

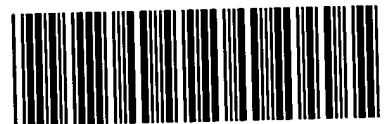
CPI TMD TECHNOLOGIES LIMITED

Company Registration No. 00952502 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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CPI TMD TECHNOLOGIES LIMITED

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CPI TMD TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors

M J T Woolley
D A Brown
R Fickett
M J Clark
B H Shah (appointed 1 October 2022)
L Kowalchik (appointed 15 March 2023)

Company number

00952502 (England and Wales)

Registered office

Unit 3
Swallowfield Way
Hayes
Middlesex
UB3 1DQ

Auditor

Barnes Roffe LLP
Chartered Accountants & Statutory Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

CPI TMD TECHNOLOGIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The principal activities of the Company are unchanged since the last financial year.

CPI TMD has continued to invest, innovate and develop products for new and emerging opportunities and technologies.

Business review

During the period, the trading environment continued to be affected by the worldwide supply of certain components in our supply chain and also from some delays in order intake due to the impact felt by some of our customers.

Despite these difficult trading circumstances, the directors and management team are pleased with the level of sales, profitability and cash performance which has been achieved.

Our workforce continues to be a key component in our success and have adapted admirably with the changes in working conditions, indeed they have turned dilemmas into opportunities, finding a range of efficiency improvements across the business.

CPI TMD's mission remains unchanged as we continue to be the best partner of choice for reliable and innovative radio frequency and high voltage power solutions.

Future developments

The directors remain confident that, with the backing of CPI's significant resources we are better placed than ever to continue the path of increasing enterprise value, improve our existing products and offer more attractive products through customer centric investment in innovation.

Principal risks and uncertainties

The Company's primary financial instruments are trade debtors and the availability of funds from its ultimate parent company. The main purpose of these instruments is to finance the Company's operations and working capital requirements.

Credit risk

The Company trades with recognised, creditworthy blue-chip Customers. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is minimal.

Foreign exchange risk

The Company makes a proportion of its sales and purchases in foreign currencies. The directors monitor on an ongoing basis the currency risk arising to the Company and ensure that the risk remains at an acceptable level.

CPI TMD TECHNOLOGIES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Liquidity risk

The Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the Company as they fall due.

Financial key performance indicators

The key financial performance indicators are those that communicate the financial performance and strength of the Company, with the emphasis being on turnover, cash and profit before tax.

The company's turnover for the year was £26,378k (period ended 30 September 2021 - £9,804k as restated).

The company's cash balance at the reporting date was £2,871k (period ended 30 September 2021 - £3,848k, year ended 31 March 2021 - £6,201k).

The company's profit before tax for the year was £2,625k (period ended 30 September 2021 – £594k loss before tax as restated).

Research and development activities

The Company is engaged in research and development of microwave tubes and associated products and has previously adopted to capitalise such costs where it satisfies the criteria under IFRS.

This report was approved by the board on 20 JUNE 2023 and signed on its behalf.



B H Shah
Director

CPI TMD TECHNOLOGIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors present their report and audited financial statements for the year ended 30 September 2022.

Directors' responsibilities statement

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. The Directors have chosen to prepare the financial statements for the Company in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

International Accounting Standards requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires directors to:

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Going concern assumption

The directors note that the company is trading adequately and has sufficient working capital and other finance available to continue trading for a period of not less than 12 months from the date of signing these financial statements.

As such, the directors believe that there are no significant uncertainties in their assessment of whether the business is a going concern and therefore have prepared the accounts on a going concern basis.

Results and dividends

The profit for the year, after taxation, amounted to £2,627k (period ended 30 September 2021 – loss after tax of £593k as restated). The dividends paid during the year amounted £5,025k (period ended 30 September 2021 - £Nil).

CPI TMD TECHNOLOGIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Directors

The Directors who served during the year were:

M J T Woolley
D A Brown
R Fickett
M J Clark
R Kemp (resigned 15 Mar 2023)

Matters covered in the Strategic report

The company has chosen, in accordance with section 414C of the Companies Act 2006, to set out financial risk management objectives and policies and future developments, within the Strategic report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no subsequent events that require disclosure or adjustments to the financial statements.

Auditors

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

This report was approved by the board on 20 JUNE 2023 and signed on its behalf.



B H Shah
Director

CPI TMD TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPI TMD TECHNOLOGIES LIMITED

Opinion

We have audited the financial statements of CPI TMD Technologies Limited (the 'Company') for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- the financial statements 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 director's 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.

CPI TMD TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPI TMD TECHNOLOGIES LIMITED (CONTINUED)

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 the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period 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.

CPI TMD TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPI TMD TECHNOLOGIES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with law and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussion with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- The specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, are as follows:
 - i. Companies Act 2006.
 - ii. IFRS.
 - iii. Tax legislation.
 - iv. Employment legislation.

CPI TMD TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPI TMD TECHNOLOGIES LIMITED (CONTINUED)

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and reviewing supporting evidence where applicable; and
- Laws and regulations were communicated within the audit team at the planning meeting, and during the audit as any further laws and regulation were identified. The audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by:

- Making enquires of management as to where they consider there was susceptibility to fraud and their knowledge of actual suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- Reviewing the financial statements and testing the disclosures against supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspecting and testing journal entries to identify unusual or unexpected transactions;
- Assessing whether judgement and assumptions made in determining significant accounting estimates were indicative of management bias; and
- Investigating the rationale behind significant transactions, or transactions that are unusual or outside the company's usual course of business.

The areas that we identified as being susceptible to misstatement through fraud were:

- Management bias in the estimates and judgements made;
- Management override of controls; and
- Posting of unusual journals or transactions.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

CPI TMD TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPI TMD TECHNOLOGIES LIMITED (CONTINUED)

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 Parent 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.

Barnes Roffe LLP

Elliot S J Arwas (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

Date: *21st June 2023*

CPI TMD TECHNOLOGIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000
Revenue	4	26,378	9,804
Cost of sales	7	(18,676)	(7,072)
Gross profit		7,702	2,732
Administrative expenses		(4,996)	(3,380)
Other operating income	6	3	139
Operating profit/(loss)	8	2,709	(509)
Net finance costs	10	(84)	(85)
Profit/(loss) before income tax		2,625	(594)
Income tax expense	13	2	1
Profit/(loss) for the financial year/period		2,627	(593)
Total comprehensive for the year/period		2,627	(593)

The profit/(loss) and total other comprehensive income for the financial year/period were the same.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 18 to 55 form part of these financial statements.

CPI TMD TECHNOLOGIES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

		Year ended 30 September 2022	Period ended 30 September 2021 <i>(As restated)</i>	Year ended 31 March 2021 <i>(As restated)</i>
	Note	£'000	£'000	£'000
ASSETS				
Non-current assets				
Intangible assets	15	3,504	4,180	4,608
Property, plant and equipment	16	2,834	2,016	1,756
Right-of-use assets	16	2,617	3,620	4,138
Investments	17	-	158	158
Deferred tax assets	18	801	793	789
		<u>9,756</u>	<u>10,767</u>	<u>11,449</u>
Current assets				
Inventories	19	6,126	4,526	4,266
Trade and other receivables	20	8,661	8,321	11,390
Cash and cash equivalents	21	2,871	3,848	6,201
		<u>17,658</u>	<u>16,695</u>	<u>21,857</u>
TOTAL ASSETS		<u>27,414</u>	<u>27,462</u>	<u>33,036</u>
EQUITY AND LIABILITIES				
Issued share capital	31	3,470	3,470	3,470
Share premium		2,500	2,500	-
Profit and loss account		7,639	10,037	10,630
TOTAL EQUITY		<u>13,609</u>	<u>16,007</u>	<u>14,100</u>
Current liabilities				
Trade and other payables	22	9,992	7,369	9,664
Loans and borrowings – current	23	-	-	2,083
Lease liabilities – current	23	939	981	908
Corporation tax liability	22	9	-	-
		<u>10,940</u>	<u>8,350</u>	<u>12,655</u>
Non-current liabilities				
Loans and borrowings – noncurrent	23	1,224	-	2,917
Lease liabilities – noncurrent	23	1,507	2,439	2,933
Provisions	24	134	666	701
		<u>2,865</u>	<u>3,105</u>	<u>6,551</u>
		<u>13,805</u>	<u>11,456</u>	<u>19,206</u>
TOTAL EQUITY AND LIABILITIES		<u>27,414</u>	<u>27,462</u>	<u>33,306</u>

CPI TMD TECHNOLOGIES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on..... 20 JUNE 2023



B H Shah
Director

The notes on pages 18 to 55 form part of these financial statements.

Company registration number 00952502

CPI TMD TECHNOLOGIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000
Cash flows from operating activities		
Profit/(loss) for the year/period	2,627	(593)
<i>Adjusted for:</i>		
Amortisation	1,410	-
Depreciation	1,544	754
Profit on disposal of tangible fixed assets	(83)	-
Interest payable	127	85
Interest receivable	(43)	(4)
Taxation charge	(2)	1
Impairment of intangible assets	-	428
Increase in inventories	(1,600)	(260)
Increase trade and other receivables	(343)	3,071
Increase in trade and other payables	3,608	(1,553)
Taxation paid	7	-
Net cash inflow from operating activities	<u>7,252</u>	<u>1,927</u>
Cash flows from investing activities		
Purchases of intangible assets	(734)	-
Purchases of property, plant and equipment	(1,441)	(499)
Interest received	43	4
Proceeds from sale of property, plant and equipment	166	-
Net cash used in investing activities	<u>(1,966)</u>	<u>(495)</u>
Cash flows from financing activities		
New loans	(295)	-
Share premium	-	2,500
Lease payments	(974)	(422)
Interest paid	(127)	(85)
Dividends paid	(5,025)	-
Investment impairment	158	-
Repayment of loans	-	(5,779)
Net cash flows used in financing activities	<u>(6,263)</u>	<u>(3,786)</u>
Net cash decrease in cash and cash equivalents	<u>(977)</u>	<u>(2,353)</u>
Cash and cash equivalents brought forward	<u>3,848</u>	<u>6,201</u>
Cash and cash equivalents carried forward	<u><u>2,871</u></u>	<u><u>3,848</u></u>

The notes on pages 18 to 55 form part of these financial statements.

CPI TMD TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Called up share capital £'000	Share Premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 October 2021 (As restated)	<u>3,470</u>	<u>2,500</u>	<u>10,037</u>	<u>16,007</u>
Comprehensive income for the year				
Profit after income tax expense for the year	<u>-</u>	<u>-</u>	<u>2,627</u>	<u>2,627</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>2,627</u>	<u>2,627</u>
Transactions with owners				
Dividends: equity capital	<u>-</u>	<u>-</u>	<u>(5,025)</u>	<u>(5,026)</u>
At 30 September 2022	<u>3,470</u>	<u>2,500</u>	<u>7,639</u>	<u>13,609</u>

The notes on pages 18 to 55 form part of these financial statements.

CPI TMD TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Called up share capital £'000	Share Premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 April 2021 (As restated)	<u>3,470</u>	<u>-</u>	<u>10,630</u>	<u>14,100</u>
Comprehensive income for the period				
Profit after income tax expense for the period	-	-	(240)	(240)
Adjustments due to IFRS	-	-	(353)	(197)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>(593)</u>	<u>(437)</u>
Transactions with owners				
Shares issue costs	-	2,500	-	2,500
At 30 September 2021 (As restated)	<u>3,470</u>	<u>2,500</u>	<u>10,037</u>	<u>16,007</u>

The notes on pages 18 to 55 form part of these financial statements.

CPI TMD TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £'000	Share Premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 April 2020	3,470	-	12,341	15,811
Prior year adjustments	-	-	(4,868)	(4,868)
At 1 April 2020 (As restated)	3,470	-	7,473	10,943
Comprehensive income for the year				
Profit after income tax expense for the year	-	-	1,906	1,906
Adjustments due to IFRS	-	-	3,888	3,888
Total comprehensive income for the year	-	-	5,794	5,794
Transactions with owners				
Dividends: equity capital	-	-	(2,637)	(2,637)
31 March 2021 (As restated)	3,470	-	10,630	14,100

The notes on pages 18 to 55 form part of these financial statements.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. Principal accounting policies

Company information

CPI TMD Technologies Limited is a company limited by shares, incorporated in England and Wales. The address of the registered office is Unit 3, Swallowfield Way, Hayes, Middlesex, UB3 1DQ.

The company specialises in development, manufacture and sale of high voltage power supplies, radar and transmitters, microwave tubes and associated products.

1.1 IFRS Compliance and adoption

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by UK, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements for year ended 30 September 2022 are the first financial statements that comply with International Financial Reporting Standards ('IFRS') as adopted by UK. Please see note 35 for further details.

1.2 Basis of preparation

These financial statements are presented in pound sterling (GBP), which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The significant accounting policies applied in the preparation of the financial statements are summarised below.

1.3 Going concern

The directors note that the company is trading adequately and has sufficient working capital and other finance available to continue trading for a period of not less than 12 months from the date of signing these financial statements.

As such, the directors believe that there are no significant uncertainties in their assessment of whether the business is a going concern and therefore have prepared the accounts on a going concern basis.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Accounting policies (continued)

1.4 Foreign currency transactions

Foreign currency transactions are translated into International and currency units using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at that date of the transaction. Foreign currency differences are generally recognised in profit or loss.

1.5 Revenue Recognition

The company recognises revenue as follows:

Revenue from Contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: (1) identifies the contract with a customer; (2) identifies the performance obligations in the contract; (3) determines the transaction price which takes into account estimates of variable consideration and the time value of money; (4) allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; (5) and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised at the point in time when services are rendered to the customers, which is normally at the point of shipping while revenue is recognised over time as the services are rendered based on stage of completion.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Accounting policies (continued)

1.6 Interest Income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

1.7 Other income

Other income is recognised when it is received or when the right to receive payment is established.

1.8 Government Grants

During the year, the company benefited from receipts from the UK Government under the Coronavirus Job Retention Scheme (CJRS). This income has been offset against the related expenditure. Grants are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

1.9 Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1.10 Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Accounting policies (continued)

expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or

there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

1.11 Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

1.12 Property, Plant and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation. Major improvements are capitalised, while maintenance and repairs are expensed as incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Improvements to buildings	Shorter of 15 years and the remaining term of the lease
Plant and machinery	3 -6 years straight line
Motor vehicles	20% straight line

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

1.13 Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

1.14 Investment in associates and joint ventures

Investments in associates and joint ventures are held at cost less impairment.

1.15 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Each of the Company's divisions uses either an actual cost, a standard cost or a moving weighted-average cost methodology based on the most appropriate methodology for that division's operations in determining the cost basis for its inventories. In each case, the methodology used by the respective division approximates a first-in, first-out basis. Inventory costs include direct labor, direct material and overhead costs. Overhead costs include indirect manufacturing costs, such as production management salaries and related expenses and an allocation of facility costs, which are allocated among cost of sales and materials, work-in process and finished goods inventory.

The Company assesses the valuation of inventory and periodically writes down the value for estimated excess and obsolete inventory based upon actual usage and estimates about future demand. The excess balance determined by this analysis becomes the basis for the Company's excess inventory charge. Obsolescence is determined based on several factors, including competitiveness of product offerings, product life cycles and market conditions.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Accounting policies (continued)

Management also reviews the carrying value of inventory for the lower of cost or market on an individual product or contract basis. A loss is charged to cost of sales, when known, if estimated product or contract cost at completion is in excess of net realisable value (selling price less estimated cost of disposal). If actual product or contract cost at completion is different than originally estimated, then a loss or gain provision adjustment is recorded that would have an impact on the Company's operating results.

1.16 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 to 90 days.

The Company assesses the collectability of its accounts receivable on an ongoing basis through a review of its current aging, as well as an analysis of its historical collection rate, general economic conditions and credit status of its customers.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

1.17 Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

1.18 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.19 Financial Instruments

Financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Financial assets and liabilities 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 liability simultaneously.

Financial assets

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Financial liabilities

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities through profit or loss' or 'other financial liabilities'.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Accounting policies (continued)

1.21 Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

1.22 Customer Deposits

Customer deposits are recognised where the company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

1.23 Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.24 Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, 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 comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

1.25 Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the 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 date, taking into account the risks and uncertainties surrounding the obligation.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Accounting policies (continued)

1.26 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

1.27 Share premium

Share premium represents the difference between the nominal value of shares issued and the total consideration received, net of issue expenses incurred by the Company.

1.28 Retained earnings

Retained earnings represent cumulative profit or losses, net of dividends and other adjustments

1.29 Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

1.30 Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

1.31 Product Warranty

The Company's products typically carry warranty periods of three months to three years or warranties over a predetermined product usage life. The Company estimates the costs that may be incurred under its warranty plans and records a liability in the amount of such estimated costs at the time revenue is recognized. The determination of product warranty reserves requires the Company to make estimates of product return rates and expected cost to repair or replace the products under warranty. The Company assesses the adequacy of its pre-existing warranty liabilities and adjusts the balance based on actual experience and changes in future expectations.

1.32 Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Accounting policies (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1.33 Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

2. Judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the company where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Judgments, estimates and assumptions (continued)

These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. Any allowance for expected credit losses is calculated, based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Judgments, estimates and assumptions (continued)

Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Warranty provision

In determining the level of provision required for warranties the company has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. Standards and interpretations

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective.

		Effective Date
IAS 1	Amendments regarding the classification of liabilities	1 January 2023
IFRS 4	Amendments regarding the expiry date of the deferral approach	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Amendments regarding the disclosure of accounting policies	1 January 2023
IAS 8	Amendments regarding the definition of accounting estimates	1 January 2023
IAS 12	Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023
IAS 1	Amendments to defer the effective date of the January 2020 amendments	1 January 2023

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

4. Revenue from Contract with Customers

Disaggregation of Revenue

The disaggregation of revenue from contracts with customers is as follows:

Geographical regions

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000
United Kingdom	4,818	913
Rest of Europe	3,571	1,683
Rest of the world	17,989	7,208
	<u>26,378</u>	<u>9,804</u>

Major product lines

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000
Tubes	8,429	2,080
Equipment	17,949	7,724
	<u>26,378</u>	<u>9,804</u>

Major Customer

The company does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the company.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

5. Cost of sales

	Year ended 30 September 2022	Period ended 30 September 2021 <i>(As restated)</i>
	£'000	£'000
Cost of sales	<u>18,676</u>	<u>7,072</u>
	<u>18,676</u>	<u>7,072</u>

6. Contracts with Customers

Analysis of contract assets

	Year ended 30 September 2022	Period ended 30 September 2021 <i>(As restated)</i>	Year ended 31 March 2021 <i>(As restated)</i>
	£'000	£'000	£'000
Opening balance	2,480	3,080	-
Transfers in the year/period from contract assets to trade receivables	(2,480)	(3,080)	-
Excess revenue recognised over cash	2,958	2,480	3,080
Closing balance	<u>2,958</u>	<u>2,480</u>	<u>3,080</u>

Analysis of contract liabilities

	Year ended 30 September 2022	Period ended 30 September 2021 <i>(As restated)</i>	Year ended 31 March 2021 <i>(As restated)</i>
	£'000	£'000	£'000
Opening balance	560	1,139	-
Amounts included in contract liabilities that was recognised as revenue during the year/period	(560)	(1,139)	-
Cash received in advance of performance and not recognised as revenue during the year/period	3,803	560	1,139
	<u>3,803</u>	<u>560</u>	<u>1,139</u>

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

7. Other income

	Year ended 30 September 2022	Period ended 30 September 2021 <i>(As restated)</i>
	£'000	£'000
Furlough grants	-	139
Other income	3	-
	<u>3</u>	<u>139</u>

8. Operating profit/(loss)

Operating profit/(loss) includes the following specific expenses:

	Year ended 30 September 2022	Period ended 30 September 2021 <i>(As restated)</i>
	£'000	£'000
Research and development charged as an expense	1,533	1,204
Depreciation of tangible fixed assets	557	238
Depreciation of Right of Use Assets	987	517
Amortisation	1,410	696
Gain of sale of fixed assets	(83)	-
Impairment of investments	158	271
Exchange differences	(891)	12
Warranty costs	(153)	120
Other operating lease rentals	156	2
Hire of assets	-	2
	<u>-</u>	<u>2</u>

9. Auditors' remuneration

	Year ended 30 September 2022	Period ended 30 September 2021 <i>(As restated)</i>
	£'000	£'000
Fees payable to the company's auditor:		
Audit of the financial statements of the company	36	25
Other services	6	4
	<u>42</u>	<u>29</u>

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

10. Net finance costs

Interest receivable and similar income

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 £'000
Bank interest received	43	4
	<u>43</u>	<u>4</u>

Interest payable and similar expenses

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000
Bank interest paid	-	-
Other interest paid	127	85
	<u>127</u>	<u>85</u>

11. Employee benefits

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

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000
Wages and salaries	7,153	3,894
Social security costs	867	418
Cost of defined benefit scheme	455	220
	<u>8,475</u>	<u>4,532</u>

The average monthly number of employees, including the directors, during the year/period were as follows:

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 £'000
Employees	141	144
	<u>141</u>	<u>144</u>

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

12. Directors' remuneration

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000
Directors' emoluments	1,219	637
Defined contribution pension scheme	68	24
	<u>1,287</u>	<u>661</u>

During the year, retirement benefits were accruing to 6 directors (period ended 30 September 2021 - 6) in respect of Defined contribution schemes.

The highest paid director received remuneration of £431k (period ended 30 September 2021- £199k).

The value of the company contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4k (period ended 30 September 2021- £2k).

Key management personnel compensation is as stated for directors.

13. Income tax expense

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000
Total current tax	<u>-</u>	<u>-</u>
Total deferred tax	<u>(2)</u>	<u>(1)</u>
Taxation on profit on ordinary activities	<u>(2)</u>	<u>(1)</u>

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

13. Income tax expense (continued)

Factors affecting tax credit for the year/period

The tax assessed for the year/period is lower than (period ended 30 September 2021 - higher than) the standard rate of corporation tax in the UK of 19% (period ended 30 September 2021 - 19%). The differences are explained below:

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000
Profit/(loss) on ordinary activities before tax	<u>2,625</u>	<u>(594)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (30 September 2021 - 19%)	499	(113)
Effects of:		
Expenses not deductible for tax purposes	33	8
Capital allowances for year/period differing to depreciation	(121)	5
Deferred tax	(2)	(1)
Other timing differences	-	883
Utilisation of losses	(411)	-
Adjustment relating to IFRS adjustments	-	36
Unrelieved tax losses carried forward	-	(820)
Total tax credit for the year/period	<u>(2)</u>	<u>(1)</u>

Factors that may affect future tax charges

The company has taxable losses carried forward of approximately £5,047k (period ended 30 September 2021 - £9,400k) available to offset against future taxable trading profits.

In the March 2021 Budget it was announced that the UK corporation tax rate would increase to 25% from 1 April 2023 for profits over £250,000. There are no other significant factors that may affect future tax charges.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

14. Dividends

	Year ended 30 September 2022	Period ended 30 September 2021 (As restated)
	£'000	£'000
Dividends paid during the year/period	<u>5,026</u>	<u>-</u>
	<u>5,026</u>	<u>-</u>

15. Intangible assets

The carrying amount of goodwill relates to the construction and fit-out segments of the business.

	Goodwill £'000	Capitalised Development Costs £'000 (As restated)	Total £'000
Cost			
At 1 April 2021	271	-	271
Reclassification due to transition to IFRS	-	4,337	4,337
At April 2021 – As restated	271	4,337	4,608
Impairment	(271)	-	(271)
Reclassification due to transition to IFRS	-	540	540
At 30 September 2021 – As restated	-	4,877	4,877
Additions	-	734	734
At 30 September 2022	<u>-</u>	<u>5,611</u>	<u>5,611</u>
Amortisation			
At 1 April 2021	-	-	-
Amortisation	-	-	-
At April 2021 – As restated	-	-	-
Amortisation	-	697	697
At 30 September 2021 – As restated	-	697	697
Amortisation	-	1,410	1,410
At 30 September 2022	<u>-</u>	<u>2,107</u>	<u>2,107</u>
Net carrying value			
At 1 April 2021 - As restated	<u>271</u>	<u>4,337</u>	<u>4,608</u>
At 30 September 2021 - As restated	<u>-</u>	<u>4,180</u>	<u>4,180</u>
At 30 September 2022	<u>-</u>	<u>3,504</u>	<u>3,504</u>

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

16. Property, plant and equipment

	Plant and Machinery £'000	Motor Vehicles £'000	Improvement to Buildings £'000	Right of Use Assets £'000	Construction in Progress £'000	Total £'000
Cost						
At 1 April 2021 (<i>As reported</i>)	14,271	1,178	3,027	-	-	18,476
Impact of IFRS 16- Transfer	(232)	(1,178)	(480)	1,890	-	-
Impact of IFRS 16- New	-	-	-	3,154	-	3,154
At 1 April 2021 (<i>As restated</i>)	14,039	-	2,547	5,044	-	21,630
Additions	379	-	120	-	-	499
At 30 September 2021 (<i>As restated</i>)	14,418	-	2,667	5,044	-	22,129
Additions	720	-	89	-	632	1,441
Disposal	(265)	-	(8)	(45)	-	(318)
Retirement	(8,884)	-	(297)	-	-	(9,181)
At 30 September 2022	5,989	-	2,451	4,999	632	14,071
Depreciation						
At 1 April 2021 (<i>As reported</i>)	13,107	560	2,071	-	-	15,738
Impact of IFRS 16- Transfer	(170)	(560)	(176)	906	-	-
Impact of IFRS 16- New	-	-	-	-	-	-
At 1 April 2021 (<i>As restated</i>)	12,937	-	1,895	906	-	15,738
Charge for the period	198	114	85	357	-	754
Depreciation transfer	(17)	(114)	(29)	160	-	-
At 30 September 2021	13,118	-	1,951	1,423	-	16,492
Charge for the year	436	-	121	987	-	1,544
Disposals	(200)	-	(8)	(27)	-	(235)
Retirement	(8,884)	-	(297)	-	-	(9,181)
At 30 September 2022	4,470	-	1,767	2,383	-	8,620
Net book value						
At 31 March 2021	1,102	-	652	4,138	-	5,892
At 30 September 2021	1,300	-	716	3,621	-	5,637
At 30 September 2022	1,518	-	684	2,617	632	5,450

The Company had capital commitments amounting £521k (period ended 30 September 2022 - £355k) at the year end.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

17. Investments

	30 September 2022 £'000	30 September 2021 £'000	31 March 2021 £'000
Beginning balance	158	158	155
Additions	-	-	3
Impairment	(158)	-	-
Ending balance	<u>-</u>	<u>158</u>	<u>158</u>

Associate

Name	Country of incorporation	Class of shares	Holding
Diamond Microwave Limited	England and Wales	Ordinary	20%

18. Deferred tax assets

Movements in the deferred tax asset were as follows:

	30 September 2022 £'000	30 September 2021 (As restated) £'000	31 March 2021 (As restated) £'000
Beginning balance	793	789	822
Charged to the Statement of comprehensive income	8	-	-
Adjustment due to transition to IFRS	-	4	(33)
	<u>801</u>	<u>793</u>	<u>789</u>

The deferred tax asset is made up as follows:

Accelerated capital allowances	(21)	(29)	(33)
Tax losses	822	822	822
	<u>801</u>	<u>793</u>	<u>789</u>

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

19. Stocks

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000	Year ended 31 March 2021 (As restated) £'000
Raw materials and consumables	4,372	3,278	2,521
Work in progress	<u>1,754</u>	<u>1,248</u>	<u>1,745</u>
	<u>6,126</u>	<u>4,526</u>	<u>4,266</u>

The cost of stocks recognised as expense during the year amounted to £13,933k (period ended 30 September 2021 - £7,071k, year ended 31 March 2021 - £17,204k).

20. Trade and other receivables

	30 September 2022 £'000	30 September 2021 (As restated) £'000	31 March 2021 (As restated) £'000
Trade receivables	3,819	2,082	7,604
Provision for trade receivables	<u>(3)</u>	<u>(20)</u>	<u>(213)</u>
Net trade receivables	3,816	2,062	7,391
Amount owed by group undertakings	1,260	3,127	-
Other receivables	102	248	328
Contract assets	2,958	2,480	3,078
Prepayments	<u>525</u>	<u>404</u>	<u>593</u>
	<u>8,661</u>	<u>8,321</u>	<u>11,390</u>

Based on prior experience and an assessment of the current economic environment, management believes there is no further credit risk provision required in excess of the normal provision for impairment of trade receivables.

No interest is charged on overdue receivables. There is no material difference between the fair value of receivables and their book value.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Trade and other receivables (continued)

The movement in the provision for impairment of trade receivables is as follows:

	30 September 2022	30 September 2022 <i>(As restated)</i>	31 March 2021 <i>(As restated)</i>
	£'000	£'000	£'000
Beginning balance	20	213	223
Provision for bad debts	3	-	213
Written off	-	(193)	(223)
Reversal	(20)	-	-
Ending Balance	<u>3</u>	<u>20</u>	<u>213</u>

The trade and other receivables that were past due date but not impaired relate to a number of individual customers for whom there is no reason to believe that the debt is not recoverable. The ageing of these trade receivables and contract retentions is as follows:

	30 September 2022	30 September 2021 <i>(As restated)</i>	31 March 2021 <i>(As restated)</i>
	£'000	£'000	£'000
Current	3,391	390	5,426
30 days	188	710	1,027
60 days	138	558	384
90 days	-	238	291
More than 120 days	102	186	476
	<u>3,819</u>	<u>2,082</u>	<u>7,604</u>

The contract asset receivables relate to the Company's rights to consideration for work completed but not billed at the reporting date. They are transferred to the receivables when the amounts are invoiced.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

21. Cash and cash equivalents

	30 September 2022	30 September 2021 <i>(As restated)</i>	31 March 2021 <i>(As restated)</i>
	£'000	£'000	£'000
Cash in bank	2,870	3,848	6,201
Cash on hand	1	-	-
	<u>2,871</u>	<u>3,848</u>	<u>6,201</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

22. Current trade and other payables

	30 September 2022	30 September 2021 <i>(As restated)</i>	31 March 2021 <i>(As restated)</i>
	£'000	£'000	£'000
Trade payables	2,090	1,519	2,298
Payments received on account	3,803	559	1,139
Amounts owed to group undertakings	2,451	397	376
Other taxation and social security	229	210	205
Accruals and deferred income	1,358	4,626	5,646
Other payables	61	58	-
	<u>9,992</u>	<u>7,362</u>	<u>9,664</u>

The directors consider that the carrying amount of trade payables approximate their fair value.

Payment received on account relates to the consideration invoiced to customers in advance of the work being completed.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

23. Loans and borrowings

	30 September 2022 £'000	30 September 2021 (As restated) £'000	31 March 2021 (As restated) £'000
Current portion			
Bank loans	-	-	2,083
Lease liabilities	<u>939</u>	<u>981</u>	<u>908</u>
	<u>939</u>	<u>981</u>	<u>2,991</u>
Noncurrent portion			
Bank loans	-	-	2,917
Other loans	1,224	-	-
Lease liabilities	<u>1,507</u>	<u>2,439</u>	<u>2,933</u>
	<u>2,731</u>	<u>2,439</u>	<u>5,851</u>
	<u>3,670</u>	<u>3,420</u>	<u>8,842</u>

Obligations under finance lease and hire purchase contracts are secured against the assets to which the finance relates.

Lease maturity analysis:

	30 September 2022 £'000	30 September 2021 (As restated) £'000	31 March 2021 (As restated) £'000
Within one year	939	981	2,991
Later than one year and not later than five years	2,731	2,439	5,851
Later than five years	-	-	-
	<u>3,670</u>	<u>3,420</u>	<u>8,842</u>
Less future finance charges	<u>(221)</u>	<u>(221)</u>	<u>(280)</u>
Leases carrying value	<u>3,449</u>	<u>3,199</u>	<u>8,562</u>

The Company's right of use asset additions and depreciation charge recognised on leases in the year is shown in note 16, interest expense in note 10 and total cash outflows from leases in Cashflow statement.

Exemption has been taken to exclude short term and low value leases from IFRS 16 restatement to Right of Use assets.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

24. Provisions

	30 September 2022	30 September 2021 <i>(As restated)</i>	31 March 2021 <i>(As restated)</i>
	£'000	£'000	£'000
Beginning balance	666	701	966
Additions during the year/period	-	312	-
Utilised during the year/period	<u>(535)</u>	<u>(278)</u>	<u>(265)</u>
Ending balance	<u>134</u>	<u>666</u>	<u>701</u>

Warranty costs

The warranty costs provision represents the estimated liability on all products still under warranty at 30 September 2022 including claims already received.

25. Contingent liabilities

Under Value Added Tax group registration arrangements the company has a contingent liability for all amounts of Value Added Tax payable by the companies within that registration.

The company has provided a bank guarantee of £105k (period ended 30 September 2021 - £105k, year ended 31 March 2021- £105k) in favour of HM Revenue and Customs for deferred duty at the reporting date.

26. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £455k (period ended 30 September 2021 - £220k). Contributions totalling £61k (30 September 2021 - £59k, 31 March 2021 - £Nil) were payable to the fund at the reporting date and are included in creditors.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

27. Commitments under operating leases

The Company had future minimum lease payments due under non-cancellable operating leases of the following periods.

	30 September 2022	30 September 2021 <i>(As restated)</i>	31 March 2021 <i>(As restated)</i>
	£'000	£'000	£'000
Land and buildings			
Not later than 1 year	-	750	638
Later than 1 year and not later than 5 years	-	2,438	2,813
Ending balance	<u>-</u>	<u>3,188</u>	<u>3,451</u>

28. Analysis of net debt

	At 1 October 2021	Cash flows	At 30 September 2022
	£'000	£'000	£'000
Cash at bank and in hand	3,848	(977)	2,871
Debt due after 1 year	-	(1,224)	(1,224)
Debt due within 1 year	-	-	-
Finance leases	(3,468)	(202)	(3,670)
	<u>380</u>	<u>(2,403)</u>	<u>(2,023)</u>

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

29. Financial instruments

Categories of financial instruments

	30 September 2022	30 September 2021 <i>(As restated)</i>	31 March 2021 <i>(As restated)</i>
	£'000	£'000	£'000
Financial assets measured at amortised cost			
Cash and cash equivalents	2,871	3,848	6,201
Trade and other receivables	8,661	8,321	11,390
Ending balance	11,532	12,169	17,591
Financial liabilities measured at amortised cost			
Trade and other payables	9,992	7,369	9,664
Bank loans	-	-	2,083
	9,992	7,369	11,747
Net	1,540	4,800	5,844

Qualitative disclosures

General risk management principles

The Company's activities expose it to a variety of risks including market risk (interest rate risk), foreign exchange risks, credit risk and liquidity risk. The Company manages these risks through an effective risk management programme and through this programme, the Board seeks to minimise potential adverse effects on the Company's financial performance. The Directors have an overall responsibility for the establishment of the Company's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic operational and financial risks of the Company is in place to ensure appropriate risk management of its operations.

The following represent the key financial risks that the Company faced during the year.

- Market risk.
- Foreign exchange risk.
- Credit risk.
- Liquidity risk.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial instruments (continued)

Market risk

The Company's activities expose it primarily to the financial risk of foreign exchange rates. The company is not exposed to significant interest rate risk.

Foreign exchange risk

The Company is exposed to foreign exchange risk on sales and operational costs in relation with customers and suppliers based around the world, through sales and purchases in currencies other than the functional currency.

The company has foreign exchange risk when translating profit and loss and other comprehensive income and balance sheet items into the functional currency. Sales and operational costs generally offset the foreign exchange risk the company is exposed to. The company aims to settle expenses in the local currency where possible.

30 September 2022	Sterling	Euro	US Dollar	Total
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost				
Cash and cash equivalents	788	-	2,083	2,871
Trade and other receivables	3,120	-	2,252	5,372
Trade and other payables	973	30	1,044	2,047
Net exposure	4,881	30	5,379	10,290
30 September 2021	Sterling	Euro	US Dollar	Total
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost				
Cash and cash equivalents	3,504	-	343	3,848
Trade and other receivables	3,424	-	1,785	5,209
Trade and other payables	1,284	50	118	1,452
Ending balance	8,212	50	2,246	10,508

Foreign exchange risk sensitivity analysis

Whilst the company takes steps to minimise its exposure to foreign exchange risk, changes in foreign exchange rates will have an impact on profit.

The company is exposed to movements between the US dollar and Sterling. The effect of a 5% strengthening in the dollar against sterling at the reporting date on the dollar denominated balances at the year end would, all other variables being held constant, have resulted in an approximate increase in the post tax profit for the year of £243k. A 5% weakening in exchange rate would, on the same basis, would have resulted in an approximate decrease in the post- tax profit by £220k.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial instruments (continued)

Credit risk

The Company's principal financial assets are trade and other receivables and cash and cash equivalent.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company's credit risk is primarily attributable to trade receivables and amounts recoverable on contracts. The Company has a policy of assessing credit worthiness of potential and existing customers before entering into transactions. There is ongoing credit evaluation on the financial condition of accounts receivable using independent ratings where available or by assessment of the customer's credit quality based on its financial position, past experience and other factors. The Company manages the collection of its receivables through its post completion project monitoring procedures and ongoing contact with customers so as to ensure that any potential issues that could result in non-payment of the amounts due are addressed as soon as identified.

The maximum exposure to credit risk in respect of the above at 30 September 2022 is the carrying value of financial assets recorded in the financial statements.

Liquidity risk

The Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the Company as they fall due.

The Board receives regular forecasts which estimate cash flows over the next eighteen months, so that management can ensure that sufficient funding is in place as it is required.

Fair value of financial assets and liabilities

The Directors consider that there is no significant difference between the book value and fair value of the Company's financial assets and liabilities.

The tables below summarise the maturity profile of the combined Company's non-derivative financial liabilities at each financial year end based on contractual undiscounted payments:

30 September 2022	Less than 1 year £'000	1-5 years £'000	Later than 5 years £'000
Non-derivative financial liabilities			
Borrowings (current and non-current)	939	2,731	-
Trade payables	2,090	-	-
Other payables	61	-	-
Payments received on account	3,803	-	-
Amount owed to group undertakings	2,451	-	-
	<u>9,344</u>	<u>2,731</u>	<u>-</u>

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial instruments (continued)

30 September 2021	Less than 1 year £'000	1-5 years £'000	Later than 5 years £'000
Non-derivative financial liabilities			
Borrowings (current and non-current)	981	2,439	-
Trade payables	1,519	-	-
Other payables	58	-	-
Payments received on account	559	-	-
Amount owed to group undertakings	397	-	-
	<u>3,514</u>	<u>2,439</u>	<u>-</u>

30. Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce cost of capital. The capital structure of the Company comprises issued ordinary share capital, share premium and retained earnings as disclosed in the Statement of Changes in Equity.

The Company maintains or adjusts its capital structure through the payment of dividends to shareholders, issue of new shares.

31. Share capital

	30 September 2022 £'000	30 September 2021 £'000	31 March 2021 £'000
Allotted, called up and fully paid			
3,470,401 Ordinary shares of £1.00 each	3,470	3,470	3,470
100 Ordinary B shares of £1.00 each	-	-	-
	<u>3,470</u>	<u>3,470</u>	<u>3,470</u>

All classes of share rank parri passu in every respect except that dividends may be declared at different rates on different classes of shares.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

32. Related party transactions

Balances owing to or from related parties and transactions with related parties during the year were as follows:

	Year ended 30 September 2022 £'000	Period ended 30 September 2021 (As restated) £'000	Year ended 31 March 2021 (As restated) £'000
Amounts owed from group undertaking	1,273	3,127	2,535
Amounts owed to group undertakings	(2,464)	(398)	(376)

Transactions with related parties are as follows:

Purchases from associated undertaking	302	126	50
Sales to group undertakings	9,262	6,027	-
Purchases from group undertakings	1,071	-	-

33. Ultimate parent company and controlling party

The ultimate parent company is CPI Intermediate Holdings, a company incorporated in the United States. This is the largest group in which the results of the company are consolidated. The immediate parent company is TMD Holdings Limited, a company incorporated in England and Wales. This is the smallest group in which the results of the company are consolidated.

The consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ. In the opinion of the directors there is no ultimate controlling party.

34. Post Balance Sheet Events

There have been no subsequent events that require disclosure or adjustments to the financial statements.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

35. Impact of new accounting standards under IFRS

The Company has previously prepared annual financial statements under FRS102.

For the purposes of historical financial information, presentation to International Financial Reporting Standards (IFRS) was adopted. The date of transition to IFRS was 1 April 2021 being the beginning of the historical information period. Future financial statements will be prepared under IFRS.

In restating FRS102 company financial information, the company made adjustments to the Income Statement, Statement of Financial Position, and Equity.

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Impact of new accounting standards under IFRS (continued)

The changes and the impact of changes are outlined below:

	Notes	30 September 2021 £'000	1 April 2021 £'000
Equity reported under FRS102		12,472	10,212
IFRS adjustments:			
Right of use lease asset - Depreciation		(358)	-
Right of use lease asset - Retained Reserve: Interest charge		(58)	-
Right of use lease asset - Retained Reserve: payments restated from expense to liability payment		289	-
Right of use lease asset - Net impact	ii	(127)	-
Staff holiday earned not taken accrual	iii	(5)	(146)
Retained reserve - IFRS 15 - Revenue adjustments	i	(406)	(859)
Retained reserve - IFRS 15 - Cost of sales adjustments	i	339	590
Intangibles capitalised	iv	(156)	4,337
Deferred Tax		1	(33)
		(354)	3,888
Retained earning adjustments B/Fwd		(3,888)	-
Total adjustments to retained earnings		(3,534)	(3,888)
Equity reported under IFRS		16,007	14,100
All changes to Equity impact Retained Reserves as outlined below:			
Retained reserve (Retained earnings) reported under FRS102		6,502	6,742
IFRS adjustments:			
Changes to Equity		(3,534)	(3,888)
Retained reserves (Retained earnings) reported under IFRS		10,036	10,630

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Impact of new accounting standards under IFRS (continued)

Summary of impact to Statement of Financial Position - Extracts

		30 September 2021 £'000	1 April 2021 £'000
	Notes		
Goodwill (net) asset reported under FRS102		271	271
IFRS adjustments:			
Goodwill - Reversal of amortisation	i	-	-
Goodwill - Net impact		-	-
		<u>271</u>	<u>271</u>
Right of use asset reported under FRS102		-	-
IFRS adjustments:			
Net asset value brought forward		4,138	983
Right of use lease asset - Cost introduced		-	3,154
Right of use lease asset - Depreciation		(517)	-
Right of use lease asset - Net impact	ii	(517)	4,138
		<u>3,621</u>	<u>4,138</u>
Right of use asset reported under IFRS		3,621	4,138
Current trade and other payables reported under FRS102		(5,186)	(8,428)
IFRS adjustments			
Staff holiday earned not taken accrual	iii	(5)	(146)
IFRS 16: Lease liabilities		(704)	(635)
IFRS 15: Revenue adjustments (Deferred revenue)		(2,423)	(3,446)
Current tax impact due to Deferred tax adj on IFRS 16		(3)	-
		<u>(8,350)</u>	<u>(12,655)</u>
Trade and other payables reported under IFRS		(8,350)	(12,655)

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Impact of new accounting standards under IFRS (continued)

Summary of impact to the Comprehensive Income Statement

	Notes	30 September 2021 £'000	1 April 2021 £'000
Total comprehensive income reported under FRS102		(240)	1,906
IFRS adjustments:			
IFRS 15-Revenue adjustments		(406)	(859)
IFRS 15-Cost of sales adjustments		339	590
IFRS 15 - Net impact	i	(66)	(269)
Right of use lease asset - Depreciation introduced		(358)	-
Right of use lease asset - Interest charge introduced		(58)	-
Right of use lease asset - payments restated from Income Statement to liability payment		289	-
Right of use lease asset - Net impact	ii	(127)	-
Staff holiday earned not taken accrual	iii	(5)	(146)
Intangibles capitalised	iv	(156)	4,337
Tax impact of IFRS conversion		1	(33)
Total adjustments		(354)	(3,888)
Comprehensive income reported under IFRS		(593)	5,794

CPI TMD TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Impact of new accounting standards under IFRS (continued)

Notes:

- i. The impact of change in revenue recognition under IFRS 15 by classifying revenue contracts as 'Point in Time' and 'Over time'.
- ii. Under FRS102, leases for offices are expensed to the Statement of comprehensive income. Under IFRS the treatment requires a "right-of-use" asset to be created and a corresponding "lease obligation" liability recognised for the discounted future value of minimum lease payments.
- iii. An accrual has been created for staff holiday earned but not taken by year end. The accrual is reversed on the first day of the following year.
- iv. Under FRS 102, the company had a policy whereby it can capitalise or expense the internal development cost. Under IFRS this policy choice does not exist and therefore any internal development cost meeting the criteria for capitalisation under IAS 38 has been capitalised.