

EVERTZ UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

EVERTZ UK LIMITED

COMPANY INFORMATION

Directors	R Peter S Reed D Moore
Company secretary	S Reed
Registered number	03458137
Registered office	260 Wharfedale Road Winnersh Wokingham Berkshire RG41 5TP
Independent auditors	James Cowper Kreston Audit Chartered Accountants & Senior Statutory Auditor Reading Bridge House George Street Reading Berkshire RG1 8LS

EVERTZ UK LIMITED

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EVERTZ UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Business review

The Company is a supplier and reseller of software, hardware, and technology solutions. The Company markets products manufactured by Evertz Microsystems Limited, including video and audio infrastructure solutions for the production, post production and transmission of video content. The Company's solutions are purchased by content creators, broadcasters, specialty channels and television service providers to support their increasingly complex multi-channel digital and high definition television ("HDTV/Ultra HD") and next generation high bandwidth low latency IP network environments and by telecommunications and new media companies. The Company's products allow its customers to generate additional revenue while reducing costs through the more efficient signal routing, distribution, monitoring and management of content as well as the automation of previously manual processes. Additionally, the Company provides research and development activities as directed by Evertz Microsystems Limited. The Company is reimbursed by Evertz Microsystems Limited for such directed research and development activities using a cost plus methodology. The Evertz group remains committed to a sales growth strategy in the UK and the continued outsourcing of research and development activities here.

The results for the year show revenues of £16,544,865 (2022: £12,852,820). Operating profit for the year was £257,159 compared to £19,836 profit in the prior year. Profit for the year was £212,361 (2022: Loss £23,600).

The profits of the Company over the past few years is reflected in the positive net assets of £18,283,496 (2022: £17,972,767) at the year end. Brand awareness is strong and the directors expect continued profit in the long run.

Principal risks and uncertainties

During fiscal 2022 and 2023, a global supply chain disruption, including a global semi conductor chip shortage has caused the Company to experience unstable procurement capabilities leading to some increased lead times and increased component costs. Although the Company has taken proactive steps to minimize its impact, the length and severity of the shortage could have an adverse effect on the Company's revenue, costs and financial results. None-the-less, management is encouraged with the Company's revenue outlook, including within the cloud native technology and service business.

The turnover of the Company consists of sales of broadcast systems and equipment. Sales are dependent on the Company being able to continually offer its customers cost effective, versatile and reliable products that meet the ever changing demands of the broadcast environment. The Company is also reimbursed for Evertz head office directed research and development activities using a cost plus methodology. Research and development activities will continue to be a key focus as the Company continues to invest in new product developments.

The Company maintains strong internal controls and procedures.

The Company's principal financial instruments comprise cash in liquid resources and various items such as trade and other debtors, and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to fund the Company's operations. The Company finances its operations through a mixture of share capital, retained profits and funds from its parent Company. Liquidity risk is managed by maintaining a balance between continuity of funding and flexibility through the use of short term deposits.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to purchasing authorities and the regular monitoring of amounts outstanding for both time and credit limits.

The Company is exposed to two types of currency risk, "transaction risk" in respect of products manufactured in one currency region and sold in another currency and "translation risk" is the fluctuation of exchange rates between sterling and non-sterling.

Financial key performance indicators

The directors monitor a number of both financial and non-financial key performance indicators on an ongoing basis. Of particular significance are turnover, gross profit and operating profit.

EVERTZ UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

This report was approved by the board and signed on its behalf.

D Moore

Director

Date: 28 November 2023

EVERTZ UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors

The directors who served during the year were:

R Peter
S Reed
D Moore

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

Results and dividends

The profit for the year, after taxation, amounted to £212,361 (2022 - loss £23,600).

Future developments

The Company's growth strategy is based on capitalizing on its strong customer position and innovative software, hardware and virtualized "Cloud" solutions. The Company's financial objectives are to achieve profitable growth with our existing customers and with new customers who are converting to HDTV/Ultra HD, building out IPTV infrastructures, or in need of advanced video solutions.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

EVERTZ UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Auditors

The auditors, James Cowper Kreston Audit, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

D Moore

Director

Date: 28 November 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERTZ UK LIMITED

Opinion

We have audited the financial statements of Evertz UK Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERTZ UK LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial 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 set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERTZ UK LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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

Alan Poole BA (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston Audit

Chartered Accountants & Senior Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

30 November 2023

EVERTZ UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	16,544,865	12,852,820
Cost of sales		(14,530,335)	(10,997,311)
Gross profit		2,014,530	1,855,509
Administrative expenses		(1,915,085)	(2,022,024)
Other operating income	5	157,714	186,244
Operating profit	6	257,159	19,729
Interest receivable and similar income	9	4,375	107
Profit before tax		261,534	19,836
Tax on profit	10	(49,173)	(43,436)
Profit/(loss) for the financial year		212,361	(23,600)

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 11 to 25 form part of these financial statements.

EVERTZ UK LIMITED
REGISTERED NUMBER: 03458137

BALANCE SHEET
AS AT 31 MARCH 2023

	Note		2023	2022
			£	£
Fixed assets				
Tangible assets	11		293,288	464,099
Investments	12		60,835	56,142
			<hr/>	<hr/>
			354,123	520,241
Current assets				
Stocks	13	2,241,404	2,235,640	
Debtors: amounts falling due within one year	14	18,295,054	21,212,104	
Cash at bank and in hand	15	1,785,226	2,066,747	
		<hr/>	<hr/>	
		22,321,684	25,514,491	
Creditors: amounts falling due within one year	16	(4,392,311)	(8,061,965)	
		<hr/>	<hr/>	
Net current assets			17,929,373	17,452,526
			<hr/>	<hr/>
Total assets less current liabilities			18,283,496	17,972,767
			<hr/>	<hr/>
Net assets			18,283,496	17,972,767
			<hr/> <hr/>	<hr/> <hr/>
Capital and reserves				
Called up share capital	18		31,800	31,800
Other reserves	19		382,690	284,322
Profit and loss account	19		17,869,006	17,656,645
			<hr/>	<hr/>
			18,283,496	17,972,767
			<hr/> <hr/>	<hr/> <hr/>

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

D Moore
 Director
 Date: 28 November 2023

The notes on pages 11 to 25 form part of these financial statements.

EVERTZ UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Capital contribution £	Profit and loss account £	Total equity £
At 1 April 2022	31,800	284,322	17,656,645	17,972,767
Comprehensive income for the year				
Profit for the year	-	-	212,361	212,361
Share based payment expense	-	98,368	-	98,368
At 31 March 2023	<u>31,800</u>	<u>382,690</u>	<u>17,869,006</u>	<u>18,283,496</u>

The notes on pages 11 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Capital contribution £	Profit and loss account £	Total equity £
At 1 April 2021	31,800	284,322	17,680,245	17,996,367
Comprehensive income for the year				
Loss for the year	-	-	(23,600)	(23,600)
At 31 March 2022	<u>31,800</u>	<u>284,322</u>	<u>17,656,645</u>	<u>17,972,767</u>

The notes on pages 11 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. **General information**

Evertz UK Limited is a company limited by shares incorporated in England & Wales. Its registered address is 260 Wharfedale Road, Winnersh, Wokingham, Berkshire, RG41 5TP. The principal activity of the company is the supply of broadcasting equipment and solutions.

2. **Accounting policies**

2.1 **Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

2.2 **Exemption from preparing consolidated financial statements**

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Demonstration equipment	-	50%	reducing balance
Fixtures & fittings	-	25%	reducing balance
Computer equipment	-	50%	reducing balance
Development hardware	-	50%	reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Operating leases: the Company as lessee

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

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.9 Cash and cash equivalents

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

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 Creditors

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

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.13 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

2.17 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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

The preparation of the financial statements requires management to make judgments, 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. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Stock provisions

Provisions are estimated by the company in respect of specific stock based upon the age of the stock and its expected future sales.

Bad debt provisions

Provisions are estimated by the company in respect of specific debts based upon the age of the debt and known recoverability issues.

4. **Turnover**

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	8,418,348	4,328,206
Rest of Europe	10,136	1,136,571
Rest of the world	8,116,381	7,388,043
	<u>16,544,865</u>	<u>12,852,820</u>

5. **Other operating income**

	2023 £	2022 £
Research & development tax credits	157,714	186,244
	<u>157,714</u>	<u>186,244</u>

EVERTZ UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation of tangible fixed assets	227,029	370,021
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	26,300	17,300
Exchange differences	310,473	16,994
Other operating lease rentals	217,245	402,721
Defined contribution pension cost	302,365	250,269

7. Employees

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

	2023	2022
	£	£
Wages and salaries	6,166,321	5,610,642
Social security costs	873,383	733,290
Cost of defined contribution scheme	302,365	250,269
	7,342,069	6,594,201

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

	2023	2022
	No.	No.
Employees	109	115

EVERTZ UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	229,295	178,500
Directors national insurance	28,703	21,098
Company contributions to defined contribution pension schemes	31,441	16,777
	289,439	216,375
	289,439	216,375

During the year retirement benefits were accruing to 1 directors (2022 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £229,295 (2022 - £178,500).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £31,441 (2022 - £16,777).

9. Interest receivable

	2023	2022
	£	£
Bank interest receivable	4,375	107
	4,375	107
	4,375	107

10. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	89,463	30,321
Adjustments in respect of previous periods	(5,638)	36,763
	83,825	67,084
	83,825	67,084
Deferred tax		
Origination and reversal of timing differences	(34,652)	(23,648)
	(34,652)	(23,648)
	(34,652)	(23,648)
Taxation on profit on ordinary activities	49,173	43,436
	49,173	43,436

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>261,534</u>	<u>19,836</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	49,691	3,769
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13,436	12,415
Remeasurement of deferred tax for changes in tax rates	(8,316)	-
Adjustments to tax charge in respect of prior periods	(5,638)	27,252
Total tax charge for the year	<u>49,173</u>	<u>43,436</u>

Factors that may affect future tax charges

The main rate of corporation tax has risen from 19% to 25% from 1 April 2023. On this basis deferred tax is provided at the future rate of 25%.

EVERTZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11. Tangible fixed assets

	Demonstration equipment £	Fixtures & fittings £	Computer equipment £	Development hardware £
Cost or valuation				
At 1 April 2022	3,583,950	203,668	439,271	201,630
Additions	21,789	27,265	41,888	-
Disposals	(231,199)	-	(14,787)	-
At 31 March 2023	<u>3,374,540</u>	<u>230,933</u>	<u>466,372</u>	<u>201,630</u>
Depreciation				
At 1 April 2022	3,270,065	97,404	395,331	201,620
Charge for the year	145,995	50,205	30,829	-
Disposals	(197,177)	-	(14,085)	-
At 31 March 2023	<u>3,218,883</u>	<u>147,609</u>	<u>412,075</u>	<u>201,620</u>
Net book value				
At 31 March 2023	<u>155,657</u>	<u>83,324</u>	<u>54,297</u>	<u>10</u>
At 31 March 2022	<u>313,885</u>	<u>106,264</u>	<u>43,940</u>	<u>10</u>
				Total
				£
Cost or valuation				
At 1 April 2022				4,428,519
Additions				90,942
Disposals				(245,986)
At 31 March 2023				<u>4,273,475</u>
Depreciation				
At 1 April 2022				3,964,420
Charge for the year				227,029
Disposals				(211,262)
At 31 March 2023				<u>3,980,187</u>
Net book value				
At 31 March 2023				<u>293,288</u>
At 31 March 2022				<u>464,099</u>

EVERTZ UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2022	56,142
Revaluations	4,693
	60,835
At 31 March 2023	60,835

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Principal activity	Class of shares	Holding
Evertz Singapore Pte Ltd	Computer Software	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 March 2023 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Evertz Singapore Pte Ltd	285,922	26,049

13. Stocks

	2023 £	2022 £
Raw materials and consumables	366,117	392,385
Finished goods and goods for resale	1,875,287	1,843,255
	2,241,404	2,235,640

EVERTZ UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Debtors

	2023	2022
	£	£
Trade debtors	2,256,331	3,389,822
Amounts owed by group undertakings	13,825,772	15,709,926
Other debtors	230,688	165,485
Prepayments and accrued income	1,905,322	1,904,581
Deferred taxation	76,941	42,290
	<u>18,295,054</u>	<u>21,212,104</u>

15. Cash and cash equivalents

	2023	2022
	£	£
Cash at bank and in hand	1,785,226	2,066,747
	<u>1,785,226</u>	<u>2,066,747</u>

16. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	104,312	3,437,535
Amounts owed to group undertakings	284,124	461,371
Other taxation and social security	286,156	380,604
Other creditors	556	-
Accruals and deferred income	3,717,163	3,782,455
	<u>4,392,311</u>	<u>8,061,965</u>

EVERTZ UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

17. Deferred taxation

	2023 £
At beginning of year	42,290
Charged to profit or loss	34,651
	76,941
At end of year	76,941

The deferred tax asset is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	76,941	42,290
	76,941	42,290
	76,941	42,290

18. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
127,200 (2022 - 127,200) Ordinary shares of £0.25 each	31,800	31,800
	31,800	31,800

19. Reserves

Other reserves

The company holds a capital contribution reserve which is comprised of amounts accumulated in respect of share based payments. The cumulative share based payment expense of \$466,288 CND is treated as a capital contribution as the expense relates to share options held by Evertz UK Limited employees in the parent company, Evertz Technologies Limited.

Profit & loss account

The profit and loss account represents the cumulative profit available for distribution to shareholders.

EVERTZ UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

20. Share-based payments

Share options

The parent company, Evertz Technologies Limited, established, in June 2006, a stock option plan to attract, retain, motivate and compensate employees, officers and eligible directors who are integral to the growth and success of the Company.

The Board of Directors administers the stock option plan and will determine the terms of any options granted. The exercise price of an option is to be set by the Board of Directors at the time of grant but shall not be lower than the market price as defined in the option plan at the time of grant. The term of the option cannot exceed 10 years. Stock options currently granted normally fully vest and expire by the end of the fifth year.

Options had been granted in respect of a total of 681,000 ordinary shares of the parent company. Through to the year ended 31 March 2023, there were 48,500 new shares granted and 16,500 shares forfeited leaving 366,000 options granted as at 31 March 2023. These options were issued in fiscal year 2019, 2020 2021 and 2023 and are exercisable in accordance with the rules of the Evertz Technologies Limited stock option plan within 5 years of issue.

Details of the options granted up to the year ended 31 March 2023 are shown below:

	Weighted average exercise price (pence) 2023 CND	Number 2023	Weighted average exercise price (pence) 2022 CND	Number 2022
Outstanding at the beginning of the year	\$12.86	334,000	\$12.86	567,500
Granted during the year	\$12.86	48,500	-	-
Forfeited during the year	\$12.86	(16,500)	\$12.28	(233,500)
Outstanding at the end of the year	\$12.86	366,000	\$12.86	334,000

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of share options granted which is estimated using the Black-Scholes model. The expected volatility is based on an average historical volatility of the company. The contractual life of the option (5 years) is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model. Details of the fair value of share options and assumptions for awards can be found below.

	2023	2022
Option pricing model used	Black-Scholes CND	Black-Scholes CND
Weighted average share price (pence)	\$12.86	\$12.86
Exercise price (pence)	\$12.86	\$12.28-\$12.86
Weighted average contractual life (days)	5 years	5 years
Expected volatility	15%-24%	15%-24%
Expected dividend growth rate	3.72%-4.20%	3.72%-4.20%
Risk-free interest rate	0.47%-2.16%	0.47%-2.16%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

20. Share-based payments (continued)

No options were exercised in the year ended 31 March 2023. The options outstanding at 31 March 2023 had an exercise price of \$12.86 CAD and a weighted average contractual life of 5 years.

The options are exercisable at any time during their year grant period.

A share based payment expense of £98,369 was recognised in the year ended 31 March 2022 (2022: £65,349).

21. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £302,365 (2022: £250,269). Contributions totalling £51,846 (2022: £52,305) were payable to the fund at the balance sheet date

22. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	198,923	198,923
Later than 1 year and not later than 5 years	994,613	1,442,188
Later than 5 years	596,768	1,359,304
	<u>1,790,304</u>	<u>3,000,415</u>

23. Related party transactions

The company has taken advantage of the exemption available under FRS102 from disclosing related party transactions with other wholly owned group companies.

24. Controlling party

The ultimate and immediate parent company is Evertz Technologies Limited, a company registered in Ontario, Canada. This is the parent of the largest and smallest group which prepares consolidated accounts including the company.

Evertz Technologies Limited prepares group financial statements and copies can be obtained from 5292 John Lucas Drive, Burlington, Ontario, Canada, L7L 5ZP.

Evertz Technologies Limited is controlled by Mr R Magarelli and Mr D DeBruin who are directors of Evertz Technologies Limited.

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.