

**COMPANY REGISTRATION NUMBER: 06688270**

**CONSULT RED LIMITED (FORMERLY RED EMBEDDED  
CONSULTING LIMITED)**

**FINANCIAL STATEMENTS**

**31 December 2023**

# **CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2023**

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# **CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **The board of directors**

K Bach  
S J Griffin  
A D Stewart  
S McCarthy  
D Taylor  
D Webster

### **Registered office**

The Wave  
1 View Croft Road  
Shipley  
BD17 7DU

### **Auditor**

Wheawill & Sudworth Limited  
Chartered Accountants & Statutory Auditor  
35 Westgate  
Huddersfield  
HD1 1PA

### **Bankers**

Santander Bank plc  
10 Park Row  
Leeds  
LS1 5HD

# **CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)**

## **STRATEGIC REPORT**

### **YEAR ENDED 31 DECEMBER 2023**

The directors present their report for the 12 month financial period ended 31 December 2023. Principal activity and business review Consult Red Limited (formerly Red Embedded Consulting Ltd) is a professional services provider specialising in technology consulting and developing intelligent, connected devices and systems. Celebrating its 20th anniversary in 2023, the company's largest clients operate in the pay-TV, media and telecommunications sectors, for whom Consult Red designs and develops innovative technical assets such as software stacks and CPE hardware. The company has also established extensive capabilities in wider embedded and IoT technologies, as well as increasing expertise in the AI space. This has broadened the customer base to include more industrial and high-tech customers. Results, Performance and Developments during the year

The comparative year (ending 31 December 2022) was over a 16 month period due to aligning the calendar year end. This year, ending 31 December 2023 is over 12 months, and the prior year comparatives have not been restated. Total revenue for the period was £27.3m (16 months to 2022: £35.5m). Underlying growth of 2.5% is largely attributable to increased demand for software design and integration services from existing European customers. Profit for the financial period reduced to £2.2m (2022: £4.1m). In addition, inflationary pressure on the cost base could not be aligned with customer rates and reduced gross margins. The company continues to invest in its infrastructure and support team to service the growth and maintain customer quality. During the period the company accessed a further £1.0m of the £8.2m of external long term funding via a revolving credit facility (that was established in 2022) which was used to support the payment of the deferred consideration to the founders of the company as part of the Employee Ownership Trust transaction. At the end of the period £5.2m (2022 £4.2m) had been drawn down from the facility. The underlying business was cash negative during the period and the outflow from operating activities of £0.5m (2022: £4.2m inflow). Net assets have increased to £5.2m (2022: £4.9m). Principal risks and uncertainties

The company has an international client base, and the group operates from offices in the UK, Poland, the US and India. Both revenue and costs are therefore affected by foreign exchange rate movements. The company employs hedging strategies to mitigate the effect of adverse currency fluctuations and these strategies are continually under review. The process of risk management is managed by the board of directors and addressed through established business processes and internal controls. Potential risks are managed through careful market and data analysis, sensible planning, and early reaction to changes that affect the business.

**Financial Instruments** The company's principal financial instruments comprise of bank balances, revolving credit facility, trade creditors and trade debtors. These instruments provide sufficient funding for the company's continuing operations.

**Key Performance indicators** The directors use a range of key performance indicators to manage the company. These include sales order pipeline, gross and net margin, cash generation, staff headcount and customer satisfaction.

**Outlook** Technological, regulatory and market changes continue to drive demand for specialist professional services from companies needing to develop innovative products whilst managing the inflationary and cost challenges in the global economy. The directors continue to seek opportunities to expand the business and to drive enhanced financial performance from the core activities and diversify the customer portfolio and activities. Investment in the Executive and development teams continues to gather pace to support the development of the company which is well placed to provide existing and new services and the outlook is one of steady growth whilst managing the external market pressures.

This report was approved by the board of directors on 19 September 2024 and signed on behalf of the board by:

D Webster

Director

# **CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2023**

The directors present their report and the financial statements of the company for the year ended 31 December 2023 .

#### **Directors**

The directors who served the company during the year were as follows:

K Bach

S J Griffin

P G Stevenson

A D Stewart

S McCarthy

R Venkatesam (Resigned 10 November 2023)

D Taylor was appointed on 4 January 2024, D Webster was appointed on 25 January 2024 and P G Stevenson resigned on 9 February 2024.

#### **Dividends**

Particulars of recommended dividends are detailed in note 13 to the financial statements.

#### **Disclosure of information in the strategic report**

In accordance with Section 414C(11), Companies Act 2006, the following information required to be contained in this report is set out in the company's Strategic Report on page 2 and 3: principal activities, business review, future developments, financial risks and uncertainties.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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 judgments 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. Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 19 September 2024 and signed on behalf of the board by:

D Webster

Director

# **CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)**

**YEAR ENDED 31 DECEMBER 2023**

### **Opinion**

We have audited the financial statements of Consult Red Limited (Formerly Red Embedded Consulting Limited) (the 'company') for the year ended 31 December 2023 which comprise the profit and loss account, balance sheet, statement of changes in equity, statement of cash flows 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 FRS 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 2023 and of its profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements are not in agreement with the accounting records and returns; or - certain disclosures of directors' remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtained an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- Assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur;
- Ensured whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations;
- Gained clear understanding of the entity's current activities, the scope of its authorisation and confirmed the effectiveness of its control environment where the entity is a regulated entity;

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Butterworth

(Senior Statutory Auditor)

For and on behalf of

Wheawill & Sudworth Limited

Chartered Accountants & Statutory Auditor

35 Westgate

Huddersfield

HD1 1PA

19 September 2024

# CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2023

		Year to 31 Dec 23	Period from 1 Sep 21 to 31 Dec 22
	Note	£	£
<b>Turnover</b>	<b>4</b>	<b>27,283,729</b>	35,541,078
Cost of sales		<b>( 20,446,834)</b>	( 24,787,321)
<b>Gross profit</b>		<b>6,836,895</b>	10,753,757
Administrative expenses		<b>( 6,115,808)</b>	( 7,412,332)
Other operating income	<b>5</b>	<b>1,541,774</b>	1,807,653
<b>Operating profit</b>	<b>6</b>	<b>2,262,861</b>	5,149,078
Income from shares in group undertakings	<b>9</b>	<b>614,412</b>	–
Other interest receivable and similar income	<b>10</b>	<b>31,628</b>	47,485
Interest payable and similar expenses	<b>11</b>	<b>( 348,047)</b>	( 301,490)
<b>Profit before taxation</b>		<b>2,560,854</b>	4,895,073
Tax on profit	<b>12</b>	<b>( 348,523)</b>	( 837,391)
<b>Profit for the financial year and total comprehensive income</b>		<b>2,212,331</b>	4,057,682

All the activities of the company are from continuing operations.

# CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)

## BALANCE SHEET

31 December 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible assets	14	424,407	–
Tangible assets	15	159,680	212,952
Investments	16	20,728	20,629
		<u>604,815</u>	<u>233,581</u>
<b>Current assets</b>			
Debtors	17	10,387,504	7,130,779
Cash at bank and in hand		2,715,490	4,501,971
		<u>13,102,994</u>	<u>11,632,750</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(3,320,043)</u>	<u>(2,801,421)</u>
<b>Net current assets</b>		<u>9,782,951</u>	<u>8,831,329</u>
<b>Total assets less current liabilities</b>		<u>10,387,766</u>	<u>9,064,910</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(5,200,000)</u>	<u>(4,200,000)</u>
<b>Provisions</b>			
Taxation including deferred tax	20	(4,490)	(12,402)
<b>Net assets</b>		<u>5,183,276</u>	<u>4,852,508</u>
<b>Capital and reserves</b>			
Called up share capital	23	96	96
Share premium account	24	46,490	46,490
Capital redemption reserve	24	14	14
Profit and loss account	24	5,136,676	4,805,908
<b>Shareholders funds</b>		<u>5,183,276</u>	<u>4,852,508</u>

These financial statements were approved by the board of directors and authorised for issue on 19 September 2024, and are signed on behalf of the board by:

D Webster

Director

Company registration number: 06688270

# CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)

## STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	<b>Total</b>
	£	£	£	£	£
<b>At 1 September 2021</b>	110	46,490	–	9,685,129	9,731,729
Profit for the year				4,057,682	4,057,682
<b>Total comprehensive income for the year</b>	–	–	–	4,057,682	4,057,682
Dividends paid and payable <b>13</b>	–	–	–	( 8,936,903)	( 8,936,903)
Cancellation of subscribed capital	( 14)	–	14	–	–
<b>Total investments by and distributions to owners</b>	( 14)	–	14	( 8,936,903)	( 8,936,903)
<b>At 31 December 2022</b>	96	46,490	14	4,805,908	<b>4,852,508</b>
Profit for the year				2,212,331	<b>2,212,331</b>
<b>Total comprehensive income for the year</b>	–	–	–	2,212,331	<b>2,212,331</b>
Dividends paid and payable <b>13</b>	–	–	–	( 1,881,563)	<b>( 1,881,563)</b>
<b>Total investments by and distributions to owners</b>	–	–	–	( 1,881,563)	<b>( 1,881,563)</b>
<b>At 31 December 2023</b>	96	46,490	14	5,136,676	<b>5,183,276</b>

# CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)

## STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£	£
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,212,331	4,057,682
<i>Adjustments for:</i>		
Depreciation of tangible assets	121,591	157,995
Amortisation of intangible assets	–	443
Income from shares in group undertakings	( 614,412)	–
Other interest receivable and similar income	( 31,628)	( 47,485)
Interest payable and similar expenses	348,047	301,490
(Gains)/loss on disposal of tangible assets	( 77)	1,430
Tax on profit	348,523	837,391
<i>Changes in:</i>		
Trade and other debtors	( 2,664,232)	224,108
Trade and other creditors	473,622	( 201,067)
Cash generated from operations	193,765	5,331,987
Interest paid	( 348,047)	( 301,490)
Interest received	31,628	47,485
Tax paid	( 356,435)	( 828,789)
Net cash (used in)/from operating activities	( 479,089)	4,249,193
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	( 68,319)	( 166,352)
Proceeds from sale of tangible assets	77	101
Purchase of intangible assets	( 424,407)	–
Acquisition of subsidiaries	( 99)	( 921)
Dividends received	614,412	–
Net cash from/(used in) investing activities	121,664	( 167,172)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,000,000	4,200,000
Proceeds from loans from group undertakings	45,000	109,999
Dividends paid	( 1,881,563)	( 8,936,903)
Loans made to group undertakings	( 592,493)	–
Net cash used in financing activities	( 1,429,056)	( 4,626,904)
<b>Net decrease in cash and cash equivalents</b>	( 1,786,481)	( 544,883)
<b>Cash and cash equivalents at beginning of year</b>	4,501,971	5,046,854
<b>Cash and cash equivalents at end of year</b>	2,715,490	4,501,971

# **CONSULT RED LIMITED (FORMERLY RED EMBEDDED CONSULTING LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2023**

### **1. General information**

The company is a private company limited by shares, registration number 06688270 , registered in England and Wales. The address of the registered office is The Wave, 1 View Croft Road, Shipley, BD17 7DU. Change of financial reporting period  
The majority of the group's customers report their financial performance to 31 December each year. Internal reporting and budgeting procedures have migrated to this timeline and it made sense to also align the accounting reference date at 31 December. The financial statements for the prior period covered a 16 month period to 31 December 2022.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

#### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for hardware and software services covering strategic research, design and development and integration services rendered, stated net of discounts and of Value Added Tax. Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

## **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## **Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

## **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

## **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Intangible assets - 33% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

## **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

## **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Short leasehold property	-	10% straight line
Fixtures and fittings	-	15% reducing balance
Office equipment	-	33% straight line
Bicycles	-	25% reducing balance

## **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

## Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

## Defined contribution plans

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

## Consolidated financial statements

The financial statements present information about the company as an individual undertaking. The company has taken advantage of the exemption in S400 Companies Act 2006 from the obligation to prepare and deliver consolidated financial statements as the company is itself a subsidiary undertaking and its immediate parent undertaking is preparing the consolidated financial statements.

## Research and development

Research expenditure is written off in the period in which it is incurred.

## Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses

## 4. Turnover

Turnover arises from:

	Year to 31 Dec 23 £	Period from 1 Sep 21 to 31 Dec 22 £
Rendering of services	27,283,729	35,541,078

Analysis of turnover by geographical destination:

	2023 £	2022 £
Europe	18,869,962	25,557,054
Rest of the world	8,413,767	9,984,024
	27,283,729	35,541,078

## 5. Other operating income

	Year to 31 Dec 23 £	Period from 1 Sep 21 to 31 Dec 22 £
R&D expenditure credit	1,541,774	1,807,653

## 6. Operating profit

Operating profit or loss is stated after charging/crediting:

	Year to 31 Dec 23	Period from 1 Sep 21 to 31 Dec 22
	£	£
Amortisation of intangible assets	–	443
Depreciation of tangible assets	121,591	157,995
(Gains)/loss on disposal of tangible assets	( 77)	1,430
Foreign exchange differences	103,259	( 232,762)
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## 7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2023	2022
	No.	No.
Administrative staff	30	28
Direct staff	95	88
	-----	-----
	125	116
	-----	-----

The aggregate payroll costs incurred during the year, relating to the above, were:

	Year to 31 Dec 23	Period from 1 Sep 21 to 31 Dec 22
	£	£
Wages and salaries	7,724,847	10,698,251
Social security costs	738,535	1,226,470
Other pension costs	370,273	421,443
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	8,833,655	12,346,164
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## 8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Year to 31 Dec 23	Period from 1 Sep 21 to 31 Dec 22
	£	£
Remuneration	627,395	1,063,991
Company contributions to defined contribution pension plans	44,207	59,172
	-----	-----
	671,602	1,123,163
	-----	-----

The number of directors who accrued benefits under company pension plans was as follows:

	2023	2022
	No.	No.
Defined contribution plans	4	6
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Remuneration of the highest paid director in respect of qualifying services:

	Year to 31 Dec 23	Period from 1 Sep 21 to 31 Dec 22
	£	£
Aggregate remuneration	266,202	354,404
Company contributions to defined contribution pension plans	28,083	27,188

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**294,285**  
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381,592  
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**9. Income from shares in group undertakings**

	<b>Year to</b>	Period from
	<b>31 Dec 23</b>	1 Sep 21 to
	<b>£</b>	31 Dec 22
		<b>£</b>
Income from group undertakings	<b>614,412</b>	—

**10. Other interest receivable and similar income**

	<b>Year to</b>	Period from
	<b>31 Dec 23</b>	1 Sep 21 to
	<b>£</b>	31 Dec 22
		<b>£</b>
Interest on loans and receivables	<b>31,628</b>	47,485

**11. Interest payable and similar expenses**

	<b>Year to</b>	Period from
	<b>31 Dec 23</b>	1 Sep 21 to
	<b>£</b>	31 Dec 22
		<b>£</b>
Interest on banks loans and overdrafts	<b>348,047</b>	301,490

**12. Tax on profit****Major components of tax expense**

	<b>Year to</b>	Period from
	<b>31 Dec 23</b>	1 Sep 21 to
	<b>£</b>	31 Dec 22
		<b>£</b>
<b>Current tax:</b>		
UK current tax expense	<b>349,180</b>	828,789
Adjustments in respect of prior periods	<b>7,255</b>	—
Total current tax	<b>356,435</b>	828,789
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<b>( 7,912)</b>	8,602
<b>Tax on profit</b>	<b>348,523</b>	837,391

### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 25 % (2022: 19 %).

	Year to 31 Dec 23 £	Period from 1 Sep 21 to 31 Dec 22 £
Profit on ordinary activities before taxation	2,560,854	4,895,073
Profit on ordinary activities by rate of tax	640,214	930,064
Adjustment to tax charge in respect of prior periods	7,255	–
Effect of expenses not deductible for tax purposes	12,067	20,841
Effect of capital allowances and depreciation	3,254	(6,071)
Effect of revenue exempt from tax	(153,603)	–
Effect of different UK tax rates on some earnings	(36,775)	2,065
Unused tax losses	151,638	–
Additional deduction for R&D expenditure	(275,527)	(109,508)
Tax on profit	348,523	837,391

### 13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2023 £	2022 £
Equity dividends on ordinary shares	1,881,563	8,936,903

### 14. Intangible assets

	Patents, trademarks and licences £	Assets under construction £	Total £
<b>Cost</b>			
At 1 January 2023	5,369	–	5,369
Additions	–	–	–
Additions from internal developments	–	424,407	424,407
<b>At 31 December 2023</b>	5,369	424,407	429,776
<b>Amortisation</b>			
At 1 January 2023 and 31 December 2023	5,369	–	5,369
<b>Carrying amount</b>			
At 31 December 2023	–	424,407	424,407
At 31 December 2022	–	–	–

Amortisation of assets under construction will commence once the work has been completed and the assets are available to generate revenues.

## 15. Tangible assets

	Short leasehold property £	Fixtures and fittings £	Office equipment £	Bicycles £	Total £
<b>Cost</b>					
At 1 January 2023	112,289	217,257	754,506	12,238	<b>1,096,290</b>
Additions	–	12,499	55,820	–	<b>68,319</b>
Disposals	–	–	( 1,540)	–	<b>( 1,540)</b>
<b>At 31 December 2023</b>	<b>112,289</b>	<b>229,756</b>	<b>808,786</b>	<b>12,238</b>	<b>1,163,069</b>
<b>Depreciation</b>					
At 1 January 2023	86,509	139,892	646,024	10,913	<b>883,338</b>
Charge for the year	15,045	13,480	92,735	331	<b>121,591</b>
Disposals	–	–	( 1,540)	–	<b>( 1,540)</b>
<b>At 31 December 2023</b>	<b>101,554</b>	<b>153,372</b>	<b>737,219</b>	<b>11,244</b>	<b>1,003,389</b>
<b>Carrying amount</b>					
<b>At 31 December 2023</b>	<b>10,735</b>	<b>76,384</b>	<b>71,567</b>	<b>994</b>	<b>159,680</b>
At 31 December 2022	25,780	77,365	108,482	1,325	212,952

## 16. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2023	<b>20,629</b>
Additions	<b>99</b>
<b>At 31 December 2023</b>	<b>20,728</b>
<b>Impairment</b>	
<b>At 1 January 2023 and 31 December 2023</b>	<b>–</b>
<b>Carrying amount</b>	
<b>At 31 December 2023</b>	<b>20,728</b>
At 31 December 2022	20,629

The company owns the whole of the issued share capital of Red Embedded Consulting Inc, a company incorporated in the USA, Consult Red Poland Sp. z o.o (formerly Red Embedded Consulting Sp. z o.o) and Consult Red Services Sp. z o.o (formerly Amber Management Services Sp. z o.o), companies incorporated in Poland and Consultred (India) Pvt Ltd, a company incorporated in India.

These companies provide similar services to those of the UK parent company. The directors consider that the market values of these companies are not less than the carrying values of the investments shown above, such that no impairment provision is required.

## 17. Debtors

	2023 £	2022 £
Trade debtors	<b>7,470,745</b>	5,359,051
Amounts owed by group undertakings	<b>1,008,642</b>	416,149
Prepayments and accrued income	<b>330,643</b>	264,940
Corporation tax repayable	<b>1,465,207</b>	978,864
Other debtors	<b>112,267</b>	111,775

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**10,387,504**  
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7,130,779  
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**18. Creditors: amounts falling due within one year**

	2023	2022
	£	£
Trade creditors	1,973,100	1,679,543
Amounts owed to group undertakings	165,329	120,329
Accruals and deferred income	552,118	603,696
Social security and other taxes	629,496	397,853
	<u>3,320,043</u>	<u>2,801,421</u>

**19. Creditors: amounts falling due after more than one year**

	2023	2022
	£	£
Bank loans and overdrafts	5,200,000	4,200,000

Bank loans and overdrafts of £5,200,000 (2022: £4,200,000) are secured on the assets of the company.

**20. Provisions**

	Deferred tax (note 21) £
At 1 January 2023	12,402
Additions	( 7,912)
	<u>4,490</u>
<b>At 31 December 2023</b>	<b>4,490</b>

**21. Deferred tax**

The deferred tax included in the balance sheet is as follows:

	2023	2022
	£	£
Included in provisions (note 20)	4,490	12,402

The deferred tax account consists of the tax effect of timing differences in respect of:

	2023	2022
	£	£
Accelerated capital allowances	24,096	30,874
Short term timing differences	( 19,606)	( 18,472)
	<u>4,490</u>	<u>12,402</u>

**22. Employee benefits****Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution pension plans was £ 370,273 (2022: £ 421,443 ).

**23. Called up share capital**  
**Issued, called up and fully paid**

	2023		2022	
	No.	£	No.	£
Ordinary shares of £ 0.05 each	<b>1,920</b>	<b>96</b>	1,920	96

**24. Reserves**

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs . Profit and loss account - This reserve records retained earnings and accumulated losses.

**25. Analysis of changes in net debt**

	At 1 Jan 2023	Cash flows	At 31 Dec 2023
	£	£	£
Cash at bank and in hand	4,501,971	(1,786,481)	<b>2,715,490</b>
Debt due within one year	295,820	547,493	<b>843,313</b>
Debt due after one year	(4,200,000)	(1,000,000)	<b>(5,200,000)</b>
	<b>597,791</b>	<b>( 2,238,988)</b>	<b>( 1,641,197)</b>

**26. Operating leases**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2023	2022
	£	£
Not later than 1 year	<b>108,233</b>	128,000
Later than 1 year and not later than 5 years	–	108,233
	<b>108,233</b>	236,233

**27. Controlling party**

The company is a subsidiary of Consult Red Holdings Limited (formerly Red Embedded Holdings Limited) and is registered in England and Wales. There is no one controlling party of this company. The consolidated financial statements of Consult Red Holdings Limited are available from the Registrar of Companies. Consult Red Holdings Limited is the parent of the smallest and largest group within which this company belongs and for which consolidated financial statements are prepared.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.