
RASPBERRY PI (TRADING) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

THURSDAY



AA9Q0AAV

A10

29/07/2021

#125

COMPANIES HOUSE

RASPBERRY PI (TRADING) LIMITED

COMPANY INFORMATION

DIRECTORS

Mr M J Hellawell
Ms S L Coutu
Mr J A Lang
Dr E C Upton
Mr D R Gammon
Mr P A Colligan
Mr C J Mairs
Mr R D Boulton
Mr J R Adams (appointed 8 October 2020)
Dr G S Hollingworth (appointed 8 October 2020)

COMPANY SECRETARY

Dr 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
Cambridge
Cambridgeshire
CB4 0FY

BANKERS

Barclays Bank plc
28 Chesterton Road
Cambridge
Cambridgeshire
CB4 3AZ

RASPBERRY PI (TRADING) LIMITED

CONTENTS

	Page
Strategic Report	1 – 6
Directors' Report	7 - 9
Independent Auditors' Report	10 – 13
Statement of Comprehensive Income	14
Balance Sheet	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 - 31

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

RASPBERRY PI (TRADING) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

BUSINESS REVIEW

Business and product 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. RPTL continues to publish as part of its engagement with consumers interested in computing, making and gaming, The MagPi, Hackspace, Custom PC, and Wireframe magazines as well as a range of books covering programming, gaming and making. Digital SLR magazine operated throughout the year but was closed in March 2021.

2020 was a year of strong underlying growth with unit sales of Raspberry Pi's increasing by 16% to 7.1 million boards (2019: 6.1 million). Direct unit sales increased 97% to 2.2 million boards, while sales through licensees declined by 2% to 4.9 million units.

Sales of Raspberry Pi 4 variants increased by 103% in their first full year of sales. In February 2020, Raspberry Pi 4 1GB variant was withdrawn from the market and the resale price of Raspberry Pi 4 2GB reduced to \$35, the same price as the first Raspberry Pi in 2013. Sales of Raspberry Pi 4 2GB were then moved, exclusively, to the direct sales channel while the licensees focused on the higher cost variants.

Raspberry Pi 4 8GB variant was launched in May 2020 with a retail price of \$75 with strong demand and in November 2020, Raspberry Pi 400 was launched. Raspberry Pi 400 has a 4GB Raspberry Pi 4 integrated into a compact keyboard and is sold both as a standalone product or in a kit form with a mouse, a power supply, a micro-HDMI to HDMI cable, a pre-formatted microSD card and the Official Beginner's Guide book.

Particularly since the start of the COVID-19 pandemic, there has been a rapid increase in the use of Raspberry Pi 4 for home working and studying and this product, supporting English (US and UK), French, German, Italian and Spanish keyboard layouts, provides a neat and affordable desktop solution. Demand from commercial & industrial customers was also strong.

In October 2020, RPTL launched Compute Module 4. Like Raspberry Pi 4, the latest compute module has the same 64-bit quad-core BCM2711 application processor but is packed in a compute module for industrial use cases, providing a simple way to move from a Raspberry Pi-based prototype to volume production. With four RAM options, four Flash options and optional wireless connectivity, Compute Module 4 comes in a total of 32 variants. Sales of Compute Module 3 and Compute Module 4 have grown strongly over the year as designers of products have incorporated Compute Module into their designs.

Licensees and RPTL have continued to manufacture and sell Raspberry Pi 3, 3A+ and 3B+ with significant unit sales, alongside Raspberry Pi 4 which has been on sale throughout the year. Industrial users, who have incorporated Raspberry Pi 3 into a product design continue to be a source of demand. Raspberry Pi Zero also continues to see strong demand with unit sales increasing by 35% as steps were taken to increase production to meet a substantial order backlog.

In April 2020 the company launched a high quality camera, with a 12.3 megapixel Sony IMX477 sensor and a range of lenses. The launch was accompanied by the release of a new open source image processing library (libcamera) which provides Linux applications with a convenient way to access the building blocks for connecting other sensors and providing lower-level access to the image processing.

2020 was the first year with a full year of sales of many accessories, including power supplies, cases, mice, keyboards and cables for Raspberry Pi 4, which had been launched with Raspberry Pi 4 in 2019. The total number of units sold increased 61% to 2.9 million items and revenue rose by 63% to £12.2 million (2019: £7.5 million).

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

RASPBERRY PI (TRADING) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Future Developments

With its on-going investment in product development, future product releases are planned throughout 2021 and subsequent years. In January 2021, RPTL launched Raspberry Pi Pico, a \$4 microcontroller built using RP2040, a brand new microcontroller silicon chip designed by Raspberry Pi.

COVID-19

Like people and businesses worldwide, the staff, users, distributors and the supply chain of Raspberry Pi have been affected by the COVID-19 pandemic since its appearance in China in December 2019. The impact continued throughout 2020 and is expected to continue beyond 2021 as the world gradually adjusts to a post-pandemic business landscape.

In 2020, the principal effect of the pandemic on the operations of Raspberry Pi was in respect of its supply chain. Disruption to the supply of components from the Far East led to an increase in costs of air freight and delays in the delivery of some products and components. As a result, the launch dates of some products were adversely impacted during 2020. Delays to components were mitigated by the maintenance of contingency stocks and by the strength and resources of our manufacturing partner.

In April and May 2020 there was 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 disruption was, however, mitigated by the holding of contingency stock of key products and by closely managing the production schedule of our partner to ensure that the supply of key products was aligned with customer expectations. Our licensee partners also maintained substantial supplies of boards.

The unprecedented closure of non-essential stores prescribed by Government guidance meant that our retail store in Cambridge remained closed for 4 months of 2020. The company took advantage of the Coronavirus Job Retention Scheme (CJRS) as the majority of the store staff were placed on furlough. The company also received a business rates grant funded by the local authority in respect of the retail unit. The store remained closed in 2021 until 12 April. The company continues to make use of the CJRS and business rates grants.

No staff other than those in the retail store have been placed on furlough since the start of the COVID-19 pandemic.

As part of the company's asset-light outsource business model, our finished goods stock is held by a single warehousing partner. Throughout 2020, this partner continued to operate successfully and the company did not suffer any disruption to its supply or increased costs of working as a direct consequence of the pandemic.

From mid-March 2020, the staff of Raspberry Pi successfully operated from home with no noticeable disruption to the company's activities.

The uncertainty as to the medium term effects of COVID-19 remains high; however, we believe that Raspberry Pi is well positioned to address these effects going forwards. The effects of the pandemic on the company as a whole, were largely 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 continue to benefit from the change in consumers' behaviour as a result of the pandemic.

The financial position of the company remains robust. At 9 June 2021, the company had cash of £3.6m, debt of £4.1m, unused bank facilities of £5.9m and strong operating margins.

RASPBERRY PI (TRADING) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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. We provide a stimulating work environment and offer rewarding compensation and benefits packages to retain and attract new employees.
- 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) Due to the current shortages in global semi-conductor supply chains, there may be component shortages that disrupt our production of products – where possible we utilise multiple suppliers to reduce the risk and work closely with other key suppliers to manage demand and seek out additional supply.
- 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 were brought into commission.

RESULTS AND PERFORMANCE

This was another year of growth, with revenues increasing by 81% to £71.7 million (2019 - £39.6 million), and gross profit increasing 42% to £23.1 million (2019 - £16.3 million).

In 2020 the company saw significant growth in its sale of products directly to resellers with revenue rising 120% to £52.1 million (2019: £23.7 million). Sales of single boards increased 147% from £16.1 million to £39.8 million, due to the 97% increase in the number of boards and the higher proportion of higher value boards such as Raspberry Pi 4 compared to Pi Zero. The gross profit earned on these single boards sold direct was flat year on year.

As part of that expansion, direct sales of related products ("accessories") such as power supplies, cases, keyboards and mice increased by 63% to £12.2 million with an increased attachment of accessories to Raspberry Pi 4. The gross margin from accessories, including royalties on accessories manufactured by licensees, increased 33%.

Royalty income from the licensees in respect of board sales increased by 30%. Although the number of boards declined slightly the royalty per board increased 32% due to the improving royalty on Raspberry Pi 4 boards arising from lower production costs and the higher proportion of high value boards.

Administrative expenses increased by 11% to £12.4 million (2019: £11.2 million) with continuing investment in product development and engineering, together with increases in staffing for sales.

Operating profit for the year was £10.7 million (2019: £5.2 million) an increase of 106%.

Working Capital

Stock increased to £11.3 million (2019: £5.5 million) with increased holdings of finished boards and components, particularly processor chips to meet anticipated demand and open orders from customers. Debtors increased due to higher prepayments in respect of products with long order lead times and higher trade debtors due to increased royalty and direct sales in the last few months of the year compared to earlier in the year. The increase in trade creditors was due to higher activity in the last quarter of 2020 offset in part by a higher than normal payable balance from a major supplier in December 2019 arising from delays in their invoicing.

RASPBERRY PI (TRADING) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Capital expenditure

In 2020, the company invested £4.9 million in the purchase of intellectual property, principally in respect of the design and development of new chips for future products and £125k was spent on the goodwill of IQ Audio Limited, a designer of high-fidelity audio accessories for Raspberry Pi's. Within tangible fixed assets there was £1.3 million of expenditure on plant and machinery including £600k spent on masks and tools used in the production of the RP2040 chip.

Cash & financing

Cash balances at 31 December 2020 were £0.8 million (2019: £6.2 million), the reduction a result of the investment in capital items described above, the investment in working capital due to the increased levels of activity and the payment of £3 million (2019: £4 million) in Gift Aid to the Raspberry Pi Foundation.

During the year the company entered into a £7 million, 3 year revolving credit facility and a £3 million overdraft facility with Barclays Bank plc to better manage the fluctuations in funding due to the growing working capital of the business.

SUMMARY OF KEY PERFORMANCE INDICATORS

The company has succeeded in meeting 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 2020: £71.7m (2019: £39.6m)
- Operating profit 2020: £10.7m (2019: £5.2m)
- Gift Aid payments to Raspberry Pi Foundation (our parent charity) 2020: £3.0m (2019: £4.0m)
- Adjusted EBITDA* 2020: £11.4 million (2019: £5.9 million)

The primary non-financial performance indicators are:

- Unit sales of Raspberry Pi boards: 2020: 7.1 million (2019: 6.1 million)
- Gross profit per board: 2020: £3.30 (2019: £2.69)
- Engineering headcount growth: 2020: 21% (2019: 7%)

**Adjusted EBITDA, is computed as operating profit before, depreciation, amortisation, foreign exchange gains and losses on revaluation of cash, receivables and payables and charges in respect of share-based payments.*

Section 172 (1) Stakeholder Compliance Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require that directors explain how they have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 when performing their duty to promote the success of the company.

Throughout the year, while discharging their S.172(1) duty, the directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the company for the benefit of the shareholders; and in doing so, had regard amongst other matters to:

RASPBERRY PI (TRADING) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the company.

The paragraphs below identify the company's principal stakeholders and the key issues the board considered, how the board engaged with those stakeholders and the response during the year.

Our employees

Developing, attracting and retaining high quality talent is a key driver of the company's success. The company focuses on employees' development and progression and remuneration as well as promoting a collaborative working environment. Regular All-Hands meetings are held to keep employees up to date with progress in all areas of the business and a fully open plan office ensures that executive directors are accessible and engaged with all staff members.

During 2020, the company ensured that a safe working environment was provided for all employees during the COVID-19 pandemic and financial support was provided to enable employees to purchase equipment and furniture so as to undertake their work from home and minimise trips to the office.

Our customers

Developing long-term relationships with our customers is critical in ensuring the success of the company. Our investment in research and continued development of innovative products ensures that our customers remain engaged; whilst our careful management of production schedules helps to ensure that the supply of key products remains attuned to customer expectations. Events are run for resellers semi-annually, with board members in attendance and the CEO, COO and Chief Product Officer regularly post and engage in discussions on customer forums.

Our suppliers and partners

Building strong relationships with our suppliers is key to the operational success of our business. The senior management team and CEO work closely with key suppliers to ensure that in spite of the current global shortage of semi-conductors, we continue to deliver the best products for our customers. Prompt payment of our suppliers has been ensured both before and during the COVID-19 pandemic.

Society and Community

Conducting business in a responsible way while at the same time supporting the wider community is fundamental to our values. During the year, the company supplied both single board computers for use in ventilators as well as personal protective equipment to health workers in the fight against COVID-19. In collaboration with the Raspberry Pi Foundation, the company also distributed 2,600 computers across the UK to enable disadvantaged families to navigate the challenges of home-schooling. The company also made gift aid donations of £3 million during the year to its parent company, the Raspberry Pi Foundation, in order that the charity may further its mission of putting the power of computing and digital making into the hands of people all over the world.

Shareholders and investors

Our key shareholder, the Raspberry Pi Foundation, is a key beneficiary in the value that the company creates. We are committed to transparent and open engagement with the trustees of the Foundation and the directors

RASPBERRY PI (TRADING) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

keep them regularly appraised of significant matters. Two directors of the company are also directors of the Foundation and a third director is the Chief Executive of the Foundation.

During the year, the company put in place both a revolving credit facility of £7m and an overdraft facility of £3m in order to facilitate the company's rapid growth and working capital requirements. The Chief Financial Officer maintains an open and ongoing dialogue with the bank as the company's financial and liquidity risks are continually reviewed.

Long term considerations

The directors recognise the long term strategic needs of balancing investment for future growth with the requirement to make gift aid payments to the parent company, particularly given the effects of the COVID-19 pandemic and the uncertainty which that has brought. The board comprises executive members and non-executive members with extensive commercial experience and a strong focus on developing the business for the long term. The board undertakes an annual strategic planning exercise, the results of which are used throughout the year to assess the impact of business decisions.

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

Eben Upton

**Dr E C Upton
Director**

Date: 21/6/2021

RASPBERRY PI (TRADING) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

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:

Ms S L Coutu
Mr J A Lang
Dr E C Upton
Mr D R Gammon
Mr P A Colligan
Mr C J Mairs
Mr M J Hellawell
Mr R D Boulton
Mr J R Adams (appointed 8 October 2020)
Dr G S Hollingworth (appointed 8 October 2020)

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 2020

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.

DIRECTORS' INDEMNITY ARRANGEMENTS

During the year, the company purchased Directors' and Officers' liabilities insurance in respect of itself and its directors.

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 £3,112,684 (2019: £2,739,745) 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, credit and liquidity 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.

Liquidity Risk

Sources of funding, headroom and liquidity forecasts are regularly assessed and monitored. A 3 year Revolving Credit Facility and Overdraft facility were also put in place in order to manage liquidity risk.

RASPBERRY PI (TRADING) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

ENVIRONMENT

Greenhouse gas and energy consumption data for the year ended 31 December 2020:

	2020
Energy consumption (kWh)	68,285
Scope 1 emissions (tCO ₂ e)	-
Scope 2 emissions (tCO ₂ e)	13.09
Scope 3 emissions (tCO ₂ e)	3.01
Total emissions (tCO ₂ e)	16.10
Intensity ratio: tCO ₂ e per FTE	0.22

Associated greenhouse gases have been calculated using the UK Government's GHG Conversion Factors for Company Reporting 2020. Estimates were used where consumption data was incomplete, for example using average consumption or extrapolating for periods not covered by invoices.

Energy Efficiency

During the year, the company took the following energy efficiency actions:

- replaced lightbulbs with LEDs
- adjusted air conditioning timers to better match working hours
- promoted the company Cycle to Work scheme.

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.

Eben Upton

Dr E C Upton
Director

Date: 21/6/2021

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 2020, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows 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 2020 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 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.

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.

RASPBERRY PI (TRADING) LIMITED

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

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; or

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we obtained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates. We determined that the following laws and regulations were most significant: Financial Reporting Standard 102, the Companies Act 2006, and relevant tax compliance regulations in the UK. We concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including laws and regulations relating to employment matters.
- We obtained an understanding of how the company complies with those legal and regulatory frameworks by making inquiries with management and those responsible for legal and compliance procedures, and we corroborated our inquiries through review of board minutes.
- We enquired with management and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud. We corroborated our inquiries with our review of legal and professional fees incurred during the year.
- Management and those charged with governance have not communicated to the audit team any instances of non-compliance with laws and regulations or fraud.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud and the adequacy of procedures for authorisation of transactions and internal review procedures;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - identifying and testing large and unusual journal entries.
- We completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations.

RASPBERRY PI (TRADING) LIMITED

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

- It is the engagement partner's assessment that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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: 21/6/2021

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
TURNOVER	2	71,656,855	39,608,659
Cost of sales		(48,580,900)	(23,299,228)
GROSS PROFIT		23,075,955	16,309,431
Administrative expenses		(12,422,249)	(11,205,964)
Other operating income	3	18,452,579	3,741,675
Other operating expenditure	4	(18,397,567)	(3,687,735)
Net other operating income		55,012	53,940
OPERATING PROFIT	5	10,708,718	5,157,407
Finance (charges)/income	6	(30,031)	2,863
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,678,687	5,160,270
Tax on profit on ordinary activities	7	-	-
PROFIT FOR THE FINANCIAL YEAR		10,678,687	5,160,270
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		10,678,687	5,160,270

The notes on pages 18 to 31 form part of these financial statements..

RASPBERRY PI (TRADING) LIMITED

BALANCE SHEET AS AT YEAR ENDED 31 DECEMBER 2020

	Note	£	2020 £	£	2019 £
FIXED ASSETS					
Intangible assets	10		4,970,590		100,860
Tangible assets	11		1,708,621		940,241
			<u>6,679,211</u>		<u>636,775</u>
CURRENT ASSETS					
Stocks	12	11,312,530		5,511,137	
Debtors	13	10,569,363		5,628,115	
Cash at bank and in hand		772,300		6,151,980	
		<u>22,654,193</u>		<u>17,291,232</u>	
CREDITORS: amounts falling due within one year	14	(10,177,489)		(7,268,022)	
NET CURRENT ASSETS			<u>12,476,704</u>		<u>10,023,210</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,155,915</u>		<u>11,064,311</u>
CAPITAL AND RESERVES					
Called up share capital	15		1		1
Share Premium account	15		13,077		-
Profit and loss account			18,742,997		11,064,310
Share-based Payment Reserve			<u>399,840</u>		<u>-</u>
SHAREHOLDERS' FUNDS			<u>19,155,915</u>		<u>11,064,311</u>

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

Eben Upton

Dr E C Upton
Director

Date: 21/6/2021

The notes on pages 18 to 31 form part of these financial statements.

RASPBERRY PI (TRADING) LIMITED

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

	Share-based Payment Reserve £	Share Premium Account £	Share Capital £	Profit and Loss Account £	Total Equity £
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
At 1 January 2020	-	-	1	11,064,310	11,064,311
Profit for the year	-	-	-	10,678,687	10,678,687
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				10,678,687	10,678,687
Share based payments	399,840	-	-	-	399,840
Increase to share premium account	-	13,077	-	-	13,077
Gift Aid paid to Raspberry Pi Foundation	-	-	-	(3,000,000)	(3,000,000)
At 31 December 2020	399,840	13,077	1	18,742,997	19,155,915

The notes on pages 18 to 31 form part of these financial statements.

RASPBERRY PI (TRADING) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	£	£
Cash flows from operating activities		
Profit for the financial year	10,678,687	5,160,270
Adjustments for:		
Depreciation of property, plant & equipment	626,076	440,637
Amortisation of intangible assets	120,361	85,540
Charge made in respect of share-based payments	399,840	-
Increase in trade and other debtors	(4,941,248)	(1,134,465)
(Increase)/decrease in stocks	(5,801,393)	988,356
Increase in trade creditors	2,909,467	3,366,550
Currency translation losses on cash and cash equivalents	<u>237,388</u>	<u>272,520</u>
Net cash generated from operating activities	4,229,178	9,179,408
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,394,456)	(744,103)
Purchases of intangible assets	(4,990,091)	(186,400)
Payments of gift aid to parent company	<u>(3,000,000)</u>	<u>(4,000,000)</u>
Net cash used in investing activities	<u>(9,384,547)</u>	<u>(4,930,503)</u>
Financing activities		
Proceeds from issuance of share capital	<u>13,077</u>	-
Net cash generated from financing activities	13,077	-
Net (decrease)/increase in cash and cash equivalents	(5,142,292)	4,248,905
Cash and cash equivalents at the beginning of the year	6,151,980	2,175,595
Exchange differences on cash and cash equivalents	<u>(237,388)</u>	<u>(272,520)</u>
Cash and cash equivalents at the end of the year	<u><u>772,300</u></u>	<u><u>6,151,980</u></u>

RASPBERRY PI (TRADING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 7.

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 its bank facility and accumulated cash. The company undertakes a regular process of reviewing forecasts and projections, including taking account of reasonably possible changes in trading performance, to ensure that it has adequate resources for its continued operation. After making enquiries, 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.

Share based payments

As detailed in note 17, in determining the value and charge in the accounts in respect of the share award to management and employees, management have applied judgement as to the valuation method applied and have made estimates as to the likely life of the award and the inputs to the valuation method.

Deferred tax

As detailed in note 7, in determining the deferred tax balance to recognise in the balance sheet of the company, management have made estimates as to the likelihood of future taxable earnings in

RASPBERRY PI (TRADING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

assessing the value arising from the unwinding of timing differences.

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.

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.

Other operating income also includes payments received from HMRC in respect of furloughed employees under the Coronavirus Job Retention Scheme (CJRS.) These payments were claimed in respect of staff in the company's retail store during the period of closure of non-essential shops.

Other operating income also comprises a business rates grant paid to the company's retail store by the Local Authority following the closure of non-essential shops.

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 between 1 and 3 years, for goodwill on publications is 2 years, and for goodwill on the trade and assets of the business purchased in 2020, it is 3 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

RASPBERRY PI (TRADING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Shop fit out	-	Over the period of the lease
Goodwill on purchase of publications	-	2 years straight line
Intellectual Property	-	1 to 3 years straight line
Goodwill on purchase of trade and-assets	-	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.

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.

RASPBERRY PI (TRADING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

1.17 Financial instruments

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.

RASPBERRY PI (TRADING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ANALYSIS OF TURNOVER

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

	2020 £	2019 £
Analysis of turnover by country of destination:		
United Kingdom	28,645,947	20,987,416
USA	13,336,793	6,619,470
Europe	14,515,869	5,554,538
Rest of World	15,158,246	6,447,235
	<u>71,656,855</u>	<u>39,608,659</u>

	2020 £	2019 £
Revenue analysed by category was as follows:		
Royalty	17,708,209	14,130,974
Sale of products	52,089,035	23,946,460
Other	1,859,611	1,531,225
	<u>71,656,855</u>	<u>39,608,659</u>

3. OTHER OPERATING INCOME

	2020 £	2019 £
Other operating income	18,431,671	3,741,675
CJRS Furlough grant	17,908	-
Business rates grant	3,000	-
	<u>18,452,579</u>	<u>3,741,675</u>

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

RASPBERRY PI (TRADING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. OTHER OPERATING EXPENDITURE	2020	2019
	£	£
Other operating expenditure	(18,397,567)	(3,687,735)
	(18,397,567)	(3,687,735)

Other operating expenditure is the cost to the company of sourcing and purchasing the goods specifically on behalf of our manufacturing partners.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	626,076	440,637
Amortisation	120,361	85,540
The analysis of auditors' remuneration is as follows:		
- Fees payable to the company's auditors for the audit of the company's annual accounts	48,000	30,000
- Taxation compliance services	3,750	3,000
- Other taxation advisory services	-	2,985
Pension costs	368,799	329,883
Share based payments	399,840	-
Rent charges under operating leases	290,515	314,881
Foreign exchange (gains)/losses	(439,250)	200,521
Research and development expense	3,112,684	2,739,745

6. FINANCE CHARGES/(INCOME)

	2020	2019
	£	£
Finance charges	33,306	-
Interest receivable	(3,275)	(2,863)
	30,031	(2,863)

RASPBERRY PI (TRADING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. TAXATION

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

The charge for the year can be reconciled to the profit per the income statement as follows:

	2020 £	2019 £
Profit for the period	10,678,687	5,160,270
Tax on profit at standard UK tax rate of 19.00% (2019:19.00%)	2,028,951	980,451
Effects of:		
- Expenses not deductible	76,318	9,934
- R&D additional deduction	(2,067,656)	(1,085,247)
- Deferred tax not provided	(47,263)	82,092
- Depreciation on ineligible assets	9,650	19,042
- Qualifying donations	-	(6,272)
Tax charge for the period	-	-
Income tax expense reported in the income statement	-	-
Deferred tax (assets)/liabilities:		
Deferred tax charge to income statement for the period	-	-
Provision at end of period	-	-

Deferred tax disclosure:

	2020 Provided £	2019 Provided £
Fixed asset timing differences	609,225	-
Short term timing differences - trading	(37,168)	-
Trading losses	(572,057)	-
	-	-
	2020 Unprovided £	2019 Unprovided £
Fixed asset timing differences	-	(988,936)
Short term timing differences - trading	-	(2,000)
Trading losses	(141,015)	-
	(141,015)	(990,936)

RASPBERRY PI (TRADING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. STAFF COSTS

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

	2020 £	2019 £
Wages and salaries	5,762,156	4,747,465
Social security costs	655,890	527,765
Other pension costs	368,799	329,883
Share based payments	399,840	-
	<u>7,186,685</u>	<u>5,605,113</u>

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

	2020 No	2019 No
Engineering	34	29
Sales and Product Management	6	5
Marketing and Communications	9	7
Publishing	11	11
General and Administrative	9	8
Retail	4	5
	<u>73</u>	<u>65</u>

9. DIRECTORS' REMUNERATION

	2020 £	2019 £
Remuneration	<u>641,726</u>	<u>143,365</u>

	2020 £	2019 £
Company pension contributions to defined contribution pension scheme	<u>12,759</u>	<u>-</u>

Highest paid director

The highest paid director's emoluments were as follows:

	2020 £	2019 £
Total emoluments	292,633	67,949
Company pension contributions to defined contribution scheme	-	-
	<u>292,633</u>	<u>67,949</u>

RASPBERRY PI (TRADING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. INTANGIBLE FIXED ASSETS

	Goodwill on purchase of IQ Audio Limited £	Goodwill on purchase of publications £	Intellectual Property £	Total £
Cost				
At 1 January 2020	-	186,400	41,499	227,899
Additions	125,000	-	4,865,091	4,990,091
At 31 December 2020	<u>125,000</u>	<u>186,400</u>	<u>4,906,590</u>	<u>5,217,990</u>
Amortisation				
At 1 January 2020	-	85,540	41,499	127,039
Charge for the year	27,162	93,199	-	120,361
At 31 December 2020	<u>27,162</u>	<u>178,739</u>	<u>41,499</u>	<u>247,400</u>
Net book value				
At 31 December 2020	<u>97,838</u>	<u>7,661</u>	<u>4,865,091</u>	<u>4,970,590</u>
At 31 December 2019	<u>-</u>	<u>100,860</u>	<u>-</u>	<u>100,860</u>

Business Combination

On 30 April 2020, Raspberry Pi (Trading) Limited acquired the goodwill and intellectual property rights of IQ Audio Limited for cash consideration of £125,000. A further £2,000 was paid in cash for its inventory as at the same date. IQ Audio Limited designed, developed and manufactured digital audio products which are compatible with Raspberry Pi single board computers. Management has estimated the useful economic life of the goodwill and intellectual property rights to be 3 years. Subsequent to its acquisition, the revenue from the sale of IQ Audio products was £47k and the contribution to gross profit was £7k.

Amortisation of intangible fixed assets is included in administrative expenses.

Intellectual property has a useful economic life of between 1 and 3 years (2019: nil years). The goodwill arising on the acquisition of publications has a useful economic life of 2 years. At 31 December 2020, just one month of useful economic life remained on the goodwill on purchase of publications. During the year, the company purchased the trade and assets of IQ Audio Limited. The goodwill arising on this purchase is being amortised over 3 years.

RASPBERRY PI (TRADING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. TANGIBLE FIXED ASSETS

	Retail Store fit-out £	Leasehold improvements £	Plant and equipment £	Office and computer equipment £	Total £
Cost					
At 1 January 2020	74,513	248,067	1,212,430	591,234	2,126,244
Additions	1,850	7,712	1,267,930	116,964	1,394,456
At 31 December 2020	76,363	255,779	2,480,360	708,198	3,520,700
Depreciation					
At 1 January 2020	70,570	17,245	736,315	361,873	1,186,003
Charge for the year	5,793	16,722	468,703	134,858	626,076
At 31 December 2020	76,363	33,967	1,205,018	496,731	1,812,079
Net book value					
At 31 December 2020	-	221,812	1,275,342	211,467	1,708,621
At 31 December 2019	3,943	230,822	476,115	229,361	940,241

12. STOCKS

	2020 £	2019 £
Raw materials, components and finished goods for resale	11,312,530	5,511,137

Stock recognised in cost of sales during the year as an expense was £44,553,243 (2019: £22,535,111).

An impairment loss of £43,489 (2019: £131,631) 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 2020

13. DEBTORS

	2020 £	2019 £
Trade debtors	6,978,445	3,997,355
Amounts owed by group undertakings	-	109,536
Other debtors	3,590,918	1,521,224
	<u>10,569,363</u>	<u>5,628,115</u>

An impairment loss of £nil (2019: £nil) was recognised against trade debtors and a provision of £nil (2019: £nil) is offset against trade debtors above.

14. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	7,791,241	5,028,499
Amounts owed to group undertakings	16,498	-
Other taxation and social security	878,417	654,422
Other creditors	14,306	13,631
Accruals and deferred income	1,477,027	1,571,470
	<u>10,177,489</u>	<u>7,268,022</u>

15. SHARE CAPITAL AND SHARE PREMIUM

	2020 £	2019 £
Share Capital		
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1
13,077 B Ordinary shares of £0.00001	-	-
	<u></u>	<u></u>
Share Premium		
13,077 B Ordinary shares	13,077	-
	<u></u>	<u></u>

B Ordinary shares do not entitle their holders to receive notice, attend or vote at any General Meeting of the company or vote on a written resolution of the company. Each B Ordinary share has no rights to be paid dividends declared whether final or interim. Each B Ordinary share only receives a share of proceeds on an exit event above a minimum hurdle.

16. RESERVES

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

RASPBERRY PI (TRADING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Share premium account – represents the premium on shares 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.

Share-based payments reserve – represents the charges made in respect share based payments. It is a distributable reserve.

17. SHARE-BASED EMPLOYEE REMUNERATION

During the year, a Long-Term Incentive Plan (LTIP) was approved by the board of directors and in October 2020, 13,077 B ordinary shares were issued under this plan to certain employees. Under the terms of the plan, the B ordinary shares will share in the proceeds payable in respect of an Exit of the company above a minimum hurdle. An Exit is broadly defined in the Articles of Association as the sale of the company or its listing upon a stock exchange. The B ordinary shares are held in trust by the Zedra Trust Company UK Limited on behalf of employees.

The unrestricted market value of the B ordinary shares was determined by a specialist valuation company and deemed to be £1 per share.

A summary of the B ordinary shares is detailed below:

Scheme	B ordinary shares at 1 January 2020	Issued during the year	In issue at the end of the year
LTIP	-	13,077	13,077

In accordance with accounting standards, the company is required to recognise an expense for the services received by a company in exchange for equity-based payment. For B ordinary shares issued under the LTIP, it was assumed that an Exit process would happen 2 years from the date of issue and the Black Scholes model was used to value the compensation expense with the following inputs:

Interest rate: -0.05%

Volatility: 49%

Expected life of B ordinary shares: 2 years

The charge for the year ended 31 December 2020 was £399,840 (2019 - £nil)

18. PENSION COMMITMENTS

The company operates a defined contribution 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 £368,799 (2019 - £329,883). Contributions totalling £148,375 (2019 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

19. OTHER FINANCIAL COMMITMENTS

At 31 December 2020, Raspberry Pi (Trading) Limited had a contractual commitment to purchase inventory from Arrow Electronics (UK) Limited to the value of \$2,455,000. This contractual commitment was effective 1st November 2018 and is for a maximum period of 3 years from that date.

RASPBERRY PI (TRADING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

On 17 December 2020, Raspberry Pi (Trading) Limited entered into a contractual commitment with EBV Elektronik GmbH effective 1 January 2021. This agreement means that Avnet Business Services GmbH is obligated to maintain \$4 million of buffer inventory upon which the company is entitled to draw. In the event the company's requirement for that inventory were to cease, a commitment of \$4 million would crystallise. This agreement can be terminated without cause by either party giving the other party 2 years' written notice.

20. OPERATING LEASE COMMITMENTS

At 31 December 2020, the total minimum lease payments under non-cancellable operating leases are due in the following periods by the company:

	Land and buildings	
	2020 £	2019 £
Within one year	296,003	286,831
Between two and five years	1,063,832	1,026,187
Over five years	1,964,261	2,220,469
Total	3,324,096	3,533,487

21. RELATED PARTY TRANSACTIONS

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.

During the period to 30 September 2020, the company reimbursed expenses of £10,679 (2019 - £15,462) to Dr E C Upton, a director. In addition, the company made salary payments of £31,488 (2019 - £39,012) and pension contributions of £3,445 (2019 - £3,336) to the wife of Dr E C Upton during the year in respect of her work as Director of Communications.

The company made salary payments of £3,264 during the year to Miss J Hollingworth, the daughter of Dr G S Hollingworth, a director, in respect of her work in the Raspberry Pi store.

Mr M J Hellawell is a director of both Raspberry Pi (Trading) Limited and Softcat plc. During the year, purchases of £108,713 were made from Softcat plc by Raspberry Pi (Trading) Limited (2019 - £nil). The balance owed by the company to Softcat plc at 31 December 2020 was £nil (2019 - £nil).

22. BORROWINGS

During the year, the company put a £3 million overdraft facility in place. At 31 December 2020 the company had £nil overdraft borrowings (2019 - £nil.) The facility is secured by a debenture granted by Raspberry Pi (Trading) Limited in favour of Barclays Bank plc.

During the year, Barclays Bank plc offered the company a revolving credit facility of £7 million. The facility is secured by a debenture granted in favour of Barclays Bank plc. The facility has covenants relating to leverage (gross borrowings to EBITDA) and interest coverage. The company owed £nil under this facility

RASPBERRY PI (TRADING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

at 31 December 2020 (31 December 2019 - £nil.)

23. POST BALANCE SHEET EVENTS

In 2021, the company entered into a licence agreement to purchase designs in respect of processors to be used in its products. The total commitment amounts to £4.025 million payable in instalments between March 2022 and March 2025.

24. 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.