

15 September 2022

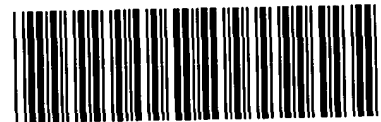
**Romax Technology Limited**

**Annual report and financial statements**

Registered number 02345696

31 December 2021

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## **Strategic report**

The principal activity of the Company is to provide technical solutions in the form of software and engineering consultancy services, specifically in drivetrain and electro-mechanical drive systems on both a national and international basis.

The key performance indicators used by management to assess the development of the business are analysed below:

Turnover for the year ended 31 December 2021 was £11.3m (9-month period ended 31 Dec 2020: £9.1m).

The operating profit for the year ended 31 December 2021 was £1.8m (9-month period ended 31 Dec 2020: £0.8m).

The company has net current assets of £15.1m (2020: £7.9m), including £0.7m (2020: £2.1m) of cash at bank and in hand.

Average headcount, one of the Company's key non-financial measures decreased from 139 at 31 December 2020 to 118 at 31 December 2021.

During the year £0.7m (9-month period ended 31 Dec 2020: £0.6m) of government grants, which are presented within Other operating income, were received to support some of our specific research and development activities.

The directors remain confident of continued development and growth within the existing business.

During the year, investments in three overseas subsidiaries were sold to other companies within the Hexagon Group, which generated a £5,727k profit on disposal of investments (9-month period ended 31 Dec 2020: £nil).

This has enabled the Romax business to focus its resources and investments in high growth areas such as Electric Vehicles, Aerospace, Renewables and all aspects of Electro-Mechanical simulation and design.

### **Key performance indicators**

The Directors monitor a number of financial key performance indicators including invoicing contract backlog, revenue and sales pipeline growth, operating profit and cash generated from operations. The directors also monitor non-financial key performance indicators including customer satisfaction levels, headcount, pipeline growth, staff utilisation and retention.

### **Principal risks and uncertainties**

The following are the principal risks to the achievement of the Company's strategic objectives. The Company has risk management processes in place for risks across the business.

#### *COVID*

As with many businesses in the UK, the Company has been impacted by the COVID pandemic. Initially this had a significant impact on both trading activity and cash flows but since the lifting of the first national lockdown, trading has recovered strongly with the core businesses now operating at pre lockdown levels.

During the first national lockdown the Company sought to preserve cash flow by making use of the government furlough scheme and deferring certain creditor payments. With the post lockdown recovery, all furloughed employees were re-introduced into the business by the end of April and all creditor payments were quickly returned to agreed terms.

#### *Brexit*

The directors do not currently anticipate any significant impact on the Company's trading following the post Brexit deal on 31<sup>st</sup> December 2020, given that trade between the UK and the EU is limited.

#### *Customers and markets*

The Company is dependent on a dynamic marketplace exposed to many external pressures and macroeconomic factors, which could result in delayed orders or loss of business. These risks are mitigated by a broad diversification across a variety of sectors and regions.

## **Strategic report** *(continued)*

### **Principal risks and uncertainties** *(continued)*

#### *Technology and innovation*

The business has to continually innovate and develop new technologies to meet customer needs and to maintain its market position. To manage this risk, the business invests in conjunction with key customers and partners, a substantial amount of resources on research and technology development.

#### *People*

Attracting and retaining the best talent is essential to delivering the strategy. This risk is managed via proactive recruitment and internal talent management.

#### *Contract performance*

A significant proportion of the Company's revenue arises from fixed price consultancy contracts exposed to reduced margins if costs and liabilities to complete these contracts increase from their initial estimates. These risks are proactively managed by clearly defined bid controls and project management processes.

#### *Compliance with laws and regulations*

The Company's activities are subject to a wide range of international laws and regulations, and third parties may obtain patent or other proprietary rights that could restrict our ability to sell our products or services. To mitigate these risks, the Company takes external professional advice where considered necessary and actively certifies the origins of its products and services through patent searches and protections

#### *Financial risks*

The principal financial risks are disclosed in the directors' report.

On behalf of the board



**Mr A Montgomery**  
*Director*

15 September 2022

## **Directors' report**

### **Principal activities**

The principal activity of the Company is to provide technical solutions in the form of software and engineering consultancy services, specifically in drivetrain and electro-mechanical drive systems on both a national and international basis.

The subsidiary undertakings of the Company in the year are listed in note 12 to the financial statements.

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of the signing of this report.

The Company's forecast and projections are based on current performance conditions where the business is trading in line with expectations. Future available cash has been determined by applying conservative assumptions to the Company's forecasts and projections, taking account of downside risks of future trading performance. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 1 of the financial statements.

### **Financial risk management**

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company does not use derivative financial instruments.

#### *Cash flow risk*

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign exchange forward contracts are not used to hedge these risks and net exchange rate risk is reviewed after natural hedging on a contract basis.

#### *Credit risk*

The Company's principal financial assets are bank balances, cash and trade receivables.

The principal credit risk is in respect of its trade receivables. Contract cash flow is actively monitored, and terms include upfront payments to ensure projects remain cash positive over the delivery period wherever possible.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long- and short-term finance which is made available from finance companies, investors and its bankers. Further details regarding the liquidity risk can be found in the statement of accounting policies in the financial statements.

### **Dividends**

The directors recommend that no dividend be paid on the ordinary shares (2020: £nil).

## **Directors' report** *(continued)*

### **Directors**

The directors, who served throughout the year and subsequently, were as follows:

Mr D Mills  
Mr A Montgomery

Company Secretary: Helen Peall

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee consultation**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through regular formal and informal communication meetings, along with the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors is aware of that information.

### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on page 1.

### **Independent auditors**

In accordance with section 519 of the Companies Act 2006, KPMG LLP cease to act as the auditors to the company.

Pursuant to Section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP have been appointed as auditors to the company and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006..

On behalf of the board



**Mr A Montgomery**  
*Director*

Romax Technology Limited  
Cedar House  
78 Portsmouth Road  
Cobham  
Surrey  
KT11 1HY

15 September 2022

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Statement of directors' responsibilities in respect of the financial statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

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

## **Independent auditor's report to the members of Romax Technology Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Romax Technology Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## **Independent auditor's report to the members of Romax Technology Limited** *(continued)*

### **Reporting on other information** *(continued)*

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and breaches of employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

## **Independent auditor's report to the members of Romax Technology Limited** *(continued)*

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

- enquiries of management and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- challenging assumptions made by management in their accounting estimates, for example in relation to the stage of completion of revenue contracts;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- consideration of any changes to the control environment as a result of Covid-19

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Stephen Patey (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
15 September 2022

**Profit and loss account**  
*for the year ended 31 December 2021*

	<i>Note</i>	<b>Year ended 31 Dec 2021 £000</b>	9-month period ended 31 Dec 2020 £000
<b>Turnover</b>	2	11,262	9,112
Cost of sales		(1,996)	(3,278)
<b>Gross profit</b>		<u>9,266</u>	<u>5,834</u>
Administrative expenses		(8,184)	(6,946)
Administrative income – adjusted items	3	-	1,309
Other operating income	3	694	568
<b>Operating profit</b>		<u>1,776</u>	<u>765</u>
Profit on disposal of investments	12	5,727	-
Other interest receivable and similar income	7	7	3
Interest payable and similar expenses	8	(26)	-
<b>Profit before taxation</b>		<u>7,484</u>	<u>768</u>
Tax on profit	9	(438)	(137)
<b>Profit for the financial year</b>		<u><u>7,046</u></u>	<u><u>631</u></u>
<b>Total comprehensive income for the year</b>		<u><u>7,046</u></u>	<u><u>631</u></u>

There are no items of other comprehensive income other than the profit for the financial year (9-month period ended 31 Dec 2020: £nil). All results relate to continuing operations.

**Balance sheet**  
at 31 December 2021

	Note	2021 £000	2020 £000	£000	£000
<b>Fixed assets</b>					
Intangible assets	10	38		73	
Tangible assets	11	343		283	
Investments	12	93		192	
		<u>          </u>		<u>          </u>	
			474		548
<b>Current assets</b>					
Debtors	13	18,293		13,515	
Cash at bank and in hand	14	661		2,132	
		<u>          </u>		<u>          </u>	
		18,954		15,647	
<b>Creditors: amounts falling due within one year</b>	15	(3,813)		(7,704)	
		<u>          </u>		<u>          </u>	
<b>Net current assets</b>			15,141		7,943
			<u>          </u>		<u>          </u>
<b>Total assets less current liabilities</b>			15,615		8,491
			<u>          </u>		<u>          </u>
<b>Capital and reserves</b>					
Called up share capital	19	31		31	
Capital redemption reserve		71		71	
Share based payment reserve	17	78		-	
Profit and loss account		15,435		8,389	
		<u>          </u>		<u>          </u>	
<b>Total shareholders' funds</b>			15,615		8,491
			<u>          </u>		<u>          </u>

The financial statements on pages 10 to 26 were approved by the board of directors on 15<sup>th</sup> September 2022 and were signed on its behalf by:



**Mr A Montgomery**  
Director

Company registered number: 02345696

## Statement of changes in equity

	Called up share capital £000	Capital redemption reserve £000	Share based payment reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2020	31	71	1,529	7,758	9,389
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	631	631
Total comprehensive income for the period	-	-	-	631	631
<b>Transactions with owners, recorded directly in equity</b>					
Equity-settled share-based payment transactions	-	-	(1,529)	-	(1,529)
Total contributions by and distributions to owners	-	-	(1,529)	-	(1,529)
<b>Balance at 31 December 2020</b>	<b>31</b>	<b>71</b>	<b>-</b>	<b>8,389</b>	<b>8,491</b>

	Called up share capital £000	Capital redemption reserve £000	Share based payment reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	31	71	-	8,389	8,491
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	7,046	7,046
Total comprehensive income for the year	-	-	-	7,046	7,046
<b>Transactions with owners, recorded directly in equity</b>					
Equity-settled share-based payment transactions	-	-	78	-	78
Total contributions by and distributions to owners	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>31</b>	<b>71</b>	<b>78</b>	<b>15,435</b>	<b>15,615</b>

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

Romax Technology Limited (the “Company”) is a private company limited by shares and incorporated and domiciled in the UK. The registered number is 02345696 and the registered address is Cedar House, 78 Portsmouth Road, Cobham, Surrey, KT11 1HY.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Hexagon AB, includes the Company in its consolidated financial statements. The consolidated financial statements of Hexagon AB are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from [www.hexagon.com](http://www.hexagon.com). In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of ultimate parent undertaking include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share-based Payments*; and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

#### **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **1.2 Going concern**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible changes in trading performance, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In particular, the directors have taken into consideration cashflow projections from potential stress scenarios regarding the current unprecedented economic environment, and as trading has returned to normal service for our customers there is no reason that the current operational pattern will change.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Notes** (continued)

**1 Accounting policies** (continued)

**1.3. Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

**1.4. Classification of financial instruments issued by the company**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

**1.5. Basic financial instruments**

*Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

**Notes** (continued)

**1 Accounting policies** (continued)

**1.6. Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. The company assesses at each reporting date whether tangible assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Land and buildings	- 20 years' straight line
Computer equipment	- straight line 3 to 5 years
Leasehold improvements	- straight line 5 to 7 years
Office equipment	- straight line over 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

**1.7. Intangible assets**

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- computer software 5 years

The basis for choosing these useful lives is technology advancements.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

**1.8. Government grants**

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

**1.9. Impairment**

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9. Impairment (continued)

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.10. Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity. The Company's ultimate parent Hexagon AB operates share-based long-term incentive programmes (LTIP) for group management, senior executives, and other Hexagon Group employees.

The grant date fair value of share-based payments awarded to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the entity receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the entity's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

The Company will bear the cost of the related employers national insurance costs upon exercise of the share options, and therefore recognises a liability in the balance sheet for accrued social security costs over the vesting period.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.11. Turnover**

Turnover is stated net of VAT and trade discounts.

##### *Supply of services*

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Any loss is immediately recognised.

##### *Supply of goods*

Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Where a sale transaction is for goods and services (typically the sale of a perpetual software licence with a support package), the sale transaction is unbundled using the residual fair value method. Under this method, the fair value of the support package is initially deferred and recognised over the period of the contract. The remaining revenue is allocated to the sale of the software licence and recognised at the point that a customer is provided with a licence.

#### **1.12. Expenses**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### **1.13. Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Notes (continued)**

**2 Turnover**

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
Sale of software licenses and support packages	4,092	5,722
Rendering of services	994	314
Software royalties	6,176	3,076
	<u>11,262</u>	<u>9,112</u>
Total turnover	<u><u>11,262</u></u>	<u><u>9,112</u></u>

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
UK	866	132
Asia	5,225	3,752
Rest of World	5,171	5,228
	<u>11,262</u>	<u>9,112</u>
Total turnover	<u><u>11,262</u></u>	<u><u>9,112</u></u>

**3 Other operating income and adjusted items**

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
<b>Other operating income</b>		
Government grants	696	568
Net loss on disposal of tangible assets	(2)	-
	<u>694</u>	<u>568</u>
	<u><u>694</u></u>	<u><u>568</u></u>

Government grants have been received to support a number of research and development activities.

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
<b>Administrative income – adjusted items</b>		
Costs associated with the sale of the business	-	(220)
Equity-settled share-based payment income (note 17)	-	1,529
	<u>-</u>	<u>1,309</u>
	<u><u>-</u></u>	<u><u>1,309</u></u>

**Notes (continued)**

**4 Auditor's remuneration**

*Auditor's remuneration:*

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
Audit of these financial statements	65	50
Amounts receivable by the company's auditors and its associates in respect of:		
Audit-related assurance services	-	9
Taxation compliance services	-	26
	<u>        </u>	<u>        </u>

**5 Staff numbers and costs**

The monthly average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	Year ended 31 Dec 2021	9m period ended 31 Dec 2020
Technical	88	94
Sales and marketing	18	21
Administration	12	24
	<u>        </u>	<u>        </u>
	118	139
	<u>        </u>	<u>        </u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
Wages and salaries	6,511	5,314
Share-based payments	78	-
Social security costs	640	627
Other pension costs (note 17)	255	220
	<u>        </u>	<u>        </u>
	7,484	6,161
	<u>        </u>	<u>        </u>

**6 Directors' remuneration**

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
Directors' remuneration	-	177
Company contributions to money purchase pension plans	-	5
	<u>        </u>	<u>        </u>

The aggregate of remuneration of the highest paid director was £nil (9-month period ended 31 Dec 2020: £99k), and company pension contributions of £nil (9-month period ended 31 Dec 2020: £2k) were made to a money purchase scheme on his behalf. The current directors are also directors of other subsidiaries within the Group and their remuneration was paid by other undertakings.

	Number of directors	
	Year ended 31 Dec 2021	9m period ended 31 Dec 2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	-	4
	<u>        </u>	<u>        </u>

**Notes (continued)**

**7 Other interest receivable and similar income**

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
Interest receivable on financial assets at amortised cost	7	3
<b>Total interest receivable and similar income</b>	<b>7</b>	<b>3</b>

**8 Interest payable and similar expenses**

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
Interest payable on financial liabilities at amortised cost	26	-
<b>Total other interest payable and similar expenses</b>	<b>26</b>	<b>-</b>

**9 Tax on profit**

**Total tax expense recognised in the profit and loss account**

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
<i>Current tax</i>		
Current tax on income for the period	121	-
Adjustments in respect of prior periods	43	-
Foreign taxation	274	137
<b>Total current tax</b>	<b>438</b>	<b>137</b>
<b>Total tax</b>	<b>438</b>	<b>137</b>

	Year ended 31 Dec 2021			9m period ended 31 Dec 2020		
	£000	£000	£000	£000	£000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	438	-	438	137	-	137
Recognised in other comprehensive income	-	-	-	-	-	-
<b>Total tax</b>	<b>438</b>	<b>-</b>	<b>438</b>	<b>137</b>	<b>-</b>	<b>137</b>

*Analysis of current tax recognised in profit and loss*

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
UK corporation tax	164	-
Foreign tax	274	137
<b>Total current tax recognised in profit and loss</b>	<b>438</b>	<b>137</b>

**Notes (continued)**

**9 Tax on profit (continued)**

**Reconciliation of effective tax rate**

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
Profit for the year/period	7,046	631
Total tax	(438)	(137)
	<hr/>	<hr/>
Profit excluding tax	7,484	768
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2020: 19%)	1,422	146
Tax on overseas earnings – net	274	137
Non-deductible expenses	9	42
Research and development enhanced deduction	(37)	10
Current year losses for which no deferred tax asset was recognised	(132)	906
Under/(over) provided in prior years	(10)	57
Non-taxable income	(1,088)	(1,161)
	<hr/>	<hr/>
Total tax expense included in profit or loss	438	137
	<hr/>	<hr/>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**10 Intangible assets**

	Computer Software £000
<b>Cost</b>	
Balance at 1 January 2021	1,178
Additions	-
	<hr/>
Balance at 31 December 2021	1,178
	<hr/>
<b>Accumulated amortisation and impairment</b>	
Balance at 1 January 2021	1,105
Amortisation for the year	35
	<hr/>
Balance at 31 December 2021	1,140
	<hr/>
<b>Net book value</b>	
At 31 December 2021	38
	<hr/>
At 31 December 2020	73
	<hr/>

**Notes (continued)**

**10 Intangible assets (continued)**

*Amortisation charge*

The amortisation charge is recognised in the following line items in the profit and loss account:

	Year ended 31 Dec 2021 £000	9m period ended 31 Dec 2020 £000
Administrative expenses	35	26
	<u>35</u>	<u>26</u>

**11 Tangible assets**

	Land and buildings £000	Computer equipment £000	Office equipment £000	Leasehold improvements £000	Total £000
<b>Cost</b>					
Balance at 1 January 2021	158	1,816	208	13	2,195
Additions	35	186	8	63	292
Disposals	(158)	-	(179)	(13)	(350)
	<u>35</u>	<u>2,002</u>	<u>37</u>	<u>63</u>	<u>2,137</u>
<b>Balance at 31 December 2021</b>					
<b>Accumulated depreciation and impairment</b>					
Balance at 1 January 2021	150	1,554	196	12	1,912
Depreciation charge for the year	14	206	6	3	229
Disposals	(158)	-	(177)	(12)	(347)
	<u>6</u>	<u>1,760</u>	<u>25</u>	<u>3</u>	<u>1,794</u>
<b>Balance at 31 December 2021</b>					
<b>Net book value</b>					
<b>At 31 December 2021</b>	<u>29</u>	<u>242</u>	<u>12</u>	<u>60</u>	<u>343</u>
<b>At 31 December 2020</b>	<u>8</u>	<u>262</u>	<u>12</u>	<u>1</u>	<u>283</u>

*Land and buildings*

The net book value of land and buildings comprises:

	2021 £000	2020 £000
Freehold	-	-
Short leasehold	29	8
	<u>29</u>	<u>8</u>

**Notes (continued)**

**12 Investments**

	<b>Shares in group undertakings £000</b>
<b>Cost</b>	
At beginning of year	396
Additions	-
Disposals	(99)
	297
<b>Provisions</b>	
At beginning of year	204
Impairment losses	-
	204
 <i>Net book value</i>	
At 31 December 2021	93
At 31 December 2020	192

The undertakings in which the Company had an interest in is as follows at the year-end:

Company	Country of incorporation	Principal activity	Class and percentage of shares held Company
<i>Subsidiary undertakings</i>			
Romax Technology Korea Co Ltd	Korea	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Solutions Pvt Ltd	India	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Technology (Hangzhou) Ltd	China	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Design Solutions Ltd	UK	Transmission software, sales & consultancy	Ordinary Shares 100%
<i>Registered office</i>			
Romax Technology Korea Co Ltd	10, Baumoe-ro 21-gil, Seocho-gu, Seoul, 06752, Republic of Korea		
Romax Solutions Pvt Ltd	101-105 Sai Radhe Complex, Kennedy Road, Pune Maharashtra, 41101, India		
Romax Technology (Hangzhou) Ltd	Room 3A12, 3 <sup>rd</sup> Floor, Great Full, Qianjiang, Century City, Hangzhou, China		
Romax Design Solutions Ltd	Cedar House, 78 Portsmouth Road, Cobham, Surrey, KT11 1HY, England		

All holdings are directly held by the Company.

The subsidiary undertaking of 100% ordinary shares held in Romax Technology Inc was sold on 8<sup>th</sup> September 2021 for \$6,098,000. The profit on disposal of the subsidiary undertaking was £4,396,843.

The subsidiary undertaking of 100% ordinary shares held in Romax Technology GmbH was sold on 10<sup>th</sup> September 2021 for \$348,000. The profit on disposal of the subsidiary undertaking was £229,602.

The subsidiary undertaking of 100% ordinary shares held in Romax Technology Japan Ltd was sold on 16<sup>th</sup> September 2021 for \$1,587,000. The profit on disposal of the subsidiary undertaking was £1,100,789.

**Notes (continued)**

**13 Debtors**

	2021	2020
	£000	£000
Trade debtors	223	2,627
Amounts recoverable on contracts	85	177
Amounts owed by group undertakings	16,520	9,264
Amounts recoverable on government grants	43	43
Corporation tax	815	625
Prepayments and accrued income	607	779
	18,293	13,515
	18,293	13,515

**14 Cash at bank and in hand**

	2021	2020
	£000	£000
Cash at bank and in hand	661	2,132
	661	2,132

**15 Creditors: amounts falling due within one year**

	2021	2020
	£000	£000
Trade creditors	73	64
Amounts owed to group undertakings	1,705	2,208
Taxation and social security	160	277
Accruals and deferred income	1,875	5,155
	3,813	7,704
	3,813	7,704

Amounts owed to group undertakings are interest free, security free and repayable on demand.

**16 Deferred tax assets and liabilities**

The Company has an unrecognised deferred tax asset.

The Deferred tax assets of £1,824k (2020: £1,455k) relating to taxable losses carried forward in the Company have not been recognised as the directors are not certain there will be sufficient taxable profits for this to be utilised against.

**Notes (continued)**

**17 Employee benefits**

**Defined contribution plans**

The Company operates two defined contribution pension plans.

The total expense relating to these plans in the current year was £255k (9-month period ended 31 Dec 2020: £220k).

**Share based payments**

The terms and conditions of the grants are as follows:

Grant date / employees entitled	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
Equity settled award to employees granted by parent on 5 July 2019	Equity	330,288	Service and non-market conditions	Non-market conditions
Equity settled award to employees granted by parent on 1 January 2020	Equity	22,376	Service and non-market conditions	Non-market conditions

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2021	Number of options 2021	Weighted average exercise price 2020	Number of options 2020
Outstanding at the beginning of the year	-	-	0.05	330,288
Granted during the year	0.00	22,376	-	-
Exercised during the year	-	-	0.05	(330,288)
Outstanding at the end of the year	0.00	22,376	-	-
Exercisable at the end of the year	0.00	22,376	-	-

The fair value of services received in return for share options granted are measured by reference to the fair value of goods or services received or reference to the fair value of share options granted.

During the current year certain employees of the Company, along with other Hexagon Group employees, have been granted options over shares in Hexagon AB under share-based long-term incentive programmes (LTIP). The awards have been granted free of charge and may entitle the holder to shares in Hexagon AB in the future, subject to certain performance conditions being met and continued employment within the Hexagon group over the award vesting periods of 2020/23 and 2021/24 for the two ongoing programmes. Further details of the Hexagon Group share programmes can be found on the Hexagon investors webpage (<https://investors.hexagon.com>). The fair value of employee share options for the period ending 31 December 2020 is measured using a Black-Sholes model.

**Notes (continued)**

**18 Called up share capital**

**Share capital**

<i>Allotted, called up and fully paid</i>		<i>£000</i>
At 31 December 2021	3,148,887 ordinary shares of £0.01 each	31
At 31 December 2020	3,148,887 ordinary shares of £0.01 each	31

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

*Dividends*

After the balance sheet date total dividends of £nil (2020: £nil) were proposed by the directors.

**19 Financial instruments**

*Carrying amount of financial instruments*

The carrying amounts of the financial assets and liabilities include:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Assets measured at amortised cost	661	2,132
Assets measured at cost less impairment	308	2,847
Liabilities measured at amortised cost	73	64
	<u>          </u>	<u>          </u>

**20 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Less than one year	366	170
Between one and five years	1,444	4
More than five years	1,474	-
	<u>          </u>	<u>          </u>
	<b>3,284</b>	<b>174</b>
	<u>          </u>	<u>          </u>

During the year £458k was recognised as an expense in the profit and loss account in respect of operating leases (9-month period ended 31 Dec 2020: £432k).

**21 Commitments**

*Capital commitments*

Contractual commitments to purchase tangible fixed assets at the year-end were £nil (2020: £nil).

**22 Related parties**

The remuneration of key management personnel (the directors) is disclosed in note 6. In line with section 33.1A of FRS 102 "related party disclosures", the company has applied the exemption from disclosing related party transactions with wholly owned subsidiaries.

**Notes** *(continued)*

**23 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Hexagon Manufacturing Intelligence Inc. The ultimate controlling party is Hexagon AB.

The largest group in which the results of the Company are consolidated is that headed by Hexagon AB, Stockholm, Sweden. The smallest group in which they are consolidated is that headed by Hexagon Manufacturing Intelligence Inc, 46444 Hexagon Way, Novi, MI, 48377-4121, USA. The consolidated financial statements of these groups are available to the public and may be obtained from [www.hexagon.com](http://www.hexagon.com).

**24 Accounting estimates and judgements**

*Key sources of estimation uncertainty and judgment*

*Recoverability of trade debtors*

Trade debtors are reviewed for impairment where there is uncertainty regarding their recoverability. Ageing of trade debtors and the specific commercial position is used to assess the key sources of uncertainty at the balance sheet date and need for impairment.

*Long term contracts*

The key accounting judgement is considered to be the stage of completion of each contract, including the estimation of the future costs to complete the contract. The Directors carefully consider the likelihood of profits arising for contracts and any further unforeseen costs that may be required to complete the work before the recognition of revenue. Where there are loss making contracts, the directors write off the loss on the contract immediately to the profit and loss account.