

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 December 2020

for

Broadberry Data Systems Limited

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Broadberry Data Systems Limited

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for the Year Ended 31 December 2020

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Broadberry Data Systems Limited

Company Information
for the Year Ended 31 December 2020

DIRECTORS:

Mr C P Broadberry
Mrs P Piasecki
Mr A Ataie

REGISTERED OFFICE:

3 Sheen Road
Richmond
TW9 1AD

REGISTERED NUMBER:

02882275 (England and Wales)

AUDITORS:

Ledger Sparks Audit LLP (Statutory Auditors)
Airport House
Suite 43-45
Purley Way
Croydon
CR0 0XZ

Broadberry Data Systems Limited
Strategic Report
for the Year Ended 31 December 2020

Introduction

The directors present their strategic report with the financial statements of the year ended 31 December 2020.

Principal activities

The company's principal activity is the wholesale of computers, computer peripheral equipment and software.

BUSINESS REVIEW

The directors are pleased with the trading performance for the year, which resulted in a pre-tax profit. The results for the company show a pre-tax profit of £3,130,766 (2019: £2,744,489), and turnover of £13,733,945 (2019:£13,091,127). Operating profit for the year is £3,189,415 (2019: £2,762,821) higher by £426,594 compared to 2019 is primarily due to strong sales growth providing quality and price sensitive product and customer service to capture additional market share. The improved gross profit percentage is driven by improved purchasing power and relationships with suppliers. Administrative expenses were £1,261,507 (2019: £1,460,152), which have increased due to employee and advertising costs. However, the company will continue to focus on cost monitoring in response to the difficult future market conditions.

The company continues to experience growth through difficult trading conditions. In March 2020 the World Health Organisation declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result of Covid 19 the company has had to adopt new working practises. However, the directors remain confident that the company trading will not be adversely affected.

The directors believe the effect of the UK leaving the EU, should have limited impact on company based on geographical diversity of it operations. However due to the current uncertainty and changes to UK businesses, the director will continue to review and adapt to the risk of potential changes as result of the UK's exit from the EU.

Broadberry Data Systems Limited
Strategic Report
for the Year Ended 31 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are reviewed in detail by the directors and no material additional risk or uncertainty has been identified other than those detailed below. These risks are broadly accompanied with competitive, operational and financial risks. The directors risk management objectives consist of identifying and monitoring those risks which could have an adverse impact on the company assets, profitability or cash flows.

The company is exposed to financial risks including credit risk, liquidity risk, and market risk, arising from the company's normal business activities. These risks and the company's approach to dealing with them are discussed below.

Competitive risk

The company operates in the computer hardware and integration sector. The markets remain competitive with price and margin fluctuation, which are dependent on relationships with key suppliers. Additionally, the uncertain surrounding the economy due to the direct result of the United Kingdom's exit and COVID-19 remain prominent factors factoring affecting the sector.

Operational risk

The main operational risk relating to the company's operations of the computer hardware and integration are through relationships with the customers and quality of products to client specifications. The company's ability to provide products to its customers depends on maintaining relationship. The overall risk is mitigated by ensuring that the orders are delivered to client's specification and quality products to the company to enable operations to grow. Additionally, in March 2020 the World Health Organisation declared the outbreak of a coronavirus (COVID-19) a pandemic. Business in the UK has had to be suspend in parts across various operations because of the outbreak of a coronavirus (COVID-19) and lockdown measures enacted by the Local Government. However, the company holds and buys its stock based on confirmed contracts and directors consider the impact on operations and current shutdown, will be limited on the company's operational risks.

Price risk

The company's exposure to price risk is based on its operation to provide tailored hardware and integration products. The fluctuation has impact on the company margins and profitability. There is also some exposure product price risk based on its operations. The directors manage exposure based on working with its supplier in and controlling purchasing volumes and providing high level of service to customers. The company directors ensure they review and manage their policies to controls the level of risk through diversification of products' they provide.

Foreign exchange risks

The company has certain balances due to and from customers, suppliers and related parties in other currencies, primarily in Euros or Dollars, and the company is therefore exposes to currency fluctuations. As a matter of policy, the company choose not to currently use financial derivatives or currency hedging to manage its exposure and the directors review exposures to risk and review currency fluctuations on an ongoing basis to ensure any adverse effect limited.

Credit risk

The company's principal financial assets are bank balances, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables and balances from the related parties. The company gives significant attention to credit risk and manages the risk though credit control procedures to ensure that credit risk is at an acceptable level for its future operations.

Broadberry Data Systems Limited
Strategic Report
for the Year Ended 31 December 2020

Liquidity Risk

Liquidity risk is the risk that insufficient working capital will be generated by the company's business activities and that in this event suitable sources of funding may not be available. The company ensures that sufficient cash is available to fund on-going operations and has sufficient cash reserves for its operations. The company controls this risk by maintaining appropriate inventory levels by operating a policy of buying inventory against confirmed customer orders and also exercises effective credit management.

KEY PERFORMANCE INDICATORS

The directors of the company use a variety of financial performance indicators, including turnover, total operating profit, profit after tax, shareholders fund and average employees. These are reviewed and assessed quarterly by the board and appropriate action taken to ensure growth targets are being achieved.

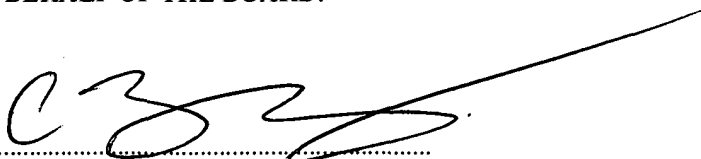
The company's key financial and non-performance indicator for the year are as follows:

	2020	2019	2018
	£	£	£
Turnover	13,733,945	13,091,127	12,271,002
Total operating profit	3,189,415	2,762,821	2,465,237
Profit after tax	2,535,223	2,346,909	2,094,642
Shareholders Fund	9,428,907	6,893,684	4,546,775
Average employees	24	29	25

FINANCIAL INSTRUMENTS

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are conducted in sterling and foreign currency for which company minimise exposure to exchange rate volatility through its internal management processes. The company does not enter into any formally designated hedging arrangements.

ON BEHALF OF THE BOARD:



.....
Mr C P Broadberry - Director

Date: 25/12/20.....

Broadberry Data Systems Limited

Report of the Directors
for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of wholesale of computers, computer peripheral equipment and software.

DIVIDENDS

The directors do not recommend the payment of a dividend. The profit for the financial year of £2,535,223 will therefore be taken to reserves.

FUTURE DEVELOPMENTS

The directors remain optimistic for the future. order book activities are reviewed to ensure that future planned performance will continue. The directors aim to maintain a strategy to continue to improve performance and drive the business through targeted growth opportunities.

DIRECTORS

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

C P Broadberry

P Piasecki (Appointed on 30 July 2021)

A Ataie (Appointed on 30 July 2021)

G L Bero (Resigned on 29 July 2021)

M D'Amelio (Resigned on 29 July 2021)

GOING CONCERN

During the period ended 31 December 2020, the World Health Organisation declared the outbreak of a coronavirus(COVID-19) a pandemic. The COVID-19 outbreak in the United Kingdom has resulted in the temporary lockdown and reduction of operations which have been government mandated. The directors have reviewed and factored potential delays and reassess cash flow forecasts and budgets, which show that the company would have sufficient working capital for at least a year from the date these Financial Statements are approved. This is based on the assumptions that the budgeted forecasts are achievable. Given the above, the directors consider it appropriate to adopt a going concern basis in preparing the financial statements.

STRATEGIC REPORT

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments, research & development and financial instruments.

EVENTS AFTER THE YEAR END

As set out to note 22, the Coronavirus (COVID-19) has emerged globally resulting in a significant impact on businesses worldwide. As a result some business operations have been restricted, however the company continues to operate using alternative methods and remote working. The directors are unable to evaluate the overall financial impact on the business at present. Hence financial statements do not include any adjustments that might result from the outcome of this uncertainty. The directors are continuing to monitor, assess and act to the current changing environment in order to position the company to ensure its future success.

Broadberry Data Systems Limited

Report of the Directors
for the Year Ended 31 December 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

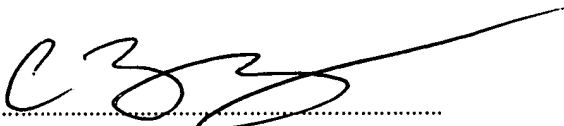
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors Ledger Sparks Audit LLP (Statutory Auditors) will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
Mr C P Broadberry - Director

Date: 25/10/21

Report of the Independent Auditors to the Members of
Broadberry Data Systems Limited

Opinion

We have audited the financial statements of Broadberry Data Systems Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Broadberry Data Systems Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page six, 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 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.

Report of the Independent Auditors to the Members of
Broadberry Data Systems Limited

Auditors' 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 a Report of the Auditors 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:

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.

- It is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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 Report of the Auditors.

Bobby Gurdep Bhogal FCCA (Senior Statutory Auditor)
for and on behalf of Ledger Sparks Audit LLP (Statutory Auditors)
Airport House
Suite 43-45
Purley Way
Croydon
CR0 0XZ

Date:11/11/21.....

Broadberry Data Systems Limited

Income Statement
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
TURNOVER	4	13,733,945	13,091,127
Cost of sales		<u>(9,324,443)</u>	<u>(8,928,691)</u>
GROSS PROFIT		4,409,502	4,162,436
Distribution costs		(35,450)	-
Administrative expenses		<u>(1,261,507)</u>	<u>(1,460,152)</u>
		3,112,545	2,702,284
Other operating income	5	<u>76,870</u>	<u>60,537</u>
OPERATING PROFIT	7	3,189,415	2,762,821
Interest receivable and similar income		<u>540</u>	<u>11,014</u>
		3,189,955	2,773,835
Interest payable and similar expenses	9	<u>(59,189)</u>	<u>(29,346)</u>
PROFIT BEFORE TAXATION		3,130,766	2,744,489
Tax on profit	10	<u>(595,543)</u>	<u>(397,580)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>2,535,223</u></u>	<u><u>2,346,909</u></u>

The notes form part of these financial statements

Broadberry Data Systems Limited

Other Comprehensive Income
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		2,535,223	2,346,909
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,535,223</u></u>	<u><u>2,346,909</u></u>

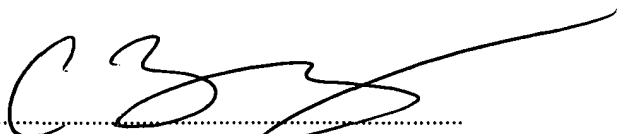
The notes form part of these financial statements

Broadberry Data Systems Limited (Registered number: 02882275)

Balance Sheet
31 December 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	11	5,355	7,140
CURRENT ASSETS			
Stocks	12	532,765	154,607
Debtors	13	7,741,021	7,310,915
Cash at bank		3,661,666	457,755
		<u>11,935,452</u>	<u>7,923,277</u>
CREDITORS			
Amounts falling due within one year	14	<u>(2,511,900)</u>	<u>(1,036,733)</u>
NET CURRENT ASSETS		<u>9,423,552</u>	<u>6,886,544</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>9,428,907</u></u>	<u><u>6,893,684</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	100	100
Retained earnings	18	9,428,807	6,893,584
SHAREHOLDERS' FUNDS		<u><u>9,428,907</u></u>	<u><u>6,893,684</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 25/12/21 and were signed on its behalf by:


.....
Mr C P Broadberry - Director

The notes form part of these financial statements

Broadberry Data Systems Limited

Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	100	4,546,675	4,546,775
Changes in equity			
Total comprehensive income	-	2,346,909	2,346,909
Balance at 31 December 2019	<u>100</u>	<u>6,893,584</u>	<u>6,893,684</u>
Changes in equity			
Total comprehensive income	-	2,535,223	2,535,223
Balance at 31 December 2020	<u><u>100</u></u>	<u><u>9,428,807</u></u>	<u><u>9,428,907</u></u>

The notes form part of these financial statements

Broadberry Data Systems Limited

Cash Flow Statement
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	3,462,560	(3,704,817)
Tax paid		(200,000)	(347,834)
Net cash from operating activities		<u>3,262,560</u>	<u>(4,052,651)</u>
Cash flows from investing activities			
Sale of tangible fixed assets		-	50,000
Interest received		540	11,014
Net cash from investing activities		<u>540</u>	<u>61,014</u>
Cash flows from financing activities			
Amount withdrawn by directors		-	(30,012)
Finance cost		(59,189)	(29,346)
Net cash from financing activities		<u>(59,189)</u>	<u>(59,358)</u>
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	457,755	4,508,750
Cash and cash equivalents at end of year	2	<u><u>3,661,666</u></u>	<u><u>457,755</u></u>

The notes form part of these financial statements

Broadberry Data Systems Limited

Notes to the Cash Flow Statement
for the Year Ended 31 December 2020

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2020	2019
	£	£
Profit before taxation	3,130,766	2,744,489
Depreciation charges	1,785	2,381
Profit on disposal of fixed assets	-	(11,915)
Finance costs	59,189	29,346
Finance income	(540)	(11,014)
	3,191,200	2,753,287
Increase in stocks	(378,158)	(106,287)
Increase in trade and other debtors	(430,106)	(6,305,221)
Increase/(decrease) in trade and other creditors	1,079,624	(46,596)
	3,462,560	(3,704,817)

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	3,661,666	457,755
	3,661,666	457,755

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	457,755	4,508,750
	457,755	4,508,750

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
Net cash			
Cash at bank	457,755	3,203,911	3,661,666
	457,755	3,203,911	3,661,666
Total	457,755	3,203,911	3,661,666

The notes form part of these financial statements

Broadberry Data Systems Limited
Notes to the Financial Statements
for the Year Ended 31 December 2020

1. STATUTORY INFORMATION

Broadberry Data Systems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

GOING CONCERN

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

At 31 December 2020 the company's had net current assets of £9,423,552 (2019: £6,886,544) and net profit after tax of £2,535,223 (2019: £2,346,909), however the financial statements have been prepared on a going concern basis.

The World Health Organisation declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United Kingdom has resulted in the temporary lockdown and reduction of operations which have been government mandated. At the current time, the directors are unable to quantify the potential effects of this pandemic on future reporting periods. The company's review and factor potential delays and reassess cash flow forecasts and budgets, which show that the company would have sufficient working capital for at least a year from the date these Financial Statements are approved. This is based on the assumptions that the budgeted forecasts are achievable, and demand continues for its products, services and governments continue to support the industry. The company continues to support its business model enabling to assist in managing its working capital efficiently. Given the above, the directors consider it appropriate to adopt a going concern basis in preparing the financial statements.

TURNOVER

Revenue is the amount derived from ordinary activities and is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances, and is stated net of VAT.

Revenue from the sale of computer equipment and software as specified in the strategic report is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of components is recognised when the goods are delivered, and legal title has passed.

Broadberry Data Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance

At each balance sheet date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that any items of property, plant and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

FINANCIAL INSTRUMENTS

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable. Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss. 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. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

GOVERNMENT GRANTS

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received using the accrual model.

Broadberry Data Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date non-financial assets not carried at fair value, like plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Inventories are also assessed for impairment at each reporting date. The carrying amount of each item of inventory, or group of similar items, is compared with its selling price less costs to complete and sell. If an item of inventory or group of similar items is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

STOCKS

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs, which comprise direct production costs and an appropriate allocation of production overheads, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write -down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the written - down or loss occurs. The amount of any reversal of any write -down of stocks is recognised as are deduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Broadberry Data Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

DEFERRED TAX

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

FOREIGN CURRENCIES

The financial statements are presented in Sterling, which is also the functional currency of the company. Transactions in currencies, other than the functional currency of the company, are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

LEASING COMMITMENTS

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

TRADE AND OTHER DEBTORS

Trade and other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received, net of impairment. Those that are receivable after more than one year or that constitute a financing transaction are recorded initially at fair value less transaction costs and subsequently at amortised cost, net of impairment.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

TRADE AND OTHER CREDITORS

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Broadberry Data Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	12,833,805	11,547,710
Rest of the world	900,140	1,543,417
	<u>13,733,945</u>	<u>13,091,127</u>

5. **OTHER OPERATING INCOME**

	2020	2019
	£	£
Other income	35,199	60,537
Furlough income	41,671	-
	<u>76,870</u>	<u>60,537</u>

6. **EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	1,154,666	1,255,588
Social security costs	127,093	122,333
Other pension costs	34,549	32,342
	<u>1,316,308</u>	<u>1,410,263</u>

The average number of employees during the year was as follows:

	2020	2019
Production	13	15
Sales and Admin	11	14
	<u>24</u>	<u>29</u>

Broadberry Data Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

6. **EMPLOYEES AND DIRECTORS - continued**

	2020	2019
	£	£
Directors' remuneration	100,000	52,000
Directors' pension	10,000	10,000
	110,000	62,000
	110,000	62,000

7. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Other operating leases	168,548	172,370
Depreciation - owned assets	1,785	2,380
Profit on disposal of fixed assets	-	(11,915)
Foreign exchange differences	20,359	138,437
	190,692	301,272
	190,692	301,272

8. **AUDITORS' REMUNERATION**

	2020	2019
	£	£
Fees payable to the company's auditors for other services: The auditing of accounts of associates of the company pursuant to legislation	8,000	7,000
	8,000	7,000
	8,000	7,000

9. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£	£
Bank charges	59,189	29,346
	59,189	29,346
	59,189	29,346

10. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	595,543	398,590
Over/ Under provision of tax	-	(1,010)
	595,543	397,580
Tax on profit	595,543	397,580

Broadberry Data Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

10. **TAXATION - continued**

RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>3,130,766</u>	<u>2,744,489</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	594,846	521,453
Effects of:		
Expenses not deductible for tax purposes	697	10,007
Income not taxable for tax purposes	-	(2,264)
Depreciation in excess of capital allowances	-	9,251
Research and Development enhanced deduction	-	(139,857)
Overprovision of previous year	-	(1,010)
Total tax charge	<u>595,543</u>	<u>397,580</u>

11. **TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1 January 2020 and 31 December 2020	<u>51,981</u>	<u>51,562</u>	<u>103,543</u>
DEPRECIATION			
At 1 January 2020	49,213	47,190	96,403
Charge for year	692	1,093	1,785
At 31 December 2020	<u>49,905</u>	<u>48,283</u>	<u>98,188</u>
NET BOOK VALUE			
At 31 December 2020	<u>2,076</u>	<u>3,279</u>	<u>5,355</u>
At 31 December 2019	<u>2,768</u>	<u>4,372</u>	<u>7,140</u>

12. **STOCKS**

	2020 £	2019 £
Stocks	<u>532,765</u>	<u>154,607</u>

Broadberry Data Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors less bad debt provision	776,800	1,506,427
Wages and salaries advance	-	3,131
Advance to supplier	4,009	-
Amounts due from group undertakings	6,950,818	5,798,327
Prepayments	9,394	3,030
	7,741,021	7,310,915

Amount due from group undertakings are interest free and payable on demand.

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade creditors	672,283	619,159
Deposit from customer	1,047,688	-
Corporation tax	594,133	198,590
Social security & other taxes	24,800	62,016
VAT	105,488	129,389
Pension payable	3,243	3,589
Accrued expenses	64,265	23,990
	2,511,900	1,036,733

15. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	140,000	140,834
Between one and five years	560,000	704,169
In more than five years	280,000	281,668
	980,000	1,126,671

Broadberry Data Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

16. **FINANCIAL INSTRUMENTS**

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors and amount due from group undertakings	7,731,627	7,307,885
Financial liabilities		
Financial assets that are debt instruments measured at amortised cost comprise trade and other creditors and directors loan account	1,719,971	752,137

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2020 £	2019 £
100	Ordinary	£1	100	100

18. **RESERVES**

	Retained earnings £
At 1 January 2020	6,893,584
Profit for the year	2,535,223
At 31 December 2020	9,428,807

19. **PENSION COMMITMENTS**

The company operates a defined contribution scheme. During the year the company contributed £34,549 (2019: £32,342). There were £3,243 outstanding contributions at the reporting date (2019: £3,589).

20. **RELATED PARTY DISCLOSURES**

A director also received £140,000 (2019 - £140,000) in respect of rent for the company's business premises.

During the year purchases of £350,222 (2019 - £174,686) were made from and sales of £162,560 (2019-Nil) were made to ultimate controlling party.

Also, at the balance sheet date, included in debtors is an amount owed by the ultimate controlling party for the sum of £ £6,950,818 (2019 - £5,798,327).

Broadberry Data Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

21. **ULTIMATE CONTROLLING PARTY**

The immediate parent company is Berry Bidco Limited, a company registered in UK. The accounts of the company are consolidated with immediate parent company. The ultimate controlling party is Source Code Midco LLC, a company registered in USA by virtue of the shareholding in the company.

22. **POST BALANCE SHEET EVENTS**

The Coronavirus (COVID-19) have emerged globally resulting in a significant impact on businesses worldwide and the UK government continued to impose restrictions in 2021. As a result some business operations have been restricted, however the company continues to operate using alternative methods and remote working. Hence financial statements do not include any adjustments that might result from the outcome of this uncertainty. The directors are continuing to monitor, assess and act to the current changing environment in order to position the company to ensure its future success.