

Company Registration No. 01118303 (England and Wales)

**REGA RESEARCH LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**∴RickardLuckin**

# REGA RESEARCH LIMITED

## COMPANY INFORMATION

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<b>Director</b>	R L K Gandy
<b>Company number</b>	01118303
<b>Registered office</b>	Unit 6 Coopers Way Temple Farm Industrial Estate Southend-on-Sea Essex SS2 5TE
<b>Auditor</b>	Rickard Luckin Limited 1st Floor 19 Clifftown Road Southend-On-Sea Essex SS1 1AB

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# REGA RESEARCH LIMITED

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# REGA RESEARCH LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

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The director presents the strategic report for the year ended 30 June 2023.

#### Fair review of the business

The Directors are satisfied with the performance of the business. Turnover has decreased this year by 34.6% as expected given the move away from the demand in Rega equipment whilst Covid restrictions were implemented. Both turnover and profitability are returning to pre Covid levels, a level at which the company Directors believe the business is best suited to serve customers.

Gross profit margin has decreased to 40.2% (2022 - 42.2%) in the year. The gross profit margin achieved in the year is particularly pleasing given the large increase in supplier costs experienced and our decision to maintain our high staff levels. Margins have been maintained by increasing production efficiency and maintaining pre-covid sales volume. At the end of the year the business had net assets of £21,201,868 (2022 - £19,666,595).

#### Future developments

Now that trade has returned to pre Covid levels management expect to sustain the current level of performance into the future. Despite worldwide inflationary pressures management do not expect a fall in margins given the businesses diversification of products across different price ranges and the ability to always meet demand using existing stock. The cash balance has increased to £9.0m (2022: £8.6m) in the year. The company's long term aim is to maintain cash at these levels given its operational importance, allowing the business to meet demand despite increasing supplier costs and supply chain time constraints that would otherwise result in an enforced reduction in trade. It also allows us to invest in our infrastructure, Plant & Equipment and development of new products.

#### Principal risks and uncertainties

The principal risk of the business is in respect to market trends and the demand for products.

#### Price risk, credit risk, liquidity risk and cash flow risk

The company's principle financial instruments comprise cash and liquid resources. The main purpose of these instruments is to finance the company's operations. The company has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

In respect of bank balances, the liquidity risk is managed by maintaining a positive cash balance. All of the company's cash balances are held in such a way that achieves a competitive rate of interest. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk policies concerning the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### Key performance indicators

The company's key financial performance indicators during the year were as follows:

	<u>2023</u>	<u>2022</u>
Turnover	£13,739,985	£21,010,732
Turnover growth	-34.6%	9.9%
Gross profit margin	40.2%	42.2%
Profit before tax	£1,799,492	£4,064,968

On behalf of the board

R L K Gandy

**Director**

21 January 2024

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# **REGA RESEARCH LIMITED**

## **DIRECTOR'S REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2023**

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The director presents his annual report and financial statements for the year ended 30 June 2023.

#### **Principal activities**

The principal activity of the company is manufacturing and selling audio equipment.

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

#### **Director**

The director who held office during the year and up to the date of signature of the financial statements was as follows:

R L K Gandy

#### **Auditor**

The auditor, Rickard Luckin Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

R L K Gandy

**Director**

21 January 2024

## **REGA RESEARCH LIMITED**

### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2023***

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The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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. He is 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.

# REGA RESEARCH LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF REGA RESEARCH LIMITED

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### Opinion

We have audited the financial statements of Rega Research Limited (the 'company') for the year ended 30 June 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the director 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 director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

## **REGA RESEARCH LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF REGA RESEARCH LIMITED**

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#### **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 director's 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.

#### **Capability of the audit in detecting irregularity, including fraud**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our: general commercial and sector experience; through verbal and written communications with those charged with governance and other management; and via inspection of the company's regulatory and legal correspondence.

We communicated identified laws and regulations to our team and remained alert to any indicators of non-compliance throughout the audit, we also specifically considered where and how fraud may occur within the company.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements, including: the company's constitution, relevant financial reporting standards; company law; tax legislation and distributable profits legislation and we assess the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for instance through the imposition of fines and penalties, or through losses arising from litigations. We identified the following areas as those most likely to have such an affect: employment legislation; health and safety legislation; waste electrical electronic equipment regulations; data protection regulations; anti-bribery and anti-corruption legislation.

## **REGA RESEARCH LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF REGA RESEARCH LIMITED**

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ISAs (UK) limit the required procedures to identify non-compliance with these laws and regulations, and no procedures over and above those already noted are required. These limited procedures did not identify any actual or suspected non-compliance with laws and regulations that could have a material impact on the financial statements.

In relation to fraud, we performed the following specific procedures in addition to those already noted:

- Challenging assumptions made by management in its significant accounting estimates in particular: depreciation and deferred tax;
- Identifying and testing journal entries, in particular any entries posted with unusual nominal ledger account combinations, journal entries crediting cash or any revenue account;
- Performing analytical procedures to identify unexpected movements in account balances which may be indicative of fraud;
- Ensuring that testing undertaken on both the profit and loss, and the Balance Sheet includes a number of items selected on a random basis;

These procedures did not identify any actual or suspected fraudulent irregularity that could have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with ISAs (UK). For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures that we are required to undertake would identify it. In addition, as with any audit, there remains a high risk of non-detection of irregularities, as these might involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non-compliance with all laws and regulations or every incidence of fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

**Neil Brewer**  
**Senior Statutory Auditor**  
**For and on behalf of Rickard Luckin Limited**

1 February 2024

**Chartered Accountants**  
**Statutory Auditor**

1st Floor  
19 Clifftown Road  
Southend-On-Sea  
Essex  
SS1 1AB

## REGA RESEARCH LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

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	Notes	2023 £	2022 £
<b>Turnover</b>	<b>3</b>	13,739,985	21,010,732
Cost of sales		(8,223,759)	(12,140,488)
<b>Gross profit</b>		<u>5,516,226</u>	<u>8,870,244</u>
Distribution costs		(77,055)	(79,406)
Administrative expenses		(3,825,525)	(4,736,523)
<b>Operating profit</b>	<b>4</b>	<u>1,613,646</u>	<u>4,054,315</u>
Interest receivable and similar income	<b>7</b>	185,846	10,653
<b>Profit before taxation</b>		<u>1,799,492</u>	<u>4,064,968</u>
Tax on profit	<b>8</b>	(284,219)	(373,365)
<b>Profit for the financial year</b>		<u><u>1,515,273</u></u>	<u><u>3,691,603</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# REGA RESEARCH LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10		4,647		5,042
Tangible assets	11		3,336,727		3,123,238
			<u>3,341,374</u>		<u>3,128,280</u>
<b>Current assets</b>					
Stocks	12	9,600,411		9,129,074	
Debtors	13	751,808		1,230,258	
Cash at bank and in hand		9,048,027		8,596,670	
		<u>19,400,246</u>		<u>18,956,002</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,075,266)</u>		<u>(1,998,675)</u>	
<b>Net current assets</b>			<u>18,324,980</u>		<u>16,957,327</u>
<b>Total assets less current liabilities</b>			<u>21,666,354</u>		<u>20,085,607</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	15	<u>484,486</u>		<u>399,012</u>	
			<u>(464,486)</u>		<u>(399,012)</u>
<b>Net assets</b>			<u><u>21,201,868</u></u>		<u><u>19,686,595</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		1,250		1,250
Share premium account			499,750		499,750
Profit and loss reserves			<u>20,700,868</u>		<u>19,185,595</u>
<b>Total equity</b>			<u><u>21,201,868</u></u>		<u><u>19,686,595</u></u>

The financial statements were approved and signed by the director and authorised for issue on 21 January 2024

R L K Gandy  
Director

Company Registration No. 01118303

## REGA RESEARCH LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Share premium account	Profit and loss reserves	Total
Notes	£	£	£	£
<b>Balance at 1 July 2021</b>	1,250	499,750	16,849,850	17,350,850
<b>Year ended 30 June 2022:</b>				
Profit and total comprehensive income for the year	-	-	3,691,603	3,691,603
Dividends	9	-	(1,355,858)	(1,355,858)
<b>Balance at 30 June 2022</b>	1,250	499,750	19,185,595	19,686,595
<b>Year ended 30 June 2023:</b>				
Profit and total comprehensive income for the year	-	-	1,515,273	1,515,273
<b>Balance at 30 June 2023</b>	1,250	499,750	20,700,868	21,201,868

# REGA RESEARCH LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023		2022	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	21	984,911		1,994,970	
Income taxes paid		(70,433)		(13,134)	
<b>Net cash inflow from operating activities</b>		<u>914,478</u>		<u>1,981,836</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(670,717)	(2,076,947)		
Proceeds from disposal of tangible fixed assets		21,750	23,707		
Interest received		185,846	10,653		
<b>Net cash used in investing activities</b>		<u>(463,121)</u>		<u>(2,042,587)</u>	
<b>Financing activities</b>					
Dividends paid		-	(1,355,858)		
<b>Net cash used in financing activities</b>		<u>-</u>		<u>(1,355,858)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>451,357</u>		<u>(1,416,609)</u>	
Cash and cash equivalents at beginning of year		8,596,670		10,013,279	
<b>Cash and cash equivalents at end of year</b>		<u><u>9,048,027</u></u>		<u><u>8,596,670</u></u>	

# REGA RESEARCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

#### Company information

Rega Research Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 6 Coopers Way, Temple Farm Industrial Estate, Southend-on-Sea, Essex, SS2 5TE.

#### 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.

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. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

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

#### 1.3 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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:

Patents	Over the life of the patent
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# REGA RESEARCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

#### 1.6 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:

Land and buildings Leasehold	Over term of lease
Leasehold improvements	10% straight line
Plant and machinery	10% reducing balance
Tooling	50% straight line
Computer equipment	25% reducing balance
Motor vehicles	25% reducing balance

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.

#### 1.7 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.

Work in progress is recognised within raw materials and components in the financial statements. Work in progress is valued at the cost of each component and the labour incurred to bring the component to its current condition. Once work is completed on each component the item is removed from work in progress and recognised as an item of stock.

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.

#### 1.8 Cash at bank and in hand

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.

#### 1.9 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.

# REGA RESEARCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **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, loans from fellow group companies 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.

# REGA RESEARCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.10 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.

#### 1.11 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.

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.

# REGA RESEARCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies (Continued)

#### 1.12 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.

#### 1.13 Retirement benefits

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

#### 1.14 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.

#### 1.15 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 director may be required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Upon consideration the director does not consider there to be any significant judgements and estimates that have been applied which will result in the actual future results differing from these estimates.

#### 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 as follows.

##### *Depreciation*

Depreciation is based on an estimate of the useful economic life of each asset. Leasehold improvements are expected to have a useful economic life of 10 years, whilst tooling is expected to have a two year life span. Plant & machinery, Computer equipment and motor vehicles are expected to reduce in value between 10% to 25% each year.

##### *Deferred taxation*

The deferred taxation calculation is based on the differences between the net book value of fixed assets and the accelerated capital allowances claimed on the same underlying assets, adjusted for any general provisions and taxable losses carried forward to future years.

## REGA RESEARCH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

#### 3 Turnover and other revenue

An analysis of the company's turnover by geographical market is as follows:

	2023	2022
	£	£
<b>Turnover analysed by geographical market</b>		
Sales - UK	4,136,458	5,170,617
Sales - Europe	5,238,368	7,811,422
Sales - Rest of the world	4,365,159	8,028,693
	<u>13,739,985</u>	<u>21,010,732</u>

#### 4 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2023	2022
	£	£
Exchange losses/(gains)	12,134	(1,887)
Research and development costs	458,884	643,685
Fees payable to the company's auditor for the audit of the company's financial statements	30,800	20,700
Depreciation of owned tangible fixed assets	441,958	407,082
Amortisation of intangible assets	395	395
Operating lease charges	196,194	226,556
	<u>1,380,365</u>	<u>1,300,205</u>

#### 5 Employees

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

	2023	2022
	Number	Number
Administration and support	60	54
Production	81	102
Total	<u>141</u>	<u>156</u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	3,456,090	4,646,456
Pension costs	67,966	116,788
	<u>3,524,056</u>	<u>4,763,244</u>

## REGA RESEARCH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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<b>6</b>	<b>Director's remuneration</b>	<b>2023</b>	<b>2022</b>
		£	£
	Remuneration for qualifying services	38,750	38,000
		<u>          </u>	<u>          </u>
<b>7</b>	<b>Interest receivable and similar income</b>	<b>2023</b>	<b>2022</b>
		£	£
	<b>Interest income</b>		
	Interest on bank deposits	177,939	10,653
	Other interest income	7,907	-
		<u>          </u>	<u>          </u>
	Total income	185,846	10,653
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Taxation</b>	<b>2023</b>	<b>2022</b>
		£	£
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	107,252	183,620
	Adjustments in respect of prior periods	111,493	-
		<u>          </u>	<u>          </u>
	Total current tax	218,745	183,620
		<u>          </u>	<u>          </u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	65,474	189,745
		<u>          </u>	<u>          </u>
	Total tax charge	284,219	373,365
		<u>          </u>	<u>          </u>

# REGA RESEARCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	1,799,492	4,064,968
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	368,896	772,344
Tax effect of expenses that are not deductible in determining taxable profit	(1,328)	24,533
Effect of change in corporation tax rate	14,461	95,763
Permanent capital allowances in excess of depreciation	(9,444)	-
Other non-reversing timing differences	-	40,149
Under/(over) provided in prior years	111,493	-
Enhanced research and development expense	(111,750)	(281,239)
Patent box	(88,109)	(278,185)
Taxation charge for the year	284,219	373,365

#### 9 Dividends

	2023 £	2022 £
Final paid	-	1,355,858

#### 10 Intangible fixed assets

	Patents £
<b>Cost</b>	
At 1 July 2022 and 30 June 2023	5,931
<b>Amortisation and impairment</b>	
At 1 July 2022	889
Amortisation charged for the year	395
At 30 June 2023	1,284
<b>Carrying amount</b>	
At 30 June 2023	4,647
At 30 June 2022	5,042

## REGA RESEARCH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

11 Tangible fixed assets										
Cost		Land and buildings Leasehold	Leasehold improvements	Plant and machinery	Tooling	Computer equipment	Motor vehicles	Total		
		£	£	£	£	£	£	£	£	£
At 1 July 2022		987,000	822,414	1,869,838	237,280	435,083	327,560	4,679,175		
Additions		-	114,004	329,905	116,257	42,537	68,014	670,717		
Disposals		-	-	(9,336)	(117,047)	(34,589)	(48,260)	(209,232)		
At 30 June 2023		987,000	936,418	2,190,407	236,490	443,031	347,314	5,140,660		
<b>Depreciation and impairment</b>										
At 1 July 2022		1,028	372,791	576,027	164,057	291,710	150,324	1,555,937		
Depreciation charged in the year		1,028	93,642	162,962	78,733	48,098	57,495	441,958		
Eliminated in respect of disposals		-	-	(9,336)	(117,047)	(34,589)	(32,990)	(193,962)		
At 30 June 2023		2,056	466,433	729,653	125,743	305,219	174,829	1,803,933		
<b>Carrying amount</b>										
At 30 June 2023		984,944	469,985	1,460,754	110,747	137,812	172,485	3,336,727		
At 30 June 2022		985,972	449,623	1,293,811	73,223	143,373	177,236	3,123,238		

## REGA RESEARCH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

12 Stocks	2023	2022
	£	£
Raw materials and components	9,302,794	8,923,684
Finished goods and goods for resale	297,617	205,390
	<u>9,600,411</u>	<u>9,129,074</u>

13 Debtors	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	487,906	832,416
Corporation tax recoverable	-	41,060
Amounts owed by group undertakings	5,000	-
Other debtors	160,520	282,065
Prepayments and accrued income	98,382	74,717
	<u>751,808</u>	<u>1,230,258</u>

14 Creditors: amounts falling due within one year	2023	2022
	£	£
Trade creditors	797,838	879,356
Corporation tax	107,252	-
Other taxation and social security	82,257	83,761
Other creditors	7,722	7,976
Accruals and deferred income	80,197	1,027,582
	<u>1,075,266</u>	<u>1,998,675</u>

### 15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2023	Liabilities 2022
	£	£
Accelerated capital allowances	464,486	399,012
	<u>464,486</u>	<u>399,012</u>

# REGA RESEARCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

<b>15</b>	<b>Deferred taxation</b>	<b>(Continued)</b>
		<b>2023</b>
	<b>Movements in the year:</b>	<b>£</b>
	Liability at 1 July 2022	399,012
	Charge to profit or loss	65,474
		<hr/>
	Liability at 30 June 2023	464,486
		<hr/> <hr/>

<b>16</b>	<b>Retirement benefit schemes</b>	<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	<b>Defined contribution schemes</b>		
	Charge to profit or loss in respect of defined contribution schemes	67,966	116,788
		<hr/>	<hr/>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £5,792 (2022: £98,597) were payable to the scheme at the end of the year and are included within other creditors.

<b>17</b>	<b>Share capital</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Ordinary share capital</b>	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
	<b>Issued and fully paid</b>				
	Ordinary shares of £1 each	1,250	1,250	1,250	1,250
		<hr/>	<hr/>	<hr/>	<hr/>

### 18 Operating lease commitments

#### Lessee

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

		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	Within one year	166,786	86,786
	Between two and five years	632,476	312,477
	In over five years	472,652	205,211
		<hr/>	<hr/>
		1,271,914	604,474
		<hr/> <hr/>	<hr/> <hr/>

## REGA RESEARCH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

#### 19 Related party transactions

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
<b>Amounts due from related parties</b>		
Entities with control, joint control or significant influence over the company	5,000	-
Other related parties	1,500	-
	<u>6,500</u>	<u>-</u>

In accordance with FRS102 the company has not disclosed transactions with wholly owned members of the group.

Other related parties are in respect of amounts owed by the pension scheme in which the company is a sponsoring employer. These amounts are repayable on demand and interest is not charged on amounts due from related parties.

#### 20 Ultimate controlling party

Rega Research Limited is a 100% subsidiary of Rega Developments Limited, which is the ultimate parent company. Rega Developments Limited has a registered office address of Unit 6 Coopers Way, Temple Farm Industrial Estate, Southend On Sea, Essex, SS2 5TE.

The company is ultimately controlled by the Director due to his 100% ownership of the share capital in Rega Developments Limited, the parent company.

#### 21 Cash generated from operations

	2023	2022
	£	£
Profit for the year after tax	1,515,273	3,691,603
<b>Adjustments for:</b>		
Taxation charged	284,219	373,365
Investment income	(185,846)	(10,653)
Gain on disposal of tangible fixed assets	(6,480)	-
Amortisation and impairment of intangible assets	395	395
Depreciation and impairment of tangible fixed assets	441,958	407,082
<b>Movements in working capital:</b>		
Increase in stocks	(471,337)	(1,993,925)
Decrease in debtors	437,390	104,394
Decrease in creditors	(1,030,661)	(577,291)
<b>Cash generated from operations</b>	<u>984,911</u>	<u>1,994,970</u>

## REGA RESEARCH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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22 Analysis of changes in net funds

	1 July 2022 £	Cash flows £	30 June 2023 £
Cash at bank and in hand	8,596,670	451,357	9,048,027

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.