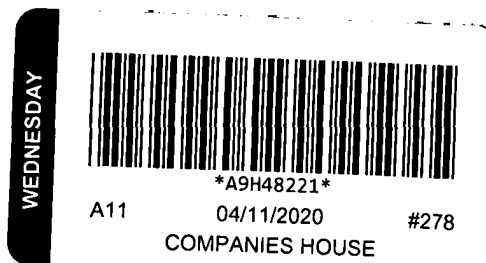


MASS CONSULTANTS LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020



Registered No. 01705804

MASS CONSULTANTS LIMITED
01705804
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For the year ended 30 April 2020

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MASS CONSULTANTS LIMITED
01705804
COMPANY INFORMATION
For the year ended 30 April 2020

DIRECTORS

C A Stanley
A S Thomis
S R Walther

SECRETARY

S Bilkhu

REGISTERED OFFICE

Enterprise House
Great North Road
Little Paxton
St Neots
Cambridgeshire
PE19 6BN

REGISTERED NUMBER

01705804

AUDITOR

RSM UK AUDIT LLP
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

BUSINESS REVIEW

MASS Consultants Limited (the "Company") had a very successful year with strong growth in revenue and profit. Our cash position remains healthy and we have a strong order book and pipeline, having won over £31m of orders in the year.

In Defence and Security, we have retained or expanded our in-service support contracts, which provide critical support to front line forces and UK strategic operations including the provision of exercise support to the UK's Permanent Joint Forces Command, NATO, UK Land, Air and Maritime Headquarters. In Education, we have continued to provide ICT services and solutions to schools and colleges. In Digital Forensics we have worked with the Metropolitan Police on implementing their Digital Forensics Managed Service.

As in previous years, pressure remains on UK public spending, and Defence reform is set to continue for some time. At the same time, worldwide events have given rise to new opportunities, although the timing of export orders continues to be less predictable. The occurrence of COVID-19 around the world has also made both contract timings and budgets much less predictable.

In Electronic Warfare (EW) Operational Support, we have continued to deliver training courses and specialist EW technical services to customers in Asia, Europe, and the Middle East throughout the year. Our market lead in independent EW operational support and training services across land, air, maritime and joint domains in both the UK and international markets has continued with some of this expertise being recognised as unique outside of government organisations. Our independence enables us to provide impartial support, training and tools and to build strategic partnerships with platform prime contractors, including BAE Systems and Leonardo. Our unique expertise is increasingly important as a discriminator for such companies in their platform and equipment sales activities.

We are proud of the excellent reputation that MASS retains with our customers and partners. We continue to receive excellent customer references, reflecting the high calibre of our people and capability alike. We have been investing in research and technology development, particularly in the areas of cyber security and EW, and expect to see future benefits from this.

FUTURE DEVELOPMENTS

Looking forward, cyber security continues to be an important part of our growth and our pedigree spanning almost 20 years to design and support secure networks at the highest levels, our work in Information Assurance, and novel research projects in this field help to demonstrate our competence in this area. We were one of the first organisations to be accredited to Cyber Essentials Plus and are an approved assessment and accrediting body for others. The work developing the Metropolitan Police Service's digital forensics managed service, has allowed us to build up credibility with other Police Forces leading to hopes that this area will become an important area of growth going forward. We have now broadened the scope of our digital services offerings and created an internal group focusing on these activities.

In EW, we continue to have a strong order pipeline, with around two thirds of these relating to export markets; although by their nature, the timing of these can be hard to predict.

Despite a degree of uncertainty, including Brexit conclusions and COVID-19, and tightening of government spending both domestically and in some export markets, we continue to see the potential for cautious growth across the business. Combined with our capable people, excellent customer relationships, and good prospects, the outlook for the coming years is positive.

PRINCIPAL ACTIVITIES

The Company's core business is in Electronic Warfare (EW) operational support, digital services, Training support and Strategic Systems. Now in its 38th year, the Company is predominantly in the Defence and Security market, with the remainder in commercial ICT reliant businesses.

PRINCIPAL RISKS AND UNCERTAINTIES

Revenue The Company takes a prudent approach to the recognition of revenue. Any work done at risk (i.e. before contractual agreement) is minimal and controlled by management through authorisation at the appropriate level and regular review. The Company manages payment risk through informed choice of customer and effective control processes.

Operations The primary operational risk is to maintain the appropriate level and skill of employees in order to deliver successfully to customers and maximise profitability. In order to do so, the level of utilisation of employees is reviewed regularly by management, both in terms of past performance and future tasks. The Company mitigates this risk by employing sub-contractors where appropriate in order that specific skills are contracted as needed; in order to maximise the effectiveness of this measure, the Company is active in maintaining a database of skilled sub-contractors. All sub-contractors are subject to checks both before and during delivery to ensure they are appropriately incorporated and delivering to a high standard.

The Company's contracts with customers are either priced based upon the level of resources expended or on a fixed-price basis. Both types of contracts are reviewed in detail on a regular basis; profit is taken in a prudent manner, reflecting risk and level of future costs expected.

The COVID-19 pandemic and subsequent lockdowns across the world came in the last quarter of our financial year, typically our busiest period. This resulted in some restriction of our activities, particularly access to customer sites and access of some customers to our training facilities. However, the Company was able to demonstrate flexibility of the workforce during these times.

Treasury The Company takes a prudent approach to financial instruments, which is governed by Cohort Plc group policy.

With regard to cash flow, performance and future expectations are reviewed in detail on a regular basis to ensure that the business has maximised its working capital position and maintains adequate funds.

Further to the mitigating activities above, the Company maintains appropriate insurance cover in respect of legal actions against the directors as well as against material loss or claims against the Company and the adequacy of cover is reviewed regularly.

KEY PERFORMANCE INDICATORS (KPIs)

The Company measures progress via the following KPIs:

Change in turnover

Indicates the changes in total Company turnover compared with prior years. This growth gives a quantified indication of the rate at which the Company's business activity is expanding over time. The annual growth is 5.8% (2019: 3.6%).

Order book viability

Order book viability measured as orders received which are deliverable in the next financial year over the total forecast sales for the year. This provides a measure of the level of confidence in achieving future revenue forecasts for that year. Currently cover is 68% on forecast revenue of £40.5m (2019: 45% on £44m).

SECTION 172 STATEMENT

The Company has its own board and management team which meets regularly. Monthly reporting by Mass Consultants Ltd to Cohort Plc group, facilitates good oversight and communication and enables a continuous exchange of information on engagement with stakeholders and other s172 considerations at both Cohort Plc group and the Company level. When making a decision, the Directors, together with the Company management team, take into consideration the Company's mission and core values, together with its strategic priorities.

In addition to our activities engaging with stakeholders outlined above, the following key activities undertaken by the Company Directors support in fulfilling its duties under s172:

Strategy planning

The Directors and management conduct a detailed review of the strategy for the Company on an annual basis. As part of this exercise, the long-term opportunities and risks for the business and how best to manage these for the benefit of all stakeholders is considered.

Investment in our people

The success of our business depends on our ability to deliver innovative solutions to our customers. This drives us to attract the best talent and to nurture this ability within our employees, providing them with a stimulating workplace and career development and supporting the creation of long-term value for our business.

The Company has its own internal recruitment team and has invested in career mapping and benchmarking systems to ensure we are keeping up with the employment market trends to retain and reward our employees.

Focus on delivering long term value

We are committed to delivering value to shareholders and ensuring that they benefit from our success. This is achieved through our business model and strategic plan. Our strategy is clearly defined and communicated across our business by face to face briefings from the MD.

Managing risk

Our effective risk management framework enables the Directors and management team to take risk based decisions which are well understood and managed within our strategic guidelines to deliver growth above target market and to protect shareholder value.

Building strong relationships with our customers

The Company global customers depend on us to be their trusted partner to deliver reliably and on time. We have regular contact with our customers at many levels within the organisation. There are regular contract status reviews at project level. Business development meetings are held at various levels and senior engagement meetings are held by the Business Development Directors and Managing Director. These meetings happen on a global basis depending on the customer location. The majority of Mass new business is through trusted relationships with its customers allowing both follow on and expansion of the current contracts.

Working as a team with our suppliers and other partners

Our suppliers are critical to our business, as we rely on them for specific elements of our technical and product offering. We often secure business through teaming and partnering with other suppliers. We ensure there is an appropriate framework for managing these arrangements. This includes close liaison and regular review meetings, good project management and ensuring suppliers are paid promptly for the goods and services received. We work with agents and in-country representatives to facilitate the export of our products and services. We conduct rigorous due diligence on these partners to ensure that they comply with our ethical and legal requirements and liaise with them frequently to maintain contact.

Supporting our communities

Mass supports the local community through charitable donations and sponsorship of STEM projects in local schools.

Caring for the Environment

The Directors consider the impact of our operations on the community and environment. We comply with reporting requirements under the Streamlined Energy and Carbon Reporting (SECR). The Cohort Group's SECR Report can be viewed in Cohort plc's 2020 Annual Report and Accounts.

Ethical Conduct

The Directors and management team place great emphasis on maintaining high standards of business conduct and our culture encourages our people to act with the highest ethical standards and integrity at all times. This is supported by the policies and processes we have implemented including our anti-bribery and corruption policy and modern slavery policy. We ensure clear communication of our policies through our employee induction, training, management briefings, our employee handbook and our intranet. Our policies are reviewed regularly to ensure they are in line with best practice.

Approved by the Board of Directors on 25th September 2020 and signed by order of the Board.


C A Stanley
Director

MASS CONSULTANTS LIMITED
01705804
REPORT OF THE DIRECTORS
For the year ended 30 April 2020

The directors of MASS Consultants Limited (Registered Company Number 01705804) (the "Company") present their report and financial statements for the year ended 30 April 2020.

RESULTS AND DIVIDENDS

The Company has performed well with turnover of £41.2m (2019: £39.0m) and operating profit of £7.7m (2019: £7.3m).

After allowance for consumption of long-running service provision contracts, the Company's order book is comparable to the level at which it started the year.

A dividend of £4.3m (2019: £3.9m) was paid to the holding company, MASS Limited.

CONTRIBUTIONS

During the year the Company made charitable donations of £12,847 (2019: £3,500) to local and military charities. The Company made no- political donations during the year (2019: £nil).

EMPLOYEE INVOLVEMENT

The flow of information to and from staff has been maintained by our staff newsletters, intranet, notices and regular presentations. Members of the management team regularly visit staff sites and discuss matters of current interest and concern to the business with members of staff.

DISABLED PERSONS

The policy of the Company is to offer the same opportunities to disabled people as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out their required duties. Employees who become disabled will, wherever possible, be retained, rehabilitated and, where necessary, retrained.

RESEARCH AND DEVELOPMENT

During the year the Company incurred and expensed £2.0m of research and development costs (2019: £2.0m).

DIRECTORS

The directors who have served during the period from 1 May 2019 to 30 April 2020 and since the year end are as follows:

C A Stanley
A S Thomis
S R Walther

STATEMENT IN RESPECT OF INFORMATION PROVIDED TO THE AUDITOR

So far as each of the directors in office at the time this report is approved are aware:

- i. There is no relevant information of which the auditor is unaware; and
- ii. They have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

GOING CONCERN

The Company held a strong position at year end with, £28,706k of cash, net current assets of £26,248k and net assets of £28,879k. The going concern assessment of the Company takes into account its participation in the Cohort Plc UK Group banking arrangement. This is a facility with NatWest and Lloyds for £40m which is due for renewal in November 2022. At 30 April 2020 £25.0m of this facility was drawn on leaving £15.0m available to the Group, of which the Company is able to participate for overdraft purposes. In addition, the Group had gross cash of £20.1m at the same time.

The Company's forecasts and projections consider the reasonably possible changes in trading performance (including any impact of COVID-19). All outcomes show that the Company should be able to operate within the level of its current facilities.

The Company has prepared forecasts which go beyond 12 months of the approval date of these accounts and the directors consider the going concern assessment for the Company to be appropriate.

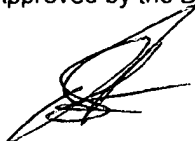
OTHER INFORMATION

An indication of likely future developments in the business and particulars of significant events (if applicable) which have occurred since the end of the financial year have been included in the Strategic Report (pages 2-4).

AUDITORS

RSM UK AUDIT LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing their appointment was passed by the Board on 9 June 2020.

Approved by the Board of Directors on 25th September 2020 and signed by order of the Board.



C A Stanley
Director

Enterprise House
Great North Road
Little Paxton
St Neots
Cambridgeshire
PE19 6BN

MASS CONSULTANTS LIMITED

01705804

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

For the year ended 30 April 2020

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice).

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASS CONSULTANTS LIMITED
For the year ended 30 April 2020

Opinion

We have audited the financial statements of Mass Consultants Limited (the 'company') for the year ended 30 April 2020 which comprise the profit and loss account, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (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 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASS CONSULTANTS LIMITED
For the year ended 30 April 2020

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASS CONSULTANTS
LIMITED**

For the year ended 30 April 2020

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.

RSM UK Audit LLP

RICHARD BARTLETT-RAWLINGS (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

The Pinnacle, 170 Midsummer Boulevard

Milton Keynes

Buckinghamshire

MK9 1BP

Date: 25 September 2020

MASS CONSULTANTS LIMITED
01705804
PROFIT AND LOSS ACCOUNT
For the year ended 30 April 2020

	Notes	2020 £000	2019 £000
Turnover	3	41,210	38,951
Cost of sales		<u>(25,255)</u>	<u>(24,609)</u>
GROSS PROFIT		15,955	14,342
Administrative expenses		<u>(8,260)</u>	<u>(7,018)</u>
OPERATING PROFIT	6	<u>7,695</u>	<u>7,324</u>
Interest receivable and similar income	7	1	5
Interest payable	8	<u>(71)</u>	<u>-</u>
PROFIT BEFORE TAXATION		7,625	7,329
Tax on profit	9	<u>(1,170)</u>	<u>(1,340)</u>
PROFIT FOR THE YEAR		<u>6,455</u>	<u>5,989</u>

There was no other comprehensive income in either the current year nor prior year.

The Company's activities were all in respect of continuing operations.

The accompanying notes on pages 16 to 38 form part of the financial statements.


MASS CONSULTANTS LIMITED
01705804
BALANCE SHEET
For the year ended 30 April 2020

	Notes	2020 £000	2019 £000
FIXED ASSETS			
Tangible assets	11	4,524	2,638
CURRENT ASSETS			
Stocks	12	340	90
Debtors	13	7,070	9,791
Cash at bank and in hand		28,706	23,006
		36,116	32,887
Creditors: amounts falling due within one year	15	(9,868)	(8,980)
NET CURRENT ASSETS		26,248	23,907
Total assets less current liabilities		30,772	26,545
Creditors: amounts falling due in more than one year	16	(1,893)	-
NET ASSETS		28,879	26,545
CAPITAL AND RESERVES			
Called up share capital	17	48	48
Share premium account	18	107	107
Capital redemption reserve	18	131	131
Capital contribution	18	293	215
Profit and loss account	18	28,300	26,044
SHAREHOLDERS' FUNDS		28,879	26,545

The accompanying notes on pages 16 to 38 form part of the financial statements.

These financial statements were approved by the Board of Directors on 25th September 2020

Signed on behalf of the Board of Directors



C A Stanley
 Director
 (Company No. 01705804)

MASS CONSULTANTS LIMITED
01705804
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 April 2020

	Called up share capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 30 April 2018	48	107	131	208	23,847	24,341
Total comprehensive income for the period	-	-	-	-	5,989	5,989
Dividends paid	-	-	-	-	(3,900)	(3,900)
Transfer of capital contribution on vesting of options	-	-	-	(95)	95	-
Charge in respect of share- based payments	-	-	-	107	-	107
Movement in deferred tax	-	-	-	(5)	13	8
Transactions with owners, recorded directly in equity:	-	-	-	7	(3,792)	(3,785)
At 30 April 2019	48	107	131	215	26,044	26,545
Total comprehensive income for the period	-	-	-	-	6,455	6,455
Dividends paid	-	-	-	-	(4,300)	(4,300)
Transfer of capital contribution on vesting of options	-	-	-	(109)	109	-
Charge in respect of share- based payments	-	-	-	111	-	111
Historical adjustment	-	-	-	-	(8)	(8)
Movement in deferred tax	-	-	-	76	-	76
Transactions with owners, recorded directly in equity:	-	-	-	78	(4,199)	(4,121)
At 30 April 2020	48	107	131	293	28,300	28,879

The accompanying notes on pages 16 to 38 form part of the financial statements.

1. ACCOUNTING POLICIES

1.1 General Information

MASS Consultants Limited (the "Company") is a private limited company, limited by shares, registered, incorporated, and domiciled in England and Wales. The registered office is:

Enterprise House
Great North Road
Little Paxton
St Neots
Cambridgeshire
PE19 6BN

The Registration number (01705804) can be found on the company information page.

The principal activities of the Company can be found within the strategic report (page 3).

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS") amended where necessary in order to comply with the Companies Act 2006.

Under FRS 101, the Company has chosen to apply the recognition and measurement provisions of International Accounting Standard ('IAS') 27 'Separate Financial Statements', as endorsed by the European Union ('EU').

1.3 Financial reporting standard 101 - reduced disclosure exemptions

The consolidated financial statements of Cohort Plc (the 'Group') are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Cohort plc, 1 Waterside Drive, Arlington Business Park, Theale, Reading, RG7 4SW. As such the Company is a member of a group, where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements under FRS 101 available in respect of:

- The requirements of IAS 7 *Statement of Cash Flows*.
- The requirements of IFRS 2 *Share based Payments* paragraphs 45(b) and 46 to 52, that include the effect of the share-based payment arrangements on the entity's profit or loss and its financial position.

1. ACCOUNTING POLICIES *(continued)*

1.3 Financial reporting standard 101 - reduced disclosure exemptions *(continued)*

- The requirements in IAS 24 *Related Party Disclosures*, to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements*, to present comparative information in respect of Property, Plant and Equipment.
- The requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 30, in relation to IFRS issued but not effective and the listing of new or revised standards that have not been adopted (and information about their likely impact) may be omitted.
- Certain disclosures of IFRS 16 *Leases* in respect of a single lease disclosure note.
- Certain disclosures required of IFRS 13 *Fair Value Measurement*, paragraph 91 to 99 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.
- Certain disclosures required by IFRS 3 *Business Combinations*, in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.4 Going Concern

The Company held a strong position at year end with, £28,706k of cash, net current assets of £26,248k and net assets of £28,879k. The going concern assessment of the Company takes into account its participation in the Cohort Plc UK Group banking arrangement. This is a facility with NatWest and Lloyds for £40m which is due for renewal in November 2022. At 30 April 2020 £25.0m of this facility was drawn on leaving £15.0m available to the Group, of which the Company is able to participate for overdraft purposes. In addition, the Group had gross cash of £20.1m at the same time.

The Company's forecasts and projections consider the reasonably possible changes in trading performance (including any impact of COVID-19). All outcomes show that the Company should be able to operate within the level of its current facilities.

The Company has prepared forecasts which go beyond 12 months of the approval date of these accounts and the directors consider the going concern assessment for the Company to be appropriate.

1. ACCOUNTING POLICIES *(continued)*

1.5 Foreign Currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency), which is currently sterling.

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.6 Impact of new international reporting standards, amendments and interpretations

IFRS 16

From 1 May 2019, the Company has applied IFRS 16 in accordance with the IFRSs as issued by the IASB.

The Company has applied IFRS 16 using the modified retrospective method with the right-of-use asset measured at amount equal to the lease liability. The comparative information has not been restated and continues to be reported under IAS 17. Additionally, the disclosure requirements in IFRS 16 have not been generally applied to comparative information. The details of the significant changes and quantitative impact of the changes are set out below.

(a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 1. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 May 2019.

(b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

1. ACCOUNTING POLICIES *(continued)*

1.6 Impact of new international reporting standards, amendments and interpretations *(continued)*

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Leases classified as operating leases under IAS 17

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 May 2019.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

The Company has used its assessment of whether leases are onerous applying IAS 37 at 30 April 2019 as an alternative to performing an impairment review of the recognised right-of-use assets on the date of transition. The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

The following table summarises the quantitative impact of adopting IFRS 16 on the Company's financial statements for the year ending 30 April 2019:

1. ACCOUNTING POLICIES *(continued)*

1.6 Impact of new international reporting standards, amendments and interpretations *(continued)*

	Impact of adoption of IFRS 16		
	As reported at 1 May 2019	Adjustments due to the impact of adopting IFRS 16	As at 1 May 2019 post adoption of IFRS 16
	£000	£000	£000
Balance sheet			
Property, plant and equipment	2,638	733	3,371
Trade and other creditors	(8,980)	(733)	(9,713)

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 May 2019. The weighted-average rate applied is 3%.

1.7 Revenue

Revenue recognition on fixed-price contracts

The judgement applied in recognising revenue on a fixed-price contract is made by reference to the cost incurred, including contingency for risk. The Company uses best estimates in applying this judgement in line with IFRS15.

Cost contingency on fixed-price contracts

In addition to the judgement applied to revenue recognition, the cost of delivering a contract to represents the actual costs incurred and committed, plus an estimate of cost contingency for risk still present in the contract at that stage. This cost contingency takes account of the stage that the contract has reached and any judgement and uncertainty remaining to deliver the remainder of the contract. It is usual for these cost contingencies to reduce as the contract progresses and risk and uncertainty reduces.

1. ACCOUNTING POLICIES *(continued)*

1.7 Revenue *(continued)*

Revenue and profitability

The Company has applied IFRS 15 'Revenue from Contracts with Customers'. Revenue represents income derived from contracts for the provision of goods and services, over time or at a point in time, by the Company to customers in exchange for consideration in the ordinary course of the Company's activities. Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Company determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use to the Company and it has an enforceable right to payment for performance completed to date.

The Company has determined that most of its contracts satisfy the over time criteria, either because the customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs (typically services or support contracts) or the Company's performance does not create an asset with an alternative use to the Company and it has an enforceable right to payment for performance completed to date (typically development or production contracts).

For each performance obligation to be recognised over time, the Company recognises revenue using an input method, based on costs incurred in the period. Revenue and attributable margin are calculated by reference to estimates of transaction price and total expected costs to complete the contract, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred, and as risks have been mitigated or retired. The Company has determined that this method appropriately depicts the Company's performance in transferring control of the goods and services to the customer.

If over time the criteria for revenue recognition are not met, revenue is recognised at the point in time that control is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example, on delivery.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

1. ACCOUNTING POLICIES *(continued)*

1.8 Provisions

The Company makes estimates of provisions for existing commitments arising from past events. In estimating these provisions, the Company makes judgements as to the quantity and likelihood of the liability arising. Certain provisions require more judgement than others. In particular, warranty provisions and contract loss provisions have to take account of future outcomes arising from past deliveries of products and services. In estimating these provisions, the Company makes use of management experience, precedents and specific contract and customer issues

1.9 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Right of use asset	: over the life of the lease
Buildings	: 2% p.a. on cost
Vehicles	: 25% p.a. on cost
<i>Computers and Machinery</i>	
- Computer equipment and software	: 20% - 50% p.a. on cost
- Office equipment	: 20% p.a. on cost
- Furniture and equipment	: 20% p.a. on cost

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1. ACCOUNTING POLICIES *(continued)*

1.11 Leases (from the 1 May 2019)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the lease term or useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

1. ACCOUNTING POLICIES *(continued)*

1.11 Leases (from the 1 May 2019) *(continued)*

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the life of the lease.

1.12 Leases (pre 1 May 2019)

Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

1.13 Non-derivative financial instruments

Non-derivative financial instruments comprise of trade and other debtors, cash and cash equivalents and trade and other creditors.

Trade & other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Long-term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording revenue and related costs as contract activity progresses. Revenue is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which revenue exceeds payments on account is classified as "contract assets" and included within trade and other receivables; to the extent that payments on account exceed relevant revenue, the excess is included as a Contract Liability within trade and other payables. The amount of long-term contracts, at cost net of amounts transferred to cost of sales, costs incurred plus recognised profits, less provision for foreseeable losses and payments on account not matched with revenue, is included within trade and other receivables as "Contract Assets".

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1. ACCOUNTING POLICIES *(continued)*

1.14 Impairment (excluding stocks and deferred tax assets)

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

1. ACCOUNTING POLICIES *(continued)*

1.15 Taxation *(continued)*

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.16 Warranty

The Company undertakes a number of contracts where contractual and/or third-party obligations arise as a result of delivering the contract. This provision includes amounts for losses on contracts which are recognised in full immediately that it is probable that total contracts costs will exceed total contract revenue. In some cases, after a product has been delivered and revenue has been recognised, the Company receives claims from customers in respect of work done. Where the amount required to settle the claim is uncertain or the Company disputes the amount of the claim, provision is made for the best estimate of the amount that will be required to settle the claim.

Where the expected cost at completion of a current contract exceeds the sum of the contracted revenue and any probable revenue, then the amount of that excess (the estimated contract loss) is immediately provided for in full. Such contract loss provisions are reviewed on a regular basis to determine whether the provision is still adequate or excessive. Contract loss provisions and subsequent adjustments to them are charged as cost of sales in the income statement.

1.17 Expenses

Operating lease payments (applicable up to 1 May 2019)

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1. ACCOUNTING POLICIES *(continued)*

1.18 Research and Development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.19 Share-based Payments

The Company's ultimate parent company operates a share option scheme which allows employees to acquire shares in the parent company. Where the parent company awards share options under the scheme, the fair value of options granted is calculated at the grant date using the Quoted Companies Alliance binomial model. The resulting cost is recognised in the trading subsidiary over the vesting period (during which the recipient becomes unconditionally entitled to exercise the option) as a charge to the profit and loss account with a corresponding credit to equity (capital contribution).

2 JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management have determined the following are key judgements or sources of estimation included in the current year financial statements:

Provisions

The Company makes estimates of provisions for existing commitments arising from past events. In estimating these provisions, the Company makes judgements as to the quantity and likelihood of the liability arising. Certain provisions require more judgement than others. In particular, warranty provisions and contract loss provisions have to take account of future outcomes arising from past deliveries of products and services. In estimating these provisions, the Company makes use of management experience, precedents and specific contract and customer issues. The closing provision balances are included in the creditors note 15 within accruals.

Revenue recognition on fixed-price contracts

The judgement applied in recognising revenue on a fixed-price contract is made by reference to the cost incurred, including contingency for risk. The Company uses best estimates in applying this judgement in line with IFRS15. See closing balance in note 3.

Cost contingency on fixed-price contracts

In addition to the judgement applied to revenue recognition, the cost of delivering a contract to represents the actual costs incurred and committed, plus an estimate of cost contingency for risk still present in the contract at that stage. This cost contingency takes account of the stage that the contract has reached and any judgement and uncertainty remaining to deliver the remainder of the contract. It is usual for these cost contingencies to reduce as the contract progresses and risk and uncertainty reduces. See closing balance in note 3.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

Primary geographical markets

The Company is located in the UK. The revenue by geographical location of the customer is as follows:

	2020 £000	2019 £000
UK	30,515	28,320
Europe	3,061	1,737
Asia Pacific	860	8,870
Other	6,774	24
	<u>41,210</u>	<u>38,951</u>

Major goods/service lines

	2020 £000	2019 £000
Goods transferred at a point in time	569	2,229
Services transferred at a point in time	35,802	
Goods transferred over time	4,395	4,710
Services transferred over time	444	32,012
	<u>41,210</u>	<u>38,951</u>

Timing of transfer of goods and services

	2020 £000	2019 £000
Goods and services transferred at a point in time	569	2,229
Goods and services transferred over time	40,641	36,722
	<u>41,210</u>	<u>38,951</u>

(ii) Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers. The company recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balances at 1 May 2018.

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3. REVENUE FROM CONTRACTS WITH CUSTOMERS *(continued)*

	2020	2019
	£000	£000
Receivables (see note 13)	3,415	4,544
Contract Assets (see note 13)	1,687	2,804
Contract Liabilities (see note 15)	(3,439)	(3,740)
	1,663	3,608

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on goods and services. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for goods and services.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	Contract Assets	Contract Liabilities
	£000	£000
At 1 May 2019	2,804	(3,740)
New balances added – performance obligations not billed (asset) and advances received (liability)	1,687	(2,709)
Contract liability recognised in revenue (performance obligation satisfied)	-	3,010
Contract asset invoiced/billed	(2,804)	-
At 30 April 2020	1,687	(3,439)

(iii) Transaction price (order book) allocated to the remaining performance obligations

2020/21	2021/22	2022/23	2023+
£000	£000	£000	£000
27,606	21,582	17,731	24,295

The Company applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS *(continued)*

(iv) Contract Costs

The Company applies the practical expedient in IFRS 15.94, where it may recognise the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the company otherwise would have recognised is one year or less.

4. STAFF NUMBERS AND COSTS

	2020 £000	2019 £000
Wages and salaries	14,742	13,760
Social security costs	1,435	1,401
Other pension costs	759	1,230
Share-based payments	111	107
	<u>17,047</u>	<u>16,498</u>

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

	2020 Number	2019 Number
HQ	53	65
Operational	228	223
Director	1	1
	<u>282</u>	<u>289</u>

5. DIRECTORS' REMUNERATION

	2020 £000	2019 £000
Directors' remuneration	498	334
Company contributions to money purchase pension plans	31	30
	<u>529</u>	<u>364</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £483,142 (2019: £290,370), and company pension contributions of £31,301(2019: £29,654) were made to a money purchase scheme on his behalf.

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5. DIRECTORS' REMUNERATION *(continued)*

	Number of directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
	<u>1</u>	<u>1</u>
The number of directors who exercised share options was:	1	1
	<u>1</u>	<u>1</u>

Included within the remuneration above is £46,475 (2019: £43,850) of directors' costs borne by the parent entity, the charge reflects the value of services provided to the entity.

6. EXPENSES AND AUDITOR'S REMUNERATION

Included in operating profit are the following charges:

	2020	2019
	£000	£000
Research and development	2,000	2,000
Operating lease rentals	16	210
Interest expense on lease liabilities	71	-
Depreciation – owned assets	311	116
Depreciation – right of use asset	217	-
Impairment of right of use asset	417	-
Audit of these financial statements	34	30
Audit of prior year financial statements	9	-
Loss on disposal of fixed assets	2	-
	<u>2</u>	<u>-</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£000	£000
Other interest receivable	1	5
	<u>1</u>	<u>5</u>

8. INTEREST PAYABLE

	2020	2019
	£000	£000
Lease Interest expense	71	-
	<u>71</u>	<u>-</u>

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9. TAXATION

Recognised in the profit and loss account:

	2020	2019
	£000	£000
UK corporation tax:		
Current tax on income for the period	1,354	1,358
Adjustments in respect of prior periods	(258)	(31)
Total current tax	1,096	1,327
Deferred tax (see note 15)		
Origination and reversal of temporary differences	74	13
Total deferred tax	74	13
Tax on profit on ordinary activities	1,170	1,340

Reconciliation of effective tax rate:

	2020	2019
	£000	£000
Profit for the year	6,455	5,989
Total tax (credit)/expense	1,170	1,340
Profit excluding taxation	7,625	7,329
Tax using the UK corporation tax rate of 19%	1,449	1,393
Effect of share options	21	21
Effect of other short term timing differences	(37)	(23)
Effect of disallowed items for tax purposes	62	6
Effect of statutory deductions (s23) in respect of share options exercised	(67)	(26)
Adjustments in respect of prior periods	(258)	(31)
Total tax expense	1,170	1,340

The actual tax charge is at an effective tax rate of 15.34% (2019: 18.28%) of profit before tax.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 30 April 2020 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

The deferred tax asset at 30 April 2020 has been calculated based on the rates highlighted above as applicable to the specific item underlying the deferred tax asset. These rates have been substantially enacted as at 30 April 2020.

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10. DIVIDENDS

The dividends paid in the year were as follows:

	2020	2019
	£000	£000
892.1p per ordinary share (2019: 809.1p)	4,300	3,900

11. TANGIBLE FIXED ASSETS

	Land & Buildings	Computers & IT equipment	Fixtures & Fittings	Motor Vehicles	Right-of- use asset	Total
	£000	£000	£000	£000	£000	£000
COST						
At 1 May 2019	2,449	1,791	507	6	733	5,486
Additions	-	264	174	-	1,698	2,136
Disposals	-	-	-	(6)	-	(6)
At 30 April 2020	2,449	2,055	681	-	2,431	7,616
DEPRECIATION AND IMPAIRMENT						
At 1 May 2019	(286)	(1,481)	(346)	(2)	-	(2,115)
Disposal	-	-	-	2	-	2
Impairments	-	-	-	-	(451)	(451)
Charge for the year	(33)	(201)	(77)	-	(217)	(528)
At 30 April 2020	(319)	(1,682)	(423)	-	(668)	(3,092)
NET BOOK VALUE						
At 30 April 2020	2,130	373	258	-	1,763	4,524
At 30 April 2019	2,163	310	161	4	733	3,371

12. STOCKS

	2020	2019
	£000	£000
Work in progress	340	90

All changes in work in progress were recognised in cost of sales as they were in 2019. There was no provision against stocks (2019: £nil).

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13. DEBTORS

	2020	2019
	£000	£000
Trade debtors	3,415	4,544
Corporation tax	130	-
Amounts due from intercompany	28	-
Deferred tax (note 14)	95	94
Contract asset	1,687	2,804
Prepayments	1,074	1,709
Other debtors	641	640
	7,070	9,791

14. DEFERRED TAX

	Tangible fixed assets £000	Share based payments £000	Other £000	Total £000
At 30 April 2018	46	45	22	113
Recognised in income	(18)	2	2	(14)
Recognised in equity	-	(5)		(5)
At 30 April 2019	28	42	24	94
Recognised in income	(47)	5	54	12
Prior year adjustment	(76)	-	(11)	(87)
Recognised in equity	-	76	-	76
At 30 April 2020	(95)	123	67	95

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

	2020	2019
	£000	£000
Deferred tax asset	95	94

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15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£000	£000
Trade creditors	1,546	1,720
Amounts owed to fellow subsidiary undertakings	580	330
Other taxation and social security cost	2,127	401
Corporation tax	-	499
Contract liabilities – deferred income	730	994
Contract liabilities - advance receipts	2,709	2,746
Accruals	1,917	2,290
Lease liability	259	-
	<u>9,868</u>	<u>8,980</u>

16. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2020	2019
	£000	£000
Lease liability	1,893	-

17. CALLED UP SHARE CAPITAL

	2020	2019
	£000	£000
Allotted, called up and fully paid		
482,029 (2019 – 482,029) Ordinary shares of £0.10 each	48	48
	<u>48</u>	<u>48</u>

18. RESERVES

The Company Statement of changes in equity is disclosed as a primary statement on page 15. Below is a description of the nature and purpose of the individual reserves:

- Share capital represents the nominal value of shares issued.
- Share premium account includes the amounts over the nominal value in respect of share issues. In addition, costs in respect of share issues are debited to this account.
- Capital redemption reserve relates to a redemption of capital prior to 1 May 2000.
- Capital contribution account represents the cumulative share-based payment charged to reserves less the transfer to the profit and loss account or the vesting of options.
- Profit and loss account is the retained earnings of the Company from realised gains and losses.

19. OPERATING LEASE COMMITMENTS UNDER IAS 17

Non-cancellable operating lease rentals are payable as follows:

	2020	2019
	£000	£000
Land and buildings:		
- less than one year	16	146
- between one and five years	-	394
- more than five years	-	108
	<u>16</u>	<u>648</u>

20. CONTINGENT LIABILITIES AND GUARANTEES

The Company, as part of Cohort Plc's group banking and offset arrangements, is also a guarantor for £47,748,000 (2019: £43,281,000) of bank borrowings and overdraft drawn by its parent, along with a further £594,000 (2019: £1,221,000) in respect of bank guarantees drawn by fellow subsidiary undertakings.

21. EMPLOYEE BENEFITS

Defined contribution plans

The Company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £760,000 (2019: £1,230,000).

Share based Payments

During the year, the parent company granted the following options to employees of the Company:

Grant date / employees entitled	Method of settlement accounting	Number of options	Vesting conditions	Contractual life of options
Equity settled awards granted by the parent on 28 August 2019	Equity	122,457	The options vest on the third anniversary of grant	Expire on 27 August 2029
Equity settled awards granted by the parent on 9 September 2019	Equity	10,417	The options vest on the fifth anniversary of grant	Expire on 9 September 2025
Equity settled awards granted by the parent on 6 September 2019	Equity	40,464	The options vest on the 1 October 2024	Expire on 31 March 2025

The weighted average share price at the date of exercise of share options exercised during the year was 481.74 pence (2019: 395.67pence). The options outstanding at the year-end have an exercise price in the range of 83.5 pence to 447.5 pence and a weighted average contractual life of six years.

22. ULTIMATE PARENT COMPANY

The Company is a 100% subsidiary of Mass Limited, which is itself a wholly owned subsidiary of the ultimate parent company Cohort plc. The accounts of Mass Ltd and the accounts of Cohort plc are available from the registered office of 1 Waterside Drive, Arlington Business Park, Theale, Reading, RG7 4SW.