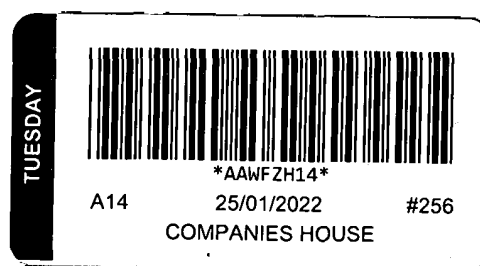


Registered number: 00952502

**CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD
TECHNOLOGIES LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**



CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

COMPANY INFORMATION

Directors	M J T Woolley D A Brown R Fickett M J Clark R Kemp
Registered number	00952502
Registered office	Unit 3 Swallowfield Way Hayes Middlesex UB3 1DQ
Independent auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditors 3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**STRATEGIC REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

Introduction

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

On 8 July 2021 100% of the shareholding in the TMD group of companies including TMD Holdings Limited, TMD Technologies Limited and TMD Technologies, LLC was acquired by CPI subsidiary holdings, LLC, a wholly owned subsidiary of Communications & Power Industries in the United States of America.

The change of name from TMD Technologies Limited to CPI TMD Technologies Limited reflects becoming owned and operated as a subsidiary of CPI; becoming part of CPI's Electron Device Business which focuses on supplying related products used in the generation, amplification, transmission, and reception of microwave signals.

As a result of the change of ownership, the directors and board have decided that it is in the best interests of the company to change their financial year end from March to September to report consistently with the rest of the CPI group.

This represents an exciting new chapter and the opportunity for continuing our path of future growth and profitability through being able to offer both existing and new customers broader capabilities and more comprehensive radio frequency and high voltage power solutions.

TMD has continued to invest, innovate and develop products for new and emerging opportunities and technologies. This includes the integration of our Ka Band MPM's (Microwave Power Modules) into our product range together with improvements to our range of X-band Microwave Tubes and also developing a range of new mini Tubes for future production and expansion of our MPM product range.

Business review

During the period, the trading environment continued to be affected by COVID-19 and in particular from 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.

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.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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.

Currency 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.

COVID-19

The COVID-19 pandemic has continued to generate both internal and external operating risks.

The directors are confident that the various actions to comply with legislation relating to employee welfare and safety in relation to working practices are robust and effective and are committed to continuously monitor and implement changes necessary to maintain employee safety.

Externally, COVID-19 has continued to impact the global economic environment and the directors have adapted our methods of operation for the benefit of both TMD and all stakeholders.

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 period was £10,210k (*year ended 31 March 2021 - £23,870k*).

The company's cash balance at the reporting date was £3,848k (*31 March 2021 - £6,201k*).

The company's loss before tax for the period was £240k (*year ended 31 March 2021 - £1,906k profit 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 of FRS 102.

Whereas the directors continue to believe that the policy and the values capitalised are fully justified, it is also accepted that such a policy risks the introduction of a level of subjectivity which is unhelpful and requires monitoring to ensure that impairment has not taken place which potentially increases further the level of subjectivity. As a result, the directors and the board have agreed that it is in the best interests of all stakeholders that research and development costs should no longer be held as an intangible asset and that previously capitalised costs be written off against reserves.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

This report was approved by the board on

17 JANUARY 2022

and signed on its behalf.

M J T Woolley
Director



CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

The directors present their report and the financial statements for the period ended 30 September 2021.

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 period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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 have taken consideration of the impact of COVID-19 on the business and the withdrawal of the United Kingdom from the European Union. 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 loss for the period, after taxation, amounted to £240k (*year ended 31 March 2021 - £1,906k profit as restated*). The dividends paid during the period amounted £Nil (*year ended 31 March 2021 - £2,637k*).

Directors

The directors who served during the period were:

P J Butcher (resigned 8 July 2021)
V H Smith (resigned 8 July 2021)
D M Pike (resigned 8 July 2021)
M J T Woolley
D A Brown

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

T J Ledwell (resigned 8 July 2021)
R Fickett (appointed 8 July 2021)
M J Clark
N C Hann (resigned 8 July 2021)
R Kemp (appointed 8 July 2021)

Change of name

The company passed a written resolution on 26 October 2021 to change its name from TMD Technologies Limited to CPI TMD Technologies Limited.

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

At the date of approval of these accounts, the COVID-19 pandemic is still prevalent in the UK. It is not possible to accurately predict the duration or magnitude of any potential consequences as a result of the pandemic at this time.

There have been no other 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 17 JANUARY 2022 and signed on its behalf.



M J T Woolley
Director

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CPI TMD TECHNOLOGIES LIMITED
(FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)**

Opinion

We have audited the financial statements of CPI TMD Technologies Limited (formerly known as TMD Technologies Limited) (the 'Company') for the period ended 30 September 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 30 September 2021 and of its loss for the period 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 United Kingdom, including the Financial Reporting Council'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.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CPI TMD TECHNOLOGIES LIMITED
(FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED) (CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CPI TMD TECHNOLOGIES LIMITED
(FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED) (CONTINUED)**

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 an Auditors' 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. FRS 102.
 - iii. Tax legislation.
 - iv. Employment legislation.
- 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 noncompliance 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.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CPI TMD TECHNOLOGIES LIMITED
(FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED) (CONTINUED)**

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 Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.



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: *20th January 2022*

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	Note	Period ended 30 September 2021 £000	<i>As restated</i> Year ended 31 March 2021 £000
Turnover	4	10,210	23,870
Cost of sales		(8,206)	(19,603)
Gross profit		2,004	4,267
Administrative expenses		(2,356)	(2,912)
Other operating income	5	139	541
Operating (loss)/profit	6	(213)	1,896
Income from fixed assets investments	10	-	608
Amounts written off investments	17	-	(569)
Interest receivable and similar income	11	-	4
Interest payable and similar expenses	12	(27)	(33)
(Loss)/profit before tax		(240)	1,906
Tax on (loss)/profit	13	-	-
Profit for the financial period/year		(240)	1,906
Total comprehensive income for the period/year		(240)	1,906

The notes on pages 14 to 35 form part of these financial statements.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)
REGISTERED NUMBER: 00952502

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021


	Note	30 September 2021 £000	As restated 31 March 2021 £000
Fixed assets			
Intangible assets	15	-	271
Tangible assets	16	2,839	2,738
Investments	17	158	158
		<u>2,997</u>	<u>3,167</u>
Current assets			
Stocks	18	5,036	4,169
Debtors: amounts falling due within one year	19	6,854	9,271
Cash at bank and in hand	20	3,848	6,201
		<u>15,738</u>	<u>19,641</u>
Creditors: amounts falling due within one year	21	(5,186)	(8,428)
Net current assets		<u>10,552</u>	<u>11,213</u>
Total assets less current liabilities		<u>13,549</u>	<u>14,380</u>
Creditors: amounts falling due after more than one year	22	(411)	(3,467)
Provisions for liabilities			
Other provisions	26	(666)	(701)
Net assets		<u>12,472</u>	<u>10,212</u>
Capital and reserves			
Called up share capital	28	3,470	3,470
Share premium account	28	2,500	-
Profit and loss account	28	6,502	6,742
		<u>12,472</u>	<u>10,212</u>

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)
REGISTERED NUMBER: 00952502

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
17 JANUARY 2022

M J T Woolley
Director



The notes on pages 14 to 35 form part of these financial statements.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2021	3,470	-	6,742	10,212
Comprehensive income for the period				
Loss for the period	-	-	(240)	(240)
Total comprehensive income for the period	-	-	(240)	(240)
Shares issued during the period	-	2,500	-	2,500
Total transactions with owners	-	2,500	-	2,500
At 30 September 2021	3,470	2,500	6,502	12,472

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2020	3,470	12,341	15,811
Prior year adjustment	-	(4,868)	(4,868)
At 1 April 2020 (as restated)	3,470	7,473	10,943
Comprehensive income for the year			
Profit for the year (as restated)	-	1,906	1,906
Total comprehensive income for the year	-	1,906	1,906
Dividends: Equity capital	-	(2,637)	(2,637)
Total transactions with owners	-	(2,637)	(2,637)
At 31 March 2021 (as restated)	3,470	6,742	10,212

The notes on pages 14 to 35 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

1. General information

CPI TMD Technologies Limited (formerly known as 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemption

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of TMD Holdings Limited as at the period ended 30 September 2021 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

2.3 Going concern

The directors have taken consideration of the impact of COVID-19 on the business and the withdrawal of the United Kingdom from the European Union. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.4 Revenue

Revenue comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

Revenue from the sale of finished goods is recognised at the point that completed units are made available to the customer for dispatch. Where payments are received from customers prior to the completion of the related goods, the payments are treated as payments received on account.

Long term contracts are assessed on a contract by contract basis and are reflected in the Statement of comprehensive income by recording turnover as the activity progresses.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Company's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis over ten years to the Statement of comprehensive income.

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.7 Stocks

Stocks of raw materials, consumables and finished goods are stated at the lower of cost and net realisable value. In general, cost comprises direct expenditure and the relevant proportion of production overheads. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

Work in progress is valued at cost less foreseeable losses. Cost comprises direct expenditure and the relevant proportion of production overheads. Provision has been made for all losses expected to arise on completion of the contracts entered into at the reporting date, whether or not work on them has commenced.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 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.

2.10 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 debtors and creditors, and loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the reporting date for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.10 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, 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.

2.11 Creditors

Creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.13 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term until the date the rent is expected to be adjusted to the prevailing market rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A 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.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the period that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.19 Employee Benefit Trust (EBT)

The company has established a trust for the benefit of the employees and certain of their dependants. Monies held in the trust are held by independent trustees and managed at their discretion.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the group are charged to the Statement of comprehensive income in the period to which they relate.

2.20 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, over five years.

If it is not possible to distinguish between the research phase and the development phase of an internal project. The expenditure is treated as if it were all incurred in the research phase only.

2.22 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.23 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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 reporting date.

2.24 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.25 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.26 Associates and joint ventures

Associates and joint ventures are held at cost less impairment.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements in applying the above accounting policies that have had the most significant effect on the amounts recognised in the financial statements:

1. Determine whether leases entered into by the company are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
2. Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset.
3. Determine the amount of deferred tax asset arising from tax losses. This depends on an assessment as to the probability of their recovery against the reversal of deferred tax liabilities or future taxable profits.

Other key sources of estimation uncertainty:

1. Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
2. The directors have made key assumptions regarding the profitability, stage of completion, future costs to complete and collectability of billings of contracts.
3. The directors have made key assumptions in the determination of provisions held at the reporting date, representing their best estimate of future liabilities.

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
United Kingdom	951	1,406
Rest of Europe	1,753	3,434
Rest of the world	7,506	19,030
	<u>10,210</u>	<u>23,870</u>

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

5. Other operating income

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
Furlough grants receivable	139	541
	<u>139</u>	<u>541</u>

6. Operating (loss)/profit

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

	Period ended 30 September 2021 £000	As restated Year ended 31 March 2021 £000
Research and development charged as an expense	1,204	1,556
Exchange differences	12	(232)
Other operating lease rentals	30	45
Impairment of intangible fixed assets	271	-
Depreciation of tangible fixed assets	397	891
Warranty costs	120	162
Profit on disposal of assets	-	(15)
Hire of assets	16	33
	<u>16</u>	<u>33</u>

7. Auditors' remuneration

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	25	32
	<u>25</u>	<u>32</u>

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
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8. Employees

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

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
Wages and salaries	3,887	7,715
Social security costs	418	844
Cost of defined benefit scheme	220	446
	4,525	9,005

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

	Period ended 30 September 2021 No	Year ended 31 March 2021 No.
Employees	144	160
	144	160

9. Directors' remuneration

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
Directors' emoluments	640	1,294
Company contributions to defined contribution pension schemes	24	69
	664	1,363

During the period retirement benefits were accruing to 6 directors (*year ended 31 March 2021 - 6*) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £199k (*year ended 31 March 2021 - £446k*).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2k (*year ended 31 March 2021 - £6k*).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

10. Income from investments

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
Dividend received	-	608
	<u>-</u>	<u>608</u>
	<u>-</u>	<u>608</u>

11. Interest receivable and similar income

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
Other interest receivable	-	4
	<u>-</u>	<u>4</u>
	<u>-</u>	<u>4</u>

12. Interest payable and similar expenses

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
Bank interest payable	-	2
Other loan interest payable	27	31
	<u>27</u>	<u>33</u>
	<u>27</u>	<u>33</u>

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
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13. Taxation

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

13. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (31 March 2021 - lower than) the standard rate of corporation tax in the UK of 19% (31 March 2021 - 19%). The differences are explained below:

	Period ended 30 September £000	<i>As restated Year ended 31 March 2021 £000</i>
(Loss)/profit on ordinary activities before tax	(240)	1,906
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(46)	362
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8	38
Capital allowances for period/year differing to depreciation	5	16
Research and development credit	-	(192)
Other timing differences	(820)	1
Utilisation of losses	-	(8)
Non taxable income	-	(116)
Prior year restatement	-	(101)
Unrelieved tax losses carried forward	853	-
Total tax charge for the period/year	-	-

Factors that may affect future tax charges

The company has taxable losses carried forward of approximately £9,400k (year ended 31 March 2021 - £5,480k) 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 (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
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14. Dividends

	Period ended 30 September 2021 £000	Year ended 31 March 2021 £000
Equity dividends	-	2,637
	<u>-</u>	<u>2,637</u>
	<u>-</u>	<u>2,637</u>

15. Intangible assets

	Goodwill £000
Cost	
At 1 April 2021 (as restated)	271
At 30 September 2021	<u>271</u>
Impairment	
Impairment charge	271
At 30 September 2021	<u>271</u>
Net book value	
At 30 September 2021	<u>-</u>
At 31 March 2021 (as restated)	<u>271</u>

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

16. Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Improvements to buildings £000	Total £000
Cost				
At 1 April 2021	14,271	1,178	3,027	18,476
Additions	379	-	120	499
At 30 September 2021	<u>14,650</u>	<u>1,178</u>	<u>3,147</u>	<u>18,975</u>
Depreciation				
At 1 April 2021	13,107	560	2,071	15,738
Charge for the period on owned assets	182	-	56	238
Charge for the period on financed assets	17	114	29	160
At 30 September 2021	<u>13,306</u>	<u>674</u>	<u>2,156</u>	<u>16,136</u>
Net book value				
At 30 September 2021	<u>1,344</u>	<u>504</u>	<u>991</u>	<u>2,839</u>
At 31 March 2021	<u>1,164</u>	<u>618</u>	<u>956</u>	<u>2,738</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	30 September 2021 £000	31 March 2021 £000
Plant and machinery	66	61
Motor vehicles	519	616
Improvements to buildings	268	304
	<u>853</u>	<u>981</u>

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

17. Fixed asset investments

	Investments in associates £000
Cost and net book value	
At 1 April 2021	158
At 30 September 2021	<u>158</u>

Associate

The following was an associate of the Company:

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

18. Stocks

	30 September 2021 £000	31 March 2021 £000
Raw materials and consumables	3,278	2,521
Work in progress	1,758	1,648
	<u>5,036</u>	<u>4,169</u>

The replacement cost of stocks and work in progress is not materially different from the historic value.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

19. Debtors

	30 September 2021 £000	31 March 2021 £000
Trade debtors	2,063	7,391
Amounts owed by group undertakings	3,127	-
Other debtors	250	329
Prepayments and accrued income	592	729
Deferred taxation (see note 25)	822	822
	6,854	9,271
	6,854	9,271

20. Cash and cash equivalents

	30 September 2021 £000	31 March 2021 £000
Cash at bank and in hand	3,848	6,201
	3,848	6,201
	3,848	6,201

21. Creditors: Amounts falling due within one year

	30 September 2021 £000	31 March 2021 £000
Bank loans	-	2,083
Payments received on account	706	1,161
Trade creditors	1,519	2,298
Amounts owed to group undertakings	398	376
Other taxation and social security	207	204
Obligations under finance lease and hire purchase contracts	277	273
Other creditors	54	-
Accruals and deferred income	2,025	2,033
	5,186	8,428
	5,186	8,428

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

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
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22. Creditors: Amounts falling due after more than one year

	30 September 2021 £000	<i>31 March 2021 £000</i>
Bank loans	-	2,917
Obligations under finance leases and hire purchase contracts	411	550
	411	<i>3,467</i>
	411	<i>3,467</i>

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

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	30 September 2021 £000	<i>31 March 2021 £000</i>
Within one year	277	273
Between 1-5 years	411	410
Over 5 years	-	140
	688	<i>823</i>
	688	<i>823</i>

24. Financial instruments

	30 September 2021 £000	<i>31 March 2021 £000</i>
Financial assets		
Financial assets that are debt instruments measured at amortised cost	5,440	7,720
	5,440	<i>7,720</i>
Financial liabilities		
Financial liabilities measured at amortised cost	3,365	9,658
	3,365	<i>9,658</i>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise payments received on account, bank loans, trade creditors, other creditors, obligations under finance lease and hire purchase contracts, and amounts owed to group undertakings.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

25. Deferred taxation

	2021 £000
At beginning of period	822
At end of period	<u>822</u>

The deferred tax asset is made up as follows:

	30 September 2021 £000	31 March 2021 £000
Accelerated capital allowances	822	822
	<u>822</u>	<u>822</u>

26. Provisions

	Warranty £000
At 1 April 2021	701
Additions in period	(312)
Utilised in period	278
At 30 September 2021	<u>667</u>

Warranty costs

The warranty costs provision represents the estimated liability on all products still under warranty at 30 September 2021 including claims already received.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

27. Share capital

	30 September 2021 £000	31 March 2021 £000
Allotted, called up and fully paid		
3,470,401 (31 March 2021 - 3,470,301) Ordinary shares of £1 each	3,470	3,470
100 Ordinary B shares of £1 each	-	-
	<u>3,470</u>	<u>3,470</u>

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

On 8 July 2021, 100 Ordinary shares of £1 each were issued at a premium of £2,500k.

28. Reserves

Share premium account

Share premium includes excess amount received by the company over the par value of its shares.

Profit and loss account

Profit and loss account includes all current and prior year retained profits and losses.

29. Prior year restatement

Research and development

During the period, the company changed its accounting policy retrospectively whereby development costs are now written off to Statement of comprehensive income as opposed to capitalising on the Statement of financial position. In the opinion of directors, the previously adopted policy risks a level of subjectivity which requires monitoring to ensure that impairments are not required. As a result, the directors have determined that research and development costs should no longer be held as an intangible asset and that previously capitalised costs be written off against reserves.

The impact of the above restatement on previously reported profit is an increase of £533k, and on previously reported net assets is a decrease of £4,335k; constituting a decrease to intangible assets of £4,335k and opening reserves of £4,335k.

Recharge of departmental administrative expenses

The business has reconsidered how marketing costs are allocated in the period following the CPI acquisition. As a result, these costs are no longer allocated to Cost of sales.

The impact of the above restatement on previously reported net assets and profit is £Nil.

CPI TMD TECHNOLOGIES LIMITED (FORMERLY KNOWN AS TMD TECHNOLOGIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
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30. 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 (31 March 2021 - £105k) in favour of HM Revenue and Customs for deferred duty at the reporting date.

31. Other financial commitments

At 30 September 2021 the Company had capital commitments as follows:

	30 September 2021 £000	31 March 2021 £000
Contracted for but not provided in these financial statements	10,683	5,672
	<u>10,683</u>	<u>5,672</u>

32. 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 £220k (year ended 31 March 2021 - £446k). Contributions totalling £59k (31 March 2021 - £Nil) were payable to the fund at the reporting date and are included in creditors.

33. Commitments under operating leases

At 30 September 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 September 2021 £000	31 March 2021 £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
	<u>3,188</u>	<u>3,451</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

34. Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102 not to disclose any transactions with other members of the group as they are wholly owned.

During the period the company made purchases from an associate undertaking amounting to £126k (*year ended 31 March 2021 - £50k*).

Only the directors are considered to be key management and therefore the remuneration of key management is as disclosed for directors.

35. Post balance sheet events

At the date of approval of these accounts, the COVID-19 pandemic is still prevalent in the UK. It is not possible to accurately predict the duration or magnitude of any potential consequences as a result of the pandemic at this time.

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

36. Ultimate parent undertaking and controlling party

TMD Holdings Limited, a company registered in the UK, is the parent company of the smallest group for which consolidated financial statements are drawn up of which the company is a member. The parent company's registered office is Unit 3, Swallowfield Way, Hayes, Middlesex, UB3 1DQ.

CPI Holdings LLP is the ultimate parent company.

The largest group for which consolidated financial statements are drawn up of which the company is a member CPI Intermediate Holdings, Inc which is headquartered in Palo Alto, California.

In the opinion of the directors there is no ultimate controlling party.