

Company Registration No. 09826773 (England and Wales)

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020**

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BLIGHTER SURVEILLANCE SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of the design, production and sale of electronic-scanning ('e-scan') radar and related services used by end customers to protect valued and critical assets across a range of markets including military and defence, border protection, critical national infrastructure, airports and oil and gas. The e-scan radars are used as surveillance in ground, coastal and air situations.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C P Bannar	(Appointed 9 July 2019)
G A Hone	(Appointed 9 July 2019)
M Radford	
T A Sambrook	(Appointed 9 July 2019)
T K Todd	(Appointed 9 July 2019)
T Jackson	(Resigned 18 July 2019)
I A Murphy	(Resigned 18 July 2019)
Dr C R Smithers	(Resigned 18 July 2019)

Review of the year

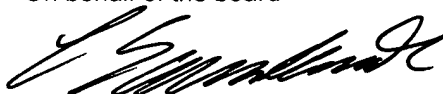
The business has continued its scaling plans started in the prior financial year. To deliver the plans the shareholders appointed a new board of directors in July 2019, and the board secured a debt facility to fund working capital and reducing product lead times. The board has established a fit-for-purpose governance framework to support the scaling plans. A number of areas of investment are being made including: developing products and services, with the A800 product being launched in September 2020; increasing the capacity (processes, systems and people) to enable efficient and controlled growth; and placing greater focus on commercial resources and channel strategy. In March 2020 the Covid-19 pandemic negatively impacted the business' pipeline conversion and its ability to ship product. This was evident through the delay in securing particular orders.

Future developments

The rapid increase in drone usage and the impact of geopolitics particularly on border protection are driving the need for surveillance and protection of valuable and critical assets. The global market for Blighter's radars is growing rapidly. The business continues to invest in developing radars with enhanced capability along with services to complement the existing product range. Although Covid-19 will continue to weigh on the ability to trial radars and build relationships there has been strong engagement with customers, partners and suppliers to make this transition to new practices work effectively.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



T A Sambrook
Director

Date: 30 October 2020

BLIGHTER SURVEILLANCE SYSTEMS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	5	170,083		64,059	
Investments	6	8		8	
		<u>170,091</u>		<u>64,067</u>	
Current assets					
Stocks		1,320,656		533,411	
Debtors	7	1,634,970		1,422,772	
Cash at bank and in hand		1,458,067		2,358,040	
		<u>4,413,693</u>		<u>4,314,223</u>	
Creditors: amounts falling due within one year	8	<u>(2,138,564)</u>		<u>(3,451,041)</u>	
Net current assets		<u>2,275,129</u>		<u>863,182</u>	
Total assets less current liabilities		<u>2,445,220</u>		<u>927,249</u>	
Creditors: amounts falling due after more than one year	9	(1,870,698)		(318,000)	
Provisions for liabilities	11	(76,502)		(180,000)	
Net assets		<u>498,020</u>		<u>429,249</u>	
Capital and reserves					
Called up share capital	13	3,853		3,853	
Share premium account	14	388,220		388,220	
Other reserves	14	29,894		-	
Profit and loss reserves	14	76,053		37,176	
Total equity		<u>498,020</u>		<u>429,249</u>	

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 March 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 30 October 2020 and are signed on its behalf by:



T A Sambrook
Director

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

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

	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2018	3,853	388,220	-	(934,099)	(542,026)
Year ended 31 March 2019:					
Profit and total comprehensive income for the year	-	-	-	971,275	971,275
Balance at 31 March 2019	3,853	388,220	-	37,176	429,249
Year ended 31 March 2020:					
Profit and total comprehensive income for the year	-	-	-	38,877	38,877
Transfers	-	-	29,894	-	29,894
Balance at 31 March 2020	3,853	388,220	29,894	76,053	498,020

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

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

1 Accounting policies

Company information

Blighter Surveillance Systems Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Iceni House, London Road, Great Chesterford, Saffron Walden, England, CB10 1NY.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

At the year end, the company had net assets of £498,020. The directors have reviewed the cash flow requirements and forecasts of the business for a period of at least 12 months from the date of approval of these financial statements. These indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period. Therefore, the directors consider the use of the going concern basis to be appropriate for the preparation of the financial statements as at 31 March 2020.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5 years straight line
Fixtures and fittings	5 years straight line
Computers and electronic equipment	3 to 5 years straight line

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by related parties and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, other loans and loans from related parties, are initially recognised at transaction and are subsequently carried at amortised cost, using the effective interest rate method.

Transactions costs incurred on basic financial liabilities are initially capitalised and are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Other financial liabilities are recognised at fair value using an appropriate valuation technique and any gains or losses are recognised in profit or loss.

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 36 (2019 - 21).

3 Directors' remuneration

	2020 £	2019 £
Remuneration paid to directors	441,902	121,885

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

4 Share-based payment transactions

The Company has issued equity settled share based payments to both employees and non-employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value at the grant date of the equity settled share based payment is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date"). The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020	2019
Outstanding at 1 April 2019	7,581,548	7,645,847	0.01p	0.01p
Granted	4,285,252	-	1.33p	-
Forfeited	(518,237)	-	0.01p	-
Expired	(71,586)	(64,299)	0.01p	0.01p
Outstanding at 31 March 2020	<u>11,276,977</u>	<u>7,581,548</u>	<u>0.51p</u>	<u>0.01p</u>
Exercisable at 31 March 2020	<u>5,147,771</u>	<u>3,744,690</u>	<u>0.01p</u>	<u>0.01p</u>

The options outstanding at 31 March 2020 had an exercise price ranging from 0.01p to 17p, and a remaining contractual life of 4 years.

During the year, the company recognised total share-based payment expenses of £29,894 (2019 - £Nil) which related to equity settled share based payment transactions.

During the year the company issued a further 956,364 warrants, bringing the total share warrants issued to 2,880,434 (2019: 1,924,070). These all remain unvested at the year end. See note 16 for consideration of the fair value of the warrants.

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

5 Tangible fixed assets

	Leasehold improvements	Furniture, fittings & equipment	Computers and electronic equipment	Total
	£	£	£	£
Cost				
At 1 April 2019	4,110	27,365	211,916	243,391
Additions	3,150	-	159,319	162,469
At 31 March 2020	7,260	27,365	371,235	405,860
Depreciation and impairment				
At 1 April 2019	137	11,326	167,869	179,332
Depreciation charged in the year	1,190	6,224	49,031	56,445
At 31 March 2020	1,327	17,550	216,900	235,777
Carrying amount				
At 31 March 2020	5,933	9,815	154,335	170,083
At 31 March 2019	3,973	16,039	44,047	64,059

6 Fixed asset investments

	2020 £	2019 £
Investments	8	8

The value of fixed asset investments relates to 100% of the share capital of Icen Defence Inc. The principal activity of Icen Defence Inc is to provide electronic-scanning radar and sensors across a range of markets. The company did not trade through the period and remains dormant at the balance sheet date.

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 April 2019 & 31 March 2020	8
Carrying amount	
At 31 March 2020	8
At 31 March 2019	8

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

7 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,238,130	1,331,509
Corporation tax recoverable	186,075	-
Amounts owed by related parties	10,217	3,561
Other debtors	173,010	59,294
	<u>1,607,432</u>	<u>1,394,364</u>
Deferred tax asset	27,538	28,408
	<u>1,634,970</u>	<u>1,422,772</u>

8 Creditors: amounts falling due within one year

	2020 £	2019 £
Loans	264,902	-
Trade creditors	383,343	498,818
Amounts due to related parties	132,953	148,456
Corporation tax	-	58,005
Other taxation and social security	143,423	263,970
Accruals and other creditors	293,007	465,230
Deferred income	920,936	2,016,562
	<u>2,138,564</u>	<u>3,451,041</u>

9 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Loans	1,672,698	-
Amounts due to related parties	198,000	318,000
	<u>1,870,698</u>	<u>318,000</u>

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Borrowings

	2020 £	2019 £
Loans from related parties	318,000	438,000
Loans	1,937,600	-
	<u>2,255,600</u>	<u>438,000</u>
Payable within one year	384,902	120,000
Payable after one year	<u>1,870,698</u>	<u>318,000</u>

The loans are secured by a fixed and floating charge over the assets of the Company.

During the year the Company entered into a loan through a fund manager, BOOST&Co Limited, via the lender IL2 (2018) S.A.R.L for £2,000,000. The loan is included net of transaction costs of £62,400 (2019: £nil). This loan has an interest only period spanning 12 months from the date of drawdown and is repayable by 1 July 2024. Interest is charged at 10.25% per annum. Interest charged to the profit and loss during the year was £142,102 (2019: £Nil), including £9,600 of amortisation of capitalised transaction costs.

Loans from related parties relates to a loan due to Plextek Services Limited. This loan is repayable by 31 December 2022. Interest is payable at 3% per annum above the Bank of England base rate, increasing by 3% per annum throughout the life of the loan, meaning interest payable for the year starting 1 January 2021 is charged at 9% above the Bank of England base rate. Interest charged to the profit and loss during the year was £16,841 (2019: £17,667).

11 Provisions for liabilities

	2020 £	2019 £
Warranty provision	<u>76,502</u>	<u>180,000</u>
Movements on provisions:		
		Warranty provision
		£
At 1 April 2019		180,000
Additional provisions in the year		43,080
Provisions released to profit or loss		<u>(146,578)</u>
At 31 March 2020		<u>76,502</u>

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	233,712	113,053

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the year end contributions totalling £23,045 (2019: £10,877) were payable to the scheme and are included in other creditors.

In addition £Nil (2019: £12,674) is included in accruals in respect of an historical liability transferred to the company on transfer of the trade and assets from Plextek Limited in December 2015.

13 Called up share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
35,970,000 A Ordinary of 0.01p each	3,600	3,600
2,313,928 B Ordinary of 0.01p each	231	231
217,907 C Ordinary of 0.01p each	22	22
	<u>3,853</u>	<u>3,853</u>

14 Reserves

Other reserves

Other reserves consist of the share-based payment reserve, being the cumulative share-based payment expense.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

15 Financial commitments, guarantees and contingent liabilities

During the year, the company issued 956,364 warrants (see note 4) alongside the IL2 (2018) S.A.R.L loan via BOOST&Co Limited. The nature of the contract is such that this instrument is deemed to be a financial liability measured at fair value through profit or loss.

The fair value of the liability is considered immaterial based on management's estimate for the present value of future cash outflows. There are not considered to be significant credit, liquidity or market risks associated with the value of this liability.

BLIGHTER SURVEILLANCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

16 Related party transactions

Remuneration of key management personnel

	2020 £	2019 £
Aggregate compensation	685,562	122,485

Dr Colin Smithers, Tim Jackson and Ian Murphy, all directors of the company during the reporting period, were also directors of Plextek Limited and Plextek Services Limited and Plextek RFI Limited.

During the period, expenses totalling £160,569 (2019 : £124,808) were borne on behalf of the company by Plextek Limited and recharged at cost. In addition, expenses totalling £13,784 (2019: £3,561) were borne on behalf of Plextek Limited with a value of £681,277 (2019: £672,171), and other expenses of £67,349 (2019: £Nil) were charged to Plextek Limited by the company. At the year end, the company owed Plextek Limited £12,365 (2019: £16,319) and was owed £10,217 (2019: £3,561) by Plextek Limited in respect of these transactions.

During the period, purchases of goods and services were made from Plextek Services Limited with a value of £56,945 (2019: £301,495). In addition, sales of goods and services were made to Plextek Services Limited with a value of £3,000 (2019: £Nil), and other expenses of £10,880 (2019: £Nil) were charged to Plextek Services Limited by the company. At the year end, the company owed Plextek Services Limited £588 (2019: £12,137) in respect of these transactions.

At 31 March 2020, there was a balance outstanding of £318,000 (2019: 438,000) in respect of a loan from Plextek Services Limited. During the period, the company made loan repayments of £120,000 (2019: £620,000) and paid interest of £16,841 (2019: £18,192) in respect of this loan.

During the period, purchases of goods and services were made from Plextek RFI Limited with a value of £1,856 (2019: £Nil).