (resigned 28 February 2019)
Mrs S L Coutu
Mr J A Lang
Dr E C Upton
Mr D R Gammon
Mr P A Colligan
Mr C J Mairs (appointed 22 March 2019)
Mr R D Boulton (appointed 4 October 2019)

COMPANY SECRETARY Ms E L Ormond

REGISTERED NUMBER 08207441

REGISTERED OFFICE Maurice Wilkes Building
St. John's Innovation Park
Cowley Road
Cambridge
Cambridgeshire
CB4 0DS

INDEPENDENT AUDITORS Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
101 Cambridge Science Park
Milton Road
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Cambridgeshire
CB4 0FY

BANKERS Barclays Bank plc
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RASPBERRY PI (TRADING) LIMITED

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The following pages do not form part of the statutory financial statements:

RASPBERRY PI (TRADING) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

BUSINESS REVIEW

Business development

Raspberry Pi (Trading) Limited ("RPTL") has continued to develop single board computers and accessories for those computers. The computers and accessories are sold directly by the company to resellers and also sold by its partners, RS and Premier Farnell, under licensing agreements for which the company receives royalty income.

In 2019 the company saw significant growth in its sale of products directly to resellers with revenue rising to £23.7 million (2018: £11.1 million). As part of that expansion the company significantly increased its sale of related products such as power supplies, cases, keyboards and mice. Direct sales of these products increased by 153% to £7.5 million.

To further expand its communication with consumers interested in computing, making and gaming, RPTL acquired two titles from Dennis Publishing and now operates five magazines: The MagPi, Hackspace, Custom PC, Digital SLR and Wireframe.

In February 2019, the company opened a shop in the Grand Arcade, Cambridge which sells Raspberry Pi products and third party products relevant to the Raspberry Pi computers or to the interests of users of Raspberry Pi products. In addition to providing a showcase for products linked to the Raspberry Pi it provides a regular programme of events demonstrating the uses of the Raspberry Pi computers.

Product development

In the year, RPTL launched the Raspberry Pi 4. The computer has a 1.5Ghz quad-core 64-bit processor based on the ARM cortex A72 CPU and offers approximately 3x the performance of the Raspberry Pi3B+. In addition, the board offered the ability to drive two 4k monitors and was released with 3 different memory variants: 1GB, 2GB and 4GB. In 2019, 1.4 million were sold by RS and Farnell under licensing agreements and a further 220k were sold directly to resellers by RPTL. To complement the new computer and to ensure the quality of accessories for it, RPTL launched new products: a power supply; a case; keyboard; cables and a mouse which it sells directly to resellers.

Licensees and RPTL have continued to manufacture and sell Raspberry Pi 3, 3A+ and 3B+ with significant, sustained, demand. The Pi Zero also continues to see strong demand.

The company continues to invest in new product development with a growing team of experienced in-house engineers complemented by third party consultants.

RESULTS AND PERFORMANCE

This was another year of growth with Revenues at £39.6m (2018: £28.0m), and gross profit increasing to £16.3m (2018: £15.9m). Administrative expenses increased by 30% to £11.2m (2018: £8.6m) with continuing investment in product development and engineering, together with increases in staffing for finance and sales and the costs of staff for two new magazines and the new retail store. As a result of these increases in administrative costs, profit for the year was £5.2m (2018: £7.3m).

RASPBERRY PI (TRADING) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties identified are:

- a) The success of the business depends upon its ability to attract and retain talented individuals. There may be a risk to the operations and growth of the Company if it loses or fails to secure key talent. To mitigate this risk, we provide a stimulating work environment and offer rewarding compensation and benefits packages.
- b) There may be new competitors in this market space – we will continue to keep building exciting and innovative products and keep costs as low as possible to mitigate this risk;
- c) There may be component shortages that give us issues in meeting demand for our products – we utilise multiple suppliers to mitigate this risk;
- d) Manufacturing site closures – the majority of our Boards are manufactured by Sony Corporation at their factory in South Wales. Should this facility be unable to operate, production would be delayed while alternative locations are brought into commission.

Covid-19

The Covid pandemic has affected the staff, users, distributors and the supply chain of Raspberry Pi since its appearance in China in December 2019. The impact is expected to continue in 2020 and beyond with businesses and consumers facing unprecedented uncertainty.

Since January 2020, the notable effects on the operations of Raspberry Pi have been in respect of its supply chain. There has been no significant, directly attributable, impact on sales activity or our financial position. Our licensee partners have continued to trade successfully, ensuring continued royalty income.

The effects on our supply chain are as follows:

- Delay in supply of components from the Far East and increased costs of air freight and speed of shipment. The delay to components has put back the launches of some products but has not materially limited the production of the company's products. The impact of delays on other components has been mitigated by the maintenance of contingency stocks and by the strength and resources of our manufacturing partner.
- We experienced disruption to the manufacture of our Boards as our manufacturing partner adjusted staffing and operations at their factory to ensure employees were safely separated and activities were conducted in line with UK Government guidance on Social Distancing. The factory is nearly back to full capacity. We continue to operate with a contingency stock of key products and manage closely the production schedule of our partner to ensure that the supply of key products continues to be in line with customer expectations and sales are not adversely affected. Our licensee partners have also maintained substantial supplies of Boards.

As part of the company's asset-light outsourced business model, our finished goods stock is held by a single warehousing partner. The partner has continued to operate successfully to date but should their team suffer widespread illness or extended distancing regulations restrict the efficiency of their operations, the company may suffer disruption to its supply and increased costs of working. Were the disruption significant and be considered likely to continue, alternative or additional logistics providers could be found, but at additional cost and with delays to sales.

Since mid-March, staff of Raspberry Pi have been successfully operating from home with no measurable disruption to the company's activities. We are pleased that there has been no widespread illness and those that have been ill have now recovered.

RASPBERRY PI (TRADING) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The uncertainty as to the effects of Covid-19 over the medium term are very high; however we believe Raspberry Pi is well positioned to address these effects over the coming year. While the effect of the pandemic on overall economic growth and incomes are likely to be adverse, the effect on the company should be mitigated by the nature of its products and markets. In particular, demand for the company's products which are sold at affordable prices and can be used to work from home or remotely is expected to benefit from the change in consumers' behaviours as a result of the pandemic. Further, as the sales of the company's products are diversified across the world and are not reliant on any one region or customer it is reasonable to expect that the impact of any further outbreaks will be mitigated by their regional nature with the stages of an outbreak being phased differently across geographies.

The financial position of the company remains robust, with no debt, £6.7 million of cash as of 24 June 2020, positive cashflows and good operating margins.

SUMMARY OF KEY PERFORMANCE INDICATORS

The company has succeeded in meeting some of its Key Performance Indicators during the year – the measure of which is to achieve growth versus the previous financial year.

The primary financial key performance indicators are:

- Revenue 2019: £39.6m (2018: £28.0m)
- Operating profit 2019: £5.2m (2018: £7.3m)
- Gift Aid payments to Raspberry Pi Foundation (our parent charity) 2019: £4.0m (2018: £5.0m)

The primary non-financial performance indicators are:

- Unit sales of Raspberry Pi Boards: 2019: 6.1 million (2018: 5.9 million)
- Gross profit per board: 2019: £2.69 (2018: £2.64)
- Engineering headcount growth: 2019: 7% (2018: 17%)

FUTURE DEVELOPMENTS

With its on-going investment in product development, future product releases are planned throughout 2020 and subsequent years. Releases expected in 2020 will add to the range of Raspberry Pi 4 boards and accessories.

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

Eben Upton

Dr E C Upton
Director

Date: 3/7/2020

RASPBERRY PI (TRADING) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The company continues to develop, market, manufacture and sell highly cost effective programmable computing devices on a global basis. The company has established manufacturing and licence agreements with third party partners and derives the majority of its revenues through royalty income.

DIRECTORS

The directors who served during the year were:

Dr D D Cleevely (resigned 28 February 2019)

Mrs S L Coutu

Mr J A Lang

Dr E C Upton

Mr D R Gammon

Mr P A Colligan

Mr C J Mairs (appointed 22 March 2019)

Mr M J Hellawell (appointed 29 July 2019)

Mr R D Boulton (appointed 4 October 2019)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RASPBERRY PI (TRADING) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company is committed to research and development activities in order to secure the continued growth of the Company and to maintain its position in its market place. Research and development expenditure of £2,739,745 (2018: £3,000,752) was charged to the profit and loss account during the year.

FINANCIAL RISK MANAGEMENT AND POLICIES

The company uses various financial instruments which include various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations.

The main risk arising from the company's operations are currency and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Currency Risk

The company generates revenue and sources a significant proportion of its goods in foreign currency. The company holds bank accounts in foreign currency to help mitigate the company's foreign exchange risk.

Credit Risk

In order to manage credit risk the directors set limits for customers based on payment history. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

AUDITORS

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Elen Upton

**Dr E C Upton
Director**

Date: 3/7/2020

RASPBERRY PI (TRADING) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RASPBERRY PI (TRADING) LIMITED

Opinion

We have audited the financial statements of Raspberry Pi (Trading) Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

RASPBERRY PI (TRADING) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RASPBERRY PI (TRADING) LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report,¹ other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

RASPBERRY PI (TRADING) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RASPBERRY PI (TRADING) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 for the financial statements

As explained more fully in the directors' responsibilities statement **set out on pages 2 and 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 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 company or to cease operations, or have no realistic alternative but to do so.

RASPBERRY PI (TRADING) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RASPBERRY PI (TRADING) LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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.

Grant Thornton UK LLP

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date: 3/7/2020

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
TURNOVER	2	39,608,659	27,963,197
Cost of sales		(23,299,228)	(11,988,270)
GROSS PROFIT		16,309,431	15,974,927
Administrative expenses		(11,205,964)	(8,631,720)
Other operating income	3	3,741,675	-
Other operating expenditure	4	(3,687,735)	-
OPERATING PROFIT	5	5,157,407	7,343,207
Interest receivable and similar income		2,863	368
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,160,270	7,343,575
Tax on profit on ordinary activities	6	-	-
PROFIT FOR THE FINANCIAL YEAR		5,160,270	7,343,575
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		5,160,270	7,343,575

The notes on pages 14 to 23 form part of these financial statements.

RASPBERRY PI (TRADING) LIMITED

**BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Intangible assets	9		100,860		-
Tangible assets	10		940,241		636,775
CURRENT ASSETS					
			1,041,101		636,775
Stocks	11	5,511,137		6,499,492	
Debtors	12	5,628,115		4,493,651	
Cash at bank and in hand		6,151,980		2,175,595	
		17,291,232		13,168,738	
CREDITORS: amounts falling due within one year					
	13	(7,268,022)		(3,901,472)	
NET CURRENT ASSETS					
			10,023,210		9,267,266
TOTAL ASSETS LESS CURRENT LIABILITIES					
			11,064,311		9,904,041
CAPITAL AND RESERVES					
Called up share capital	14		1		1
Profit and loss account			11,064,310		9,904,040
SHAREHOLDERS' FUNDS					
			11,064,311		9,904,041

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

Elen Upton
Dr E C Upton
Director

Date: 3/7/2020

The notes on pages 14 to 23 form part of these financial statements.

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share Capital £	Profit and loss account £	Total equity £
At 1 January 2018	1	7,560,465	7,560,466
Profit for the year	-	7,343,575	7,343,575
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	7,343,575	7,343,575
Gift Aid paid to Raspberry Pi Foundation	-	5,000,000	5,000,000
At 31 December 2018	1	9,904,040	9,904,041
 At 1 January 2019	 1	 9,904,040	 9,904,041
Profit for the year	-	5,160,270	5,160,270
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	5,160,270	5,160,270
Gift Aid paid to Raspberry Pi Foundation	-	(4,000,000)	(4,000,000)
At 31 December 2019	1	11,064,310	11,064,311

The notes on pages 14 to 23 form part of these financial statements.

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
Cash flows from operating activities		
Profit for the financial year	5,160,270	7,343,575
Adjustments for:		
Depreciation of property, plant & equipment	440,637	251,480
Amortisation of intangible assets	85,540	13,833
(Increase)/decrease in trade and other debtors	(1,134,465)	486,000
Decrease/(increase) in stocks	988,356	(2,393,829)
Increase in trade creditors	3,366,550	1,025,928
Currency translation losses/(gains) on cash and cash equivalents	<u>272,520</u>	<u>(254,308)</u>
Net cash generated from operating activities	9,179,408	6,472,679
Cash flows from investing activities		
Purchases of property, plant and equipment	(744,103)	(432,995)
Purchases of intangible assets	(186,400)	-
Payments of gift aid to parent company	<u>(4,000,000)</u>	<u>(5,000,000)</u>
Net cash used in investing activities	(4,930,503)	(5,432,995)
 Net increase in cash and cash equivalents	 4,248,905	 1,039,684
 Cash and cash equivalents at the beginning of the year	 2,175,595	 881,603
Exchange differences on cash and cash equivalents	<u>(272,520)</u>	<u>254,308</u>
Cash and cash equivalents at the end of the year	<u>6,151,980</u>	<u>2,175,595</u>

1. ACCOUNTING POLICIES

1.1 General information

Raspberry Pi (Trading) Limited is a limited liability company incorporated and registered in England and Wales.

The Company's principal activity is stated on page 4.

1.2 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

The individual accounts of Raspberry Pi (Trading) Limited have also adopted the following disclosure exemptions:

- key management personnel compensation
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and exposure to and management of financial risks.

Going Concern

The company meets its day-to-day working capital requirements through the cash it holds. The company undertakes a regular process of reviewing forecasts and projections to ensure that it has adequate resources for its continued operation. After making enquiries, including reviewing the impact to date of Covid 19 on the operations of the company and having considered a number of scenarios and mitigating actions in relation to the potential impact of the virus the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

1.3 Significant judgements and estimates

Preparation of the financial statements requires management to make judgements and estimates as part of the process in applying the entity's accounting policies. There are no identified estimation uncertainties at the reporting date that carry a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Product revenue is recognised when the company has transferred to the customer the significant risks and rewards of ownership, which is generally when the buyer has taken undisputed delivery of the goods. Royalty income is recognised when receivable, based on the sale of goods by third parties under terms of the royalty arrangements.

A significant proportion of the Company's turnover arises from sales to and royalties from UK distributors. The distributors sell the company's products to all major worldwide markets.

RASPBERRY PI (TRADING) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

1.5 Other operating income

Other operating income represents the invoiced value of products sourced by the company specifically on behalf of our manufacturing partners which are recharged to them. The company bears the credit risk in purchasing these goods for its manufacturing partners to which costs are recharged and therefore presents it as other operating income.

1.6 Other operating expenditure

Other operating expenditure is the cost to the company of sourcing and purchasing the goods specifically on behalf of our manufacturing partners. The company bears the credit risk in purchasing these goods for its manufacturing partners and therefore presents it as other operating expenditure.

1.7 Intangible fixed assets and amortisation

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The estimated useful life and amortisation rate used for intellectual property is 3 years and for goodwill it is 2 years. All intangible assets are considered to have a finite useful life.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and equipment	-	3 years straight line
Office and computer equipment	-	3 years straight line
Leasehold improvements	-	Over the period of the lease
Shop fit out	-	Over the period of the lease
Goodwill on purchase of publications	-	2 years straight line
Intellectual Property	-	3 years straight line

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.10 Debtors

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

1.11 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 and that are readily convertible to known amounts of cash with insignificant risk of change in value.

RASPBERRY PI (TRADING) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

1.12 Creditors

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

1.13 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in profit and loss.

1.14 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.15 Gift aid

Gift aid is recognised in the Statement of Changes in Equity once paid to Raspberry Pi Foundation, the parent entity.

1.16 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1.17

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.18 Interest income

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

1.19 Research and development

Research and development costs on an internal project are recognised as expenses when incurred, as it is not possible to demonstrate that the project will generate future economic benefits at this phase of the project.

2. ANALYSIS OF TURNOVER

The whole of the turnover is attainable to the one principal activity of the company

	2019 £	2018 £
Analysis of turnover by country of destination:		
United Kingdom	20,987,416	18,994,851
USA	6,619,470	3,584,612
Europe	5,554,538	2,261,834
Rest of World	6,447,235	3,121,900
	<u>39,608,659</u>	<u>27,963,197</u>
	2019 £	2018 £
Revenue analysed by category was as follows:		
Royalty	14,130,974	15,204,483
Sale of products	23,946,460	11,815,350
Other	1,531,225	943,364
	<u>39,608,659</u>	<u>27,963,197</u>

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. OTHER OPERATING INCOME

	2019 £	2018 £
Other operating income	3,741,675	-
	<u>3,741,675</u>	<u>-</u>

Other operating income arises from the sale of products sourced specifically on behalf of our manufacturing partners.

4. OTHER OPERATING EXPENDITURE

	2019 £	2018 £
Other operating expenditure	(3,687,735)	-
	<u>(3,687,735)</u>	<u>-</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the company	440,637	251,480
Amortisation	85,540	13,833
The analysis of auditors' remuneration is as follows:		
- Fees payable to the company's auditors for the audit of the company's annual accounts	30,000	15,200
- Taxation compliance services	3,000	2,050
- Other taxation advisory services	2,985	2,150
Pension costs	329,883	264,814
Foreign exchange losses/(gains)	200,521	(290,881)
Research and development expense	2,739,745	3,000,752
	<u>2,739,745</u>	<u>3,000,752</u>

6. TAXATION

The company gift aids its taxable profits to its parent entity, Raspberry Pi Foundation.

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. STAFF COSTS

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

	2019 £	2018 £
Wages and salaries	4,747,465	3,732,281
Social security costs	527,765	413,643
Other pension costs	329,883	264,814
	<u>5,605,113</u>	<u>4,410,738</u>

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

	2019 No	2018 No
Support and administration	<u>65</u>	<u>48</u>

8. DIRECTORS' REMUNERATION

	2019 £	2018 £
Remuneration	<u>143,365</u>	<u>40,000</u>
	2019 £	2018 £
Company pension contributions to defined contribution pension scheme	<u>-</u>	<u>-</u>

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Intellectual Property £	Total £
Cost			
At 1 January 2019	-	41,499	41,499
Additions	186,400	-	186,400
At 31 December 2019	<u>186,400</u>	<u>41,499</u>	<u>227,899</u>
Amortisation			
At 1 January 2019	-	41,499	41,499
Charge for the year	85,540	-	85,540
At 31 December 2019	<u>85,540</u>	<u>41,499</u>	<u>127,039</u>
Net book value			
At 31 December 2019	<u>100,860</u>	-	<u>100,860</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

Amortisation of intangible fixed assets is included in administrative expenses.

The intellectual property has a remaining useful economic life of nil years (2018: nil years). The goodwill arising on the acquisition of publications has a useful economic life of 2 years.

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. TANGIBLE FIXED ASSETS

	Retail Store fit-out £	Leasehold improvements £	Plant and equipment £	Office and computer equipment £	Total £
Cost					
At 1 January 2019	-	127,315	733,373	521,453	1,382,141
Additions	74,513	120,752	479,057	69,781	744,103
At 31 December 2019	<u>74,513</u>	<u>248,067</u>	<u>1,212,430</u>	<u>591,234</u>	<u>2,126,244</u>
Depreciation					
At 1 January 2019	-	707	525,533	219,126	745,366
Charge for the year	70,570	16,538	210,782	142,747	440,637
At 31 December 2019	<u>70,570</u>	<u>17,245</u>	<u>736,315</u>	<u>361,873</u>	<u>1,186,003</u>
Net book value					
At 31 December 2019	<u>3,943</u>	<u>230,822</u>	<u>476,115</u>	<u>229,361</u>	<u>940,241</u>
At 31 December 2018	<u>-</u>	<u>126,608</u>	<u>207,840</u>	<u>302,327</u>	<u>636,775</u>

11. STOCKS

	2019 £	2018 £
Raw materials, components and finished goods for resale	<u>5,511,137</u>	<u>6,499,492</u>

Stock recognised in cost of sales during the year as an expense was £22,535,111 (2018: £11,409,624).

An impairment loss of £131,631 (2018: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

RASPBERRY PI (TRADING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. DEBTORS

	2019 £	2018 £
Trade debtors	3,997,355	3,640,279
Amounts owed by group undertakings	109,536	12,120
Other debtors	1,521,224	841,252
	<u>5,628,115</u>	<u>4,493,651</u>

An impairment loss of £nil (2018: £nil) was recognised against trade debtors and a provision of £nil (2018: £nil) is offset against trade debtors above.

**13. CREDITORS:
Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	5,028,499	2,696,372
Other taxation and social security	654,422	527,748
Other creditors	13,631	22,923
Accruals and deferred income	1,571,470	654,429
	<u>7,268,022</u>	<u>3,901,472</u>

14. SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

15. RESERVES

Called up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses, less amounts paid as gift aid to the parent charity.

RASPBERRY PI (TRADING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £329,883 (2018 - £264,814). Contributions totalling £nil (2018 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

17. OTHER FINANCIAL COMMITMENTS

At 31 December 2019, Raspberry Pi (Trading) Limited had a contractual commitment to purchase inventory from Arrow Electronics (UK) Limited to the value of \$4,910,000. This contractual commitment was effective 1st November 2018 and is for a maximum period of 3 years.

Subsequent to the year end the company has entered into agreements for £4.0m (\$5m) for the continuing development of components for its products.

18. OPERATING LEASE COMMITMENTS

At 31 December 2019, the total minimum lease payments under non-cancellable operating leases are due in the following periods by the company:

	Land and buildings	
	2019	2018
	£	£
Within one year	286,831	128,014
Between two and five years	1,026,187	971,455
Over five years	2,220,469	2,220,469
Total	<u>3,533,487</u>	<u>3,320,028</u>

19. RELATED PARTY TRANSACTIONS

During the year the company reimbursed expenses of £15,462 (2018 - £9,453) to Dr E C Upton, a director. In addition, the company made salary payments of £39,012 (2018 - £23,689) and pension contributions of £3,336 (2018 - £4,044) to the wife of Dr E C Upton during the year.

The company is a wholly owned subsidiary of Raspberry Pi Foundation and has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with Raspberry Pi Foundation or other wholly owned subsidiaries within the group.

RASPBERRY PI (TRADING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

20. POST BALANCE SHEET EVENTS

On 11 March 2020, the World Health Organisation declared Covid-19 a pandemic. Subsequently the UK government announced lock down and social distancing measures. The annual report and accounts herein are for the period of 31 December 2019. At that time the pandemic was not known and thus the event is non-adjusting. The uncertainty as to the effects of Covid-19 over the medium term are very high, however we believe Raspberry Pi is well positioned to address these effects over the coming year. While the effect of the pandemic on overall economic growth and incomes are likely to be adverse, the effect on the company should be mitigated by the nature of its products and markets. The actual financial impact however cannot be estimated at this time.

On 25 June 2020 the Board of Directors of Raspberry Pi (Trading) Limited approved the payment of £1 million of gift aid to its parent company, Raspberry Pi Foundation.

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is Raspberry Pi Foundation, a registered charity and company registered in England and Wales. Consolidated financial statements are prepared by the Foundation and available from Companies House.