

Company registration number 04715569 (England and Wales)

DFX TECHNOLOGY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023
PAGES FOR FILING WITH REGISTRAR



DFX TECHNOLOGY LIMITED

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DFX TECHNOLOGY LIMITED

BALANCE SHEET

AS AT 31 MAY 2023

| | | 2023 | | 2022 | |
|--|-------|------------------|------------------|------------------|------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 4 | | 1,780,752 | | 1,603,431 |
| Tangible assets | 6 | | 94,217 | | 67,401 |
| | | | <u>1,874,969</u> | | <u>1,670,832</u> |
| Current assets | | | | | |
| Stocks | 7 | 716,436 | | 528,435 | |
| Debtors | 5 | 1,182,152 | | 1,198,096 | |
| Cash at bank and in hand | | 271,323 | | 422,842 | |
| | | <u>2,169,911</u> | | <u>2,149,373</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(937,826)</u> | | <u>(864,032)</u> | |
| Net current assets | | | <u>1,232,085</u> | | <u>1,285,341</u> |
| Total assets less current liabilities | | | <u>3,107,054</u> | | <u>2,956,173</u> |
| Creditors: amounts falling due after more than one year | 8 | | <u>(428,935)</u> | | <u>(552,076)</u> |
| Provisions for liabilities | | | <u>(17,901)</u> | | <u>(12,806)</u> |
| Net assets | | | <u>2,660,218</u> | | <u>2,391,291</u> |
| Capital and reserves | | | | | |
| Called up share capital | 10 | | 619 | | 619 |
| Share premium account | | | 1,994,578 | | 1,994,578 |
| Profit and loss reserves | | | 665,021 | | 396,094 |
| Total equity | | | <u>2,660,218</u> | | <u>2,391,291</u> |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 26/02/24. and are signed on its behalf by:



.....
Dr Alan Wyn-Davies
Director

Company registration number 04715569 (England and Wales)

DFX TECHNOLOGY LIMITED

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

| | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|---------------------------------------|-----------------------|----------------------------------|-------------------------------------|------------|
| Balance at 1 June 2021 | 619 | 1,994,578 | 645,430 | 2,640,627 |
| Year ended 31 May 2022: | | | | |
| Loss and total comprehensive income | - | - | (249,336) | (249,336) |
| Balance at 31 May 2022 | 619 | 1,994,578 | 396,094 | 2,391,291 |
| Year ended 31 May 2023: | | | | |
| Profit and total comprehensive income | - | - | 268,927 | 268,927 |
| Balance at 31 May 2023 | 619 | 1,994,578 | 665,021 | 2,660,218 |

DFX TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

Company information

DFx Technology Limited is a private company limited by shares incorporated in England and Wales. The registered office is Griffin House, 135 High Street, Crawley, West Sussex, RH10 1QD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover in relation to goods is recognised when the goods are delivered. Turnover in relation to services is recognised when the service is performed.

1.3 Intangible fixed assets other than goodwill

Research and development expenditure is capitalised within intangible assets where it can be separately identified against a specific product or project anticipated to produce future benefits, and is amortised on a straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

Each project life is assessed individually.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-------------------|---|
| Development costs | Straight line over 5 to 10 years, assessed annually |
|-------------------|---|

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------|------------------------------|
| Leasehold improvements | Over the period of the lease |
| Plant and equipment | 20%-40% straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

DFX TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

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

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

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

1.6 Stocks

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

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

Cost is calculated using the first-in, first-out (FIFO) method.

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

DFX TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

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

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

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

1.9 Equity instruments

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

1.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

DFX TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies (Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.12 Retirement benefits

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

1.13 Leases

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

1.14 Government grants

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

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

1.15 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

Key judgements included in these financial statements relate to capitalisation of certain development costs within intangible assets and creation of a stock provision to cover potential exposure to obsolete stock.

DFX TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are related to the identification of research and development expenditure that is anticipated to produce future benefits for the company and can be capitalised as well as the estimation of the life of these benefits and amortisation of the research and development intangible assets.

Depreciation

Depreciation has been calculated based upon on the estimated useful economic lives of fixed assets. Depreciation for the year totalled £45,491.

Amortisation

Amortisation has been calculated based upon the estimated useful economic lives of capitalised research and development expenditure. Amortisation for the year totals £350,200

Stock provision

The stock provision has been calculated based on management's assessment of what stock can be considered obsolete or slow-moving. The stock provision totalled £339,589 at the year end.

3 Employees

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

| | 2023 Number | 2022 Number |
|-------|----------------|----------------|
| Total | 26 | 25 |

4 Intangible fixed assets

| | Development costs £ |
|------------------------------------|---------------------------|
| Cost | |
| At 1 June 2022 | 2,874,950 |
| Additions - internally developed | 527,521 |
| Disposals | (438,019) |
| At 31 May 2023 | 2,964,452 |
| Amortisation and impairment | |
| At 1 June 2022 | 1,271,519 |
| Amortisation charged for the year | 350,200 |
| Disposals | (438,019) |
| At 31 May 2023 | 1,183,700 |
| Carrying amount | |
| At 31 May 2023 | 1,780,752 |
| At 31 May 2022 | 1,603,431 |

DFX TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

4 Intangible fixed assets (Continued)

The aggregate amount of research and development expenditure recognised as an expense during the period is £164,047 (2022 - £60,423).

5 Debtors

| | 2023 | 2022 |
|--|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 429,457 | 412,191 |
| Corporation tax recoverable | 88,389 | 119,421 |
| Other debtors | 20,456 | 37,255 |
| Prepayments and accrued income | 50,362 | 35,741 |
| | <u>588,664</u> | <u>604,608</u> |
| | | |
| | 2023 | 2022 |
| | £ | £ |
| Amounts falling due after more than one year: | | |
| Other debtors | <u>593,488</u> | <u>593,488</u> |
| | | |
| Total debtors | <u>1,182,152</u> | <u>1,198,096</u> |

Non-current trade and other debtors are composed of the following:

£237,264 (2022 - £237,264) of directors' loan accounts is classified as non current.

£237,263 (2022 - £237,263) of loans to participators is classified as non current.

£118,961 (2022 - £118,961) of tax recoverable is classified as non current.

DFX TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

| 6 Tangible fixed assets | Leasehold improvements £ | Plant and machinery etc £ | Total £ |
|--|--------------------------------|---------------------------------|----------------|
| Cost | | | |
| At 1 June 2022 | 139,899 | 636,380 | 776,279 |
| Additions | - | 72,307 | 72,307 |
| Disposals | - | (554,959) | (554,959) |
| At 31 May 2023 | <u>139,899</u> | <u>153,728</u> | <u>293,627</u> |
| Depreciation and impairment | | | |
| At 1 June 2022 | 116,081 | 592,797 | 708,878 |
| Depreciation charged in the year | 11,550 | 33,941 | 45,491 |
| Eliminated in respect of disposals | - | (554,959) | (554,959) |
| At 31 May 2023 | <u>127,631</u> | <u>71,779</u> | <u>199,410</u> |
| Carrying amount | | | |
| At 31 May 2023 | <u>12,268</u> | <u>81,949</u> | <u>94,217</u> |
| At 31 May 2022 | <u>23,818</u> | <u>43,583</u> | <u>67,401</u> |
| 7 Stocks | | 2023 | 2022 |
| | | £ | £ |
| Raw materials | | 561,901 | 455,586 |
| Work in progress | | 101,811 | 41,105 |
| Finished goods | | 52,724 | 31,744 |
| | | <u>716,436</u> | <u>528,435</u> |
| 8 Creditors: amounts falling due after more than one year | | 2023 | 2022 |
| | | £ | £ |
| Bank loans and overdrafts | | <u>428,935</u> | <u>552,076</u> |

The bank loans are secured over the company's assets and are repayable over a period of five years. They incur interest at base rate plus 3.8%.

DFX TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

9 Creditors: amounts falling due within one year

| | 2023 | 2022 |
|--|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts (secured) | 166,682 | 165,623 |
| Invoice discounting facility (secured) | 308,631 | 340,161 |
| Trade creditors | 279,804 | 210,070 |
| Corporation tax | - | - |
| Taxation and social security | 68,434 | 55,125 |
| Other creditors | 15,682 | 15,914 |
| Accruals and deferred income | 98,593 | 77,139 |
| | <u>937,826</u> | <u>864,032</u> |

10 Called up share capital

| | 2023 | 2022 | 2023 | 2022 |
|---|---------------|---------------|------------|------------|
| | Number | Number | £ | £ |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of 1p each | 11,251 | 11,251 | 113 | 113 |
| Ordinary 'A' shares of 1p each | 50,618 | 50,618 | 506 | 506 |
| | <u>61,869</u> | <u>61,869</u> | <u>619</u> | <u>619</u> |

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor:

Katherine Wilkes

Statutory Auditor:

Critchleys Audit LLP

Date of audit report:

Date: 27/2/24

12 Operating lease commitments

Lessee

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

| 2023 | 2022 |
|---------------|----------------|
| £ | £ |
| 64,750 | 177,750 |
| <u>64,750</u> | <u>177,750</u> |

13 Directors' transactions

Mrs Elizabeth Wyn-Davies is the wife of Dr Alan Wyn-Davies, a director, and was herself a director until 23 June 2016. The balance of her loan account, totalling £237,263 remains repayable as at 31 May 2023 and is classified as loan to participator.