

Company registration number 03943726 (England and Wales)

IDEAWORKS (LONDON) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

IDEAWORKS (LONDON) LIMITED

COMPANY INFORMATION

Directors	K D Andrews D W Wood S J Daines C Jones R Barrett O Andrews P Cotton
Secretary	Mrs K P Andrews
Company number	03943726
Registered office	206 Great Portland Street London United Kingdom W1W 5QJ
Auditor	Azets Audit Services 5th Floor Ashford Commercial Quarter 1 Dover Place Ashford Kent United Kingdom TN23 1FB
Business address	The Oast Perry Court Faversham Kent United Kingdom ME13 8RY
Bankers	Barclays Bank PLC 66 High Street Ashford Kent United Kingdom TN24 8TL
Solicitors	Fenwick Elliot Aldwych House 71-91 Aldwych London United Kingdom WC2B 4HN

IDEAWORKS (LONDON) LIMITED

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IDEAWORKS (LONDON) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Group structure

Ideaworks (London) Group Limited was established in November 2013 as the initial holding company within the group. In December 2013, Ideaworks (London) Group Limited acquired all the share capital of Ideaworks (London) Limited through a management buyout, making Ideaworks (London) Limited the primary trading subsidiary.

To further consolidate our operations, Ideaworks Group Ltd was formed in May 2020 as the new holding company. In December 2020, Ideaworks (London) Group Ltd underwent a partial management buyout, with 44.5% of its share capital acquired by the management team.

We have experienced increasing international presence, particularly in the marine market. In September 2017, we established our Monaco office to strengthen existing relationships and provide closer support for projects in the residential and marine markets.

In December 2018, we incorporated Ideaworks Global Limited in the UK as a subsidiary of Ideaworks (London) Group, formalizing our international structure.

To further strengthen our position in key markets, we established Ideaworks Netherlands BV in the Netherlands as a subsidiary of Ideaworks Global Limited in March 2019. Additionally, we have Ideaworks Germany GmbH, a registered subsidiary in Germany.

The group is controlled by a senior management team comprising shareholders who have been integral to the business for many years.

Fair Review of the business

Over the past 30 years, our group has evolved into one of Europe's leading integration companies, offering comprehensive design, implementation, and aftercare services to the Super Prime Home and Super Yacht markets. Our expertise lies in integrating lighting, temperature, security, entertainment systems, and unified control through user-friendly interfaces.

With a strategic objective to have a balanced portfolio of Residential and Marine projects, we have invested in developing our position in both sectors. We now have a strong and long-term order book, with project deliveries contributing significantly to our growth and providing a solid foundation until 2026.

Our Experience Centre in central London serves as an interactive learning space for design professionals and clients, allowing them to explore competing technologies side by side. This engaging space has yielded positive results, fostering increased interaction with the professional design community, which in turn drives clients and projects to the Experience Centre.

The directors are confident that we are making sufficient investments in the business to maintain our technological advantage over competitors, deliver exceptional projects to clients, and provide our staff with stimulating opportunities for growth within a motivating work culture.

IDEAWORKS (LONDON) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

Liquidity Risk

The company operates numerous concurrent projects, each with its own cash cycle. Consequently, the business's cash flow can fluctuate due to the diverse nature of these projects and their individual profiles, particularly evident in large, long-term projects.

To ensure the business meets its operational requirements, the group diligently manages its cash and borrowing needs, striving to maintain adequate liquid resources.

As the group expands its European activities, the volume of transactions in foreign currencies has risen. To mitigate potential future fluctuations in foreign currency exchange rates, the group employs a portfolio of natural trading hedges and foreign currency forward contracts.

People

Our people are our most valuable asset, and as we continue to grow, it is crucial that we attract, motivate, and retain talented individuals. We prioritize creating a culture of leadership, strong values, and rewarding experiences to support our purpose. We actively engage with our staff, listen to their feedback, and encourage their personal and professional development. We are proud that our staff turnover rates remain consistently low and well below market averages.

Technology

Embracing evolving technology trends has always been integral to our company's culture, and the pace of change in this regard continues to accelerate. Our management team has made significant investments to maintain our leading position at the forefront of technological advancements.

Research and Development

Innovation has been ingrained in our DNA, driving us to continuously push boundaries for the benefit of our clients and ourselves. While we do incorporate off-the-shelf products when suitable, our penchant for creativity often leads us to develop custom solutions and products.

What sets us apart is our dedicated R&D team that designs, explores and tests new technologies. This unique advantage reassures our clients that they will have access to cutting-edge technology that ranks among the best in the industry.

Brexit

The ramifications of Brexit have posed challenges in the smooth movement of goods to and from the European Union. In response, we have meticulously devised an intricate and dependable internal product and asset tracking system. Additionally, we have fostered robust partnerships with logistics providers and customs clearance agents, positioning ourselves as industry leaders in project delivery within the EU.

War in Ukraine

The recent conflict in Ukraine has impacted several contracts with Russian clients, both in the residential and superyacht markets. To ensure full compliance with sanctions, we diligently seek ongoing legal advice.

We closely monitor the financial ramifications associated with the challenges these projects face, proactively managing our resources and cash flow.

Financial Position

The group's financial position continues to strengthen in line with the directors' expectations.

IDEAWORKS (LONDON) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Key performance indicators

The directors regard the confirmed order book, profit before tax, and cash balances as crucial measures of the business's performance.

Our confirmed forward order book extends 2-3 years into the future, surpassing industry averages in terms of longevity.

We maintain an adequate cash reserve to meet our obligations promptly as they arise.

The financial results for the period ending on 31 March 2023 reveal a profit before taxation of £368,969.

On behalf of the board

C Jones

Director

30 November 2023

IDEAWORKS (LONDON) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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

Principal activities

The principal activity of the company during the year was the provision of a full range of design, implementation and aftercare services to the Super Prime Home and Super Yacht markets as explained more fully in the strategic report on page 1.

Directors

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

K D Andrews
D W Wood
S J Daines
C Jones
R Barrett
O Andrews
P Cotton

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £391,114. The directors do not recommend payment of a further dividend.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

C Jones
Director

30 November 2023

IDEAWORKS (LONDON) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

IDEAWORKS (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDEAWORKS (LONDON) LIMITED

Opinion

We have audited the financial statements of Ideaworks (London) Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 March 2023 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

IDEAWORKS (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF IDEAWORKS (LONDON) LIMITED

Matters on which we are required to report by exception

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.

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

IDEAWORKS (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF IDEAWORKS (LONDON) LIMITED

Extent to which 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Michael Swan
Senior Statutory Auditor
For and on behalf of Azets Audit Services

30 November 2023

Chartered Accountants
Statutory Auditor

5th Floor
Ashford Commercial Quarter
1 Dover Place
Ashford
Kent
United Kingdom
TN23 1FB

IDEAWORKS (LONDON) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	25,389,475	22,191,805
Cost of sales		(20,914,795)	(18,474,706)
Gross profit		4,474,680	3,717,099
Administrative expenses		(3,695,917)	(3,757,057)
Other operating income		-	203,830
Operating profit	4	778,763	163,872
Interest receivable and similar income	6	-	2,713
Interest payable and similar expenses	7	(409,794)	(20)
Profit before taxation		368,969	166,565
Tax on profit	8	22,155	(115,356)
Profit for the financial year		391,124	51,209

The profit and loss account has been prepared on the basis that all operations are continuing operations.

IDEAWORKS (LONDON) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		1,431,713		870,164
Investments	11		10,288		10,288
			<u>1,442,001</u>		<u>880,452</u>
Current assets					
Stocks	13	1,555,807		703,375	
Debtors	14	29,596,639		13,441,875	
Cash at bank and in hand		3,647,909		2,098,104	
		<u>34,800,355</u>		<u>16,243,354</u>	
Creditors: amounts falling due within one year	15	(13,274,949)		(11,122,351)	
Net current assets			<u>21,525,406</u>		<u>5,121,003</u>
Total assets less current liabilities			<u>22,967,407</u>		<u>6,001,455</u>
Creditors: amounts falling due after more than one year	16		(522,255)		-
Provisions for liabilities					
Provisions	19	16,465,842		-	
Deferred tax liability	20	77,332		99,487	
		<u>(16,543,174)</u>		<u>(99,487)</u>	
Net assets			<u><u>5,901,978</u></u>		<u><u>5,901,968</u></u>
Capital and reserves					
Called up share capital	22		1,003		1,003
Profit and loss reserves			5,900,975		5,900,965
Total equity			<u><u>5,901,978</u></u>		<u><u>5,901,968</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 November 2023 and are signed on its behalf by:

C Jones
Director

Company Registration No. 03943726

IDEAWORKS (LONDON) LIMITED

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

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 April 2021	1,003	5,849,756	5,850,759
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	51,209	51,209
Balance at 31 March 2022	1,003	5,900,965	5,901,968
Year ended 31 March 2023:			
Profit and total comprehensive income for the year	-	391,124	391,124
Dividends	9	(391,114)	(391,114)
Balance at 31 March 2023	1,003	5,900,975	5,901,978

IDEAWORKS (LONDON) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27				
		18,568,191		(1,372,341)	
Interest paid		(9,925)		(20)	
Net cash inflow/(outflow) from operating activities		18,558,266		(1,372,361)	
Investing activities					
Purchase of tangible fixed assets		(852,002)		(707,755)	
Proceeds from disposal of tangible fixed assets		1,959		1,341	
Repayment of loans		-		700,000	
Interest received		-		2,713	
Net cash used in investing activities		(850,043)		(3,701)	
Financing activities					
Repayment of derivatives		(16,065,973)		-	
Payment of finance leases obligations		733,729		5,403	
Dividends paid		(391,114)		-	
Net cash (used in)/generated from financing activities		(15,723,358)		5,403	
Net increase/(decrease) in cash and cash equivalents		1,984,865		(1,370,659)	
Cash and cash equivalents at beginning of year		1,663,044		3,033,703	
Cash and cash equivalents at end of year		3,647,909		1,663,044	
Relating to:					
Cash at bank and in hand		3,647,909		2,098,104	
Bank overdrafts included in creditors payable within one year		-		(435,060)	

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Ideaworks (London) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 206 Great Portland Street, London, United Kingdom, W1W 5QJ.

1.1 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.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Ideaworks (London) Limited is subsidiary of Ideaworks Group Limited. The results of Ideaworks (London) Limited are included in the consolidated financial statements of Ideaworks Group Limited which are available from 206 Great Portland Street, London.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 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. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 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	20% or 33 1/3% Straight line basis or over the lease term
Computer equipment	33 1/3 % Straight line basis
Fixtures and fittings	15% Reducing balance basis
Motor vehicles	15/25% Reducing balance basis

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.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

At the year end the directors reviewed the stock for any signs of impairment. Due to the ever changing technology, it was decided that a policy of stock purchased in 2018 or prior would be impaired by two thirds. This policy will be reviewed annually to ensure it remains appropriate.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 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 in the company's balance sheet 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 debtors 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.14 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. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2023	2022
	£	£
Turnover analysed by class of business		
Sales	25,389,475	22,191,805

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue (Continued)

	2023	2022
	£	£
Other significant revenue		
Interest income	-	2,713
Grants received	-	203,830
	<u> </u>	<u> </u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(438,419)	(332,510)
Research and development costs	623,027	544,742
Government grants	-	(203,830)
Fees payable to the company's auditor for the audit of the company's financial statements	21,500	24,325
Depreciation of owned tangible fixed assets	264,941	240,238
Loss on disposal of tangible fixed assets	23,553	1,241
Operating lease charges	494,112	460,863
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
Customer facing	101	108
Business support	45	33
	<u> </u>	<u> </u>
Total	146	141
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	5,540,068	5,707,265
Social security costs	659,818	621,234
Pension costs	134,129	126,964
	<u> </u>	<u> </u>
	6,334,015	6,455,463
	<u> </u>	<u> </u>

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Other interest income	-	2,713
	<u> </u>	<u> </u>

7 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	9,925	20
Other finance costs:		
Loss on hedging instrument in a fair value hedge	399,869	-
	<u> </u>	<u> </u>
	<u>409,794</u>	<u>20</u>

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Taxation

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	(22,155)	115,356

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	368,969	166,565
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	70,104	31,647
Tax effect of expenses that are not deductible in determining taxable profit	10,342	8,154
Group relief	(137,145)	102,760
Depreciation on assets not qualifying for tax allowances	50,339	22,993
Research and development tax credit	(68,655)	(134,551)
Other permanent differences	(960)	(960)
Deferred tax adjustments in respect of prior years	(22,155)	85,313
Loss on hedging instrument	75,975	-
Taxation (credit)/charge for the year	(22,155)	115,356

9 Dividends

	2023 £	2022 £
Final paid	391,114	-

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2022	2,486,625	1,651,904	261,139	98,018	4,497,686
Additions	326,548	473,073	22,202	30,179	852,002
Disposals	(1,821,110)	(1,530,511)	(141,592)	(34,926)	(3,528,139)
At 31 March 2023	992,063	594,466	141,749	93,271	1,821,549
Depreciation and impairment					
At 1 April 2022	1,891,543	1,510,106	156,395	69,478	3,627,522
Depreciation charged in the year	127,437	106,516	17,918	13,070	264,941
Eliminated in respect of disposals	(1,821,110)	(1,530,511)	(119,668)	(31,338)	(3,502,627)
At 31 March 2023	197,870	86,111	54,645	51,210	389,836
Carrying amount					
At 31 March 2023	794,193	508,355	87,104	42,061	1,431,713
At 31 March 2022	595,082	141,798	104,744	28,540	870,164

11 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	12	10,288	10,288

12 Subsidiaries

These financial statements are separate company financial statements for Ideaworks (London) Limited.

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Ideaworks (Germany) GmbH	Germany	Ordinary	100.00

The investments in subsidiaries are stated at cost.

13 Stocks

	2023 £	2022 £
Finished goods and goods for resale	1,555,807	703,375

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	4,295,697	3,394,412
Gross amounts owed by contract customers	1,604,372	1,937,690
Amounts owed by group undertakings	4,983,353	5,702,900
Other debtors	885,752	1,007,084
Prepayments and accrued income	1,761,492	1,399,789
	<u>13,530,666</u>	<u>13,441,875</u>
	2023	2022
	£	£
Amounts falling due after more than one year:		
Derivative financial instruments	16,065,973	-
	<u>16,065,973</u>	<u>-</u>
Total debtors	<u>29,596,639</u>	<u>13,441,875</u>

15 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Bank loans and overdrafts	17	-	435,060
Obligations under finance leases	18	599,291	387,817
Payments received on account		7,580,525	4,265,141
Trade creditors		1,560,487	1,319,595
Amounts owed to group undertakings		1,022,857	1,755,823
Taxation and social security		179,628	176,160
Other creditors		-	50,867
Accruals and deferred income		2,332,161	2,731,888
		<u>13,274,949</u>	<u>11,122,351</u>

16 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£	£
Obligations under finance leases	18	522,255	-
		<u>522,255</u>	<u>-</u>

The Finance lease liabilities are secured over the assets to which they relate. Subsequent to the year end the Company settled one of the contracts in full, in the sum of £178,959.

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Loans and overdrafts

	2023 £	2022 £
Bank overdrafts	-	435,060
Payable within one year	-	435,060

18 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	599,291	387,817
In two to five years	522,255	-
	1,121,546	387,817

Finance lease payments represent rentals payable by the company for certain items of finished goods purchases. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 1 to 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

	2023 £	2022 £
	16,465,842	-
Movements on provisions:		
		£
Additional provisions in the year		16,465,842

As referred to in note 22, the Company has entered into foreign exchange forward contracts, the provision is the obligation to settle contracts in the future at an agreed exchange rate.

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
ACAs	318,851	159,798
Tax losses	(241,519)	(60,311)
	<u>77,332</u>	<u>99,487</u>
		2023 £
Movements in the year:		
Liability at 1 April 2022		99,487
Credit to profit or loss		(22,155)
		<u>77,332</u>

21 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>134,129</u>	<u>126,964</u>

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.

22 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of £1 each	1,000	1,000	1,000	1,000
Ordinary B shares of £1 each	1	1	1	1
Ordinary C shares of £1 each	1	1	1	1
Ordinary D shares of £1 each	1	1	1	1
	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

23 Financial commitments, guarantees and contingent liabilities

As referred to in the Strategic Report, at the balance sheet date the Company had entered into foreign exchange forward contracts to the value of £16,063,996 (2022: £24,426,652) which were all due to crystallise after the year end.

Post the year end and prior to the signature of the Financial Statements a number of the foreign exchange forward contracts have been settled and the actual exchange rate used has been utilised to reflect the substance of the hedge.

24 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties, equipment and vehicles. Leases are negotiated for an average term of between 3 to 10 years and rentals are fixed for an average of 3 to 5 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	285,165	374,470
Between two and five years	411,849	615,711
In over five years	87,333	205,333
	<u>784,347</u>	<u>1,195,514</u>

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	<u>1,102,156</u>	<u>962,893</u>

The following amounts were outstanding at the reporting end date:

The company maintains a loan with Tyba Home Ltd, a company under the control of a director of the company, in the sum of £457,453 (2022: £457,453).

Other information

The company has taken the exemption available under section 33.1A of FRS102 whereby it has not disclosed transactions entered into between two or more members of a group, where the subsidiary which is party to the transaction is a wholly owned member.

IDEAWORKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

26 Ultimate controlling party

The ultimate parent company is Ideaworks Group Limited, a company incorporated in England and Wales under company number 12606992. The consolidated financial statements of the ultimate parent company include the results of the company. A copy of these financial statements can be obtained from the registered office, 206 Great Portland Street, London.

The ultimate controlling party is Mr K Andrews.

27 Cash generated from operations

	2023 £	2022 £
Profit for the year after tax	391,124	51,209
Adjustments for:		
Taxation (credited)/charged	(22,155)	115,356
Finance costs	409,794	20
Investment income	-	(2,713)
Loss on disposal of tangible fixed assets	23,553	1,241
Depreciation and impairment of tangible fixed assets	264,941	240,238
Increase in provisions	16,065,973	-
Movements in working capital:		
(Increase) in stocks	(852,432)	(31,928)
(Increase) in debtors	(88,791)	(5,442,408)
Increase in creditors	2,376,184	3,696,644
Cash generated from/(absorbed by) operations	18,568,191	(1,372,341)

28 Analysis of changes in net funds

	1 April 2022 £	Cash flows £	31 March 2023 £
Cash at bank and in hand	2,098,104	1,549,805	3,647,909
Bank overdrafts	(435,060)	435,060	-
	<u>1,663,044</u>	<u>1,984,865</u>	<u>3,647,909</u>
Obligations under finance leases	(387,817)	(733,729)	(1,121,546)
	<u>1,275,227</u>	<u>1,251,136</u>	<u>2,526,363</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.