

DYNAMIC TECHNOLOGIES EUROPE LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

DYNAMIC TECHNOLOGIES EUROPE LTD

COMPANY INFORMATION

Directors J Raja
C Raja
T Smith (appointed 9 December 2022)
R Everard (appointed 9 December 2022)

Company secretary J Raja

Registered number 03869630

Registered office Unit 3 Integra Thornton Chase
Linford Wood
Milton Keynes
Buckinghamshire
MK14 6FD

Independent auditors MHA
Century House
The Lakes
Northampton
NN4 7HD

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The directors present the Strategic Report and financial statements for the year ended 31 December 2022.

Business review

2022 continued to be a successful period of business, for all associated companies within DTE, offering our customers further solutions and products to drive their own continuous development and success.

Gross Profit continued to remain at a healthy 38% due to the strategic direction of offering further services to our existing and new customers. This has been an ongoing rise, from that of 11 - 16% in prior years, this is mainly due to factors such as an ongoing culture change, continued procurement improvements and a focus on our extensive services offered to our customers.

While the Turnover has decreased from £22,339,710 to £15,797,083 this was expected and merely down to timing of projects on one revenue stream. Away from project work our core business remains strong with an increase in turnover of 15% from 2021 to 2022.

Investments were made in a subsidiary in this period for the purpose of diversifying and attracting further new business which is expected to see ongoing revenue growth in future periods.

We also have a new subsidiary in France which will look to offer even more procurement channels and allow us to provide certain services in country.

Our new webstore went live in 2022 and offers a customisable one stop shop for our existing and new customers alongside a new revamp of our website to improve our brand.

Our Wireless team has expanded, as we continue to increase our expertise in specific areas of wireless design, which will allow us to increase our competitive advantage and market share within the construction and retail industries.

We also became a member of the UKWA, as we aim to revolutionise the way in which IOT can assist this industry through efficiency and data driven decision making.

Automation and continuous improvement remained at the forefront of all operational decision making as we worked closely with our procurement network to automate the way in which we receive and send data. Interconnected systems have allowed the business and relevant to departments to offer more value add within the business and create a more efficient way of working.

Principal risks and uncertainties

No material Principal risk and uncertainties were identified in this period.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

The company measures its financial performance on a consolidated basis using the following measures:

Gross profit %: For 2022 the gross profit % was 38% and for 2021 it was 40% - a decrease of 2%.

Net Profit after tax %: For 2022 the Net Profit % was 12% and for 2021 it was 11% - an increase of 1%

Current ratio: The current ratio has increased massively from 3.90 at y/e 2021 to 9.22 at y/e 2022.

Acid test ratio: The acid test ratio has increased massively from 2.64 at y/e 2021 to 8.03 at y/e 2022.

Working Capital has increased from £8,897,458 in 2021 at y/e to £10,771,413 at y/e 2022.

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

T Smith

Director

Date: 28 September 2023

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group'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 Group 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 the Group 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 the Group 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 £1,897,642 (2021 - £2,478,225).

No dividends were paid in the current or prior year.

Directors

The directors who served during the year were:

J Raja
C Raja
T Smith (appointed 9 December 2022)
R Everard (appointed 9 December 2022)

Future developments

The Directors intend for the Group to continue its strategy of organic growth.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 and the Group'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 and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA.

The auditors, MHA, 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.

T Smith

Director

Date: 28 September 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DYNAMIC TECHNOLOGIES EUROPE LTD

Opinion

We have audited the financial statements of Dynamic Technologies Europe Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Statement of Income and Retained Earnings, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's 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 Group 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 Group's or the parent 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DYNAMIC TECHNOLOGIES EUROPE LTD (CONTINUED)

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.

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 Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DYNAMIC TECHNOLOGIES EUROPE LTD (CONTINUED)

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 Group's and the parent 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 Group or the parent 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 Group 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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with 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.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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.

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.

Adam Young ACA (Senior Statutory Auditor)

for and on behalf of

MHA

Statutory Auditors

Northampton, United Kingdom

Date:

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales

(registered number OC312313) 28 September 2023

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	15,797,083	22,339,710
Cost of sales		(9,841,211)	(13,336,699)
Gross profit		5,955,872	9,003,011
Administrative expenses		(4,588,108)	(5,916,949)
Other operating income	5	-	5,917
Operating profit	6	1,367,764	3,091,979
Interest receivable and similar income	10	349	1,571
Interest payable and similar expenses	11	(42,787)	(17,508)
Profit before tax		1,325,326	3,076,042
Tax on profit	12	572,316	(597,817)
Profit after tax		1,897,642	2,478,225
Retained earnings at the beginning of the year		8,952,513	6,474,288
		8,952,513	6,474,288
Profit for the year		1,897,642	2,478,225
Retained earnings at the end of the year		10,850,155	8,952,513

The notes on pages 15 to 31 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	82,353	62,759
		<u>82,353</u>	<u>62,759</u>
Current assets			
Stocks	15	1,563,311	3,887,359
Debtors: amounts falling due within one year	16	6,891,199	3,919,496
Cash at bank and in hand	17	3,627,442	4,154,856
		<u>12,081,952</u>	<u>11,961,711</u>
Creditors: amounts falling due within one year	18	(1,310,539)	(3,064,253)
Net current assets		<u>10,771,413</u>	<u>8,897,458</u>
Total assets less current liabilities		<u>10,853,766</u>	<u>8,960,217</u>
Provisions for liabilities			
Deferred taxation	19	(3,511)	(7,604)
		<u>(3,511)</u>	<u>(7,604)</u>
Net assets		<u><u>10,850,255</u></u>	<u><u>8,952,613</u></u>
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account	21	10,850,155	8,952,513
Equity attributable to owners of the parent Company		<u>10,850,255</u>	<u>8,952,613</u>
		<u><u>10,850,255</u></u>	<u><u>8,952,613</u></u>

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

T Smith
Director

Date: 28 September 2023

The notes on pages 15 to 31 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	55,592	56,876
Investments	14	1,000	1,000
		<u>56,592</u>	<u>57,876</u>
Current assets			
Stocks	15	761,489	1,709,433
Debtors: amounts falling due within one year	16	7,221,963	3,621,675
Cash at bank and in hand	17	1,401,044	2,165,949
		<u>9,384,496</u>	<u>7,497,057</u>
Creditors: amounts falling due within one year	18	(3,988,010)	(2,784,897)
Net current assets		<u>5,396,486</u>	<u>4,712,160</u>
Total assets less current liabilities		<u>5,453,078</u>	<u>4,770,036</u>
Provisions for liabilities			
Deferred taxation	19	(3,511)	(7,604)
		<u>(3,511)</u>	<u>(7,604)</u>
Net assets		<u>5,449,567</u>	<u>4,762,432</u>
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account brought forward		4,762,332	4,418,774
Profit for the year		687,135	343,558
Profit and loss account carried forward		5,449,467	4,762,332
		<u>5,449,567</u>	<u>4,762,432</u>

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

T Smith
Director

Date: 28 September 2023

The notes on pages 15 to 31 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	1,897,642	2,478,225
Adjustments for:		
Depreciation of tangible assets	15,159	12,437
Loss on disposal of tangible assets	3,782	(260)
Government grants	-	(5,917)
Interest paid	42,787	17,508
Interest received	(349)	(1,571)
Taxation charge	(572,316)	597,817
Decrease/(increase) in stocks	2,324,048	(1,390,083)
(Increase)/decrease in debtors	(1,980,457)	3,151,282
(Decrease) in creditors	(1,892,180)	(1,263,333)
Corporation tax (paid)	(284,557)	(639,949)
Net cash generated from operating activities	(446,441)	2,956,156
Cash flows from investing activities		
Purchase of tangible fixed assets	(43,035)	(42,266)
Sale of tangible fixed assets	4,500	22,234
Government grants received	-	5,917
Interest received	349	1,571
Net cash from investing activities	(38,186)	(12,544)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from financing activities		
Issue of ordinary shares	-	(100)
Interest paid	(42,787)	(17,508)
Net cash used in financing activities	<u>(42,787)</u>	<u>(17,608)</u>
Net (decrease)/increase in cash and cash equivalents	(527,414)	2,926,004
Cash and cash equivalents at beginning of year	4,154,856	1,228,852
Cash and cash equivalents at the end of year	<u>3,627,442</u>	<u>4,154,856</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,627,442	4,154,856
	<u>3,627,442</u>	<u>4,154,856</u>

The notes on pages 15 to 31 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	4,154,856	(527,414)	3,627,442
	<u>4,154,856</u>	<u>(527,414)</u>	<u>3,627,442</u>

The notes on pages 15 to 31 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Dynamic Technologies Europe Ltd is a private company limited by shares, domiciled in England and Wales, registered number 03869630. The registered office and principal place of business is Unit 3 Integra, Thornton Close, Linford Wood, Milton Keynes, MK14 6FD.

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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Income and Retained Earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Income and Retained Earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, and the impact of subsequent events in making their assessment.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Group'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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Income and Retained Earnings in the same period as the related expenditure.

2.7 Interest income

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

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2.11 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-20% on cost
Motor vehicles	-20% on cost
Fixtures and fittings	-20% on cost
Computer equipment	-33% on cost

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.13 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.

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.

2.14 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.

2.15 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Group 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 Financial instruments

The Group 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 Consolidated Statement of Income and Retained Earnings 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 Consolidated Statement of Income and Retained Earnings.

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 Group 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.18 Financial instruments (continued)

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.

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

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily separated from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Depreciation rates are a key source of estimation uncertainty. These are reviewed on an ongoing basis with reference to historic information and current market data.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
IT Equipment	<u>15,797,083</u>	<u>22,339,710</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	2,920,396	9,329,010
Rest of Europe	5,479,749	6,010,300
Rest of the world	7,396,938	7,000,400
	<u>15,797,083</u>	<u>22,339,710</u>

5. Other operating income

	2022 £	2021 £
Government grants receivable	<u>-</u>	<u>5,917</u>

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation	15,159	12,437
Exchange differences	<u>132,758</u>	<u>55,641</u>

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	<u>17,500</u>	<u>17,500</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	2,492,173	3,775,816	2,097,357	3,495,064
Social security costs	259,114	429,646	231,290	405,176
Cost of defined contribution scheme	29,073	21,926	23,369	21,926
	<u>2,780,360</u>	<u>4,227,388</u>	<u>2,352,016</u>	<u>3,922,166</u>

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

	2022 No.	2021 No.
Number of employees	<u>36</u>	<u>31</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	<u>235,832</u>	<u>1,729,092</u>

The highest paid director received remuneration of £183,144 (2021 - £1,729,092).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2021 - £NIL).

10. Interest receivable

	2022 £	2021 £
Other interest receivable	<u>349</u>	<u>1,571</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Other loan interest payable	<u>42,787</u>	<u>17,508</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	156,775	533,332
Adjustments in respect of previous periods	(724,998)	67,972
Total current tax	<u>(568,223)</u>	<u>601,304</u>
Deferred tax		
Origination and reversal of timing differences	(4,093)	(3,487)
Total deferred tax	<u>(4,093)</u>	<u>(3,487)</u>
Tax on profit	<u>(572,316)</u>	<u>597,817</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,325,326</u>	<u>3,076,042</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	251,812	584,448
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(13,003)	10,248
Adjustments to tax charge in respect of prior periods	(724,998)	67,971
R&D claim	(133,642)	-
Double taxation relief	16,489	(33,719)
Other differences leading to an increase (decrease) in the tax charge	31,026	(31,131)
Total tax charge for the year	<u>(572,316)</u>	<u>597,817</u>

Factors that may affect future tax charges

On 24 May 2021 the UK Government substantively enacted the increase in the Corporation Tax rate from 19% to 25% with effect from 1 April 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Tangible fixed assets**Group**

	Plant and machinery	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2022	21,127	35,700	25,996	39,974	122,797
Additions	20,148	18,740	-	4,147	43,035
Disposals	-	(10,700)	-	-	(10,700)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	41,275	43,740	25,996	44,121	155,132
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2022	8,739	3,211	20,822	27,266	60,038
Charge for the year on owned assets	5,756	4,701	2,957	1,745	15,159
Disposals	-	(2,418)	-	-	(2,418)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	14,495	5,494	23,779	29,011	72,779
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2022	<u>26,780</u>	<u>38,246</u>	<u>2,217</u>	<u>15,110</u>	<u>82,353</u>
At 31 December 2021	<u>12,388</u>	<u>32,489</u>	<u>5,174</u>	<u>12,708</u>	<u>62,759</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Tangible fixed assets (continued)

Company

	Plant and machinery	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2022	15,244	35,700	25,996	39,974	116,914
Additions	-	18,740	-	-	18,740
Disposals	-	(10,700)	-	-	(10,700)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	15,244	43,740	25,996	39,974	124,954
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2022	8,739	3,211	20,822	27,266	60,038
Charge for the year on owned assets	2,408	4,701	2,957	1,676	11,742
Disposals	-	(2,418)	-	-	(2,418)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	11,147	5,494	23,779	28,942	69,362
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2022	<u>4,097</u>	<u>38,246</u>	<u>2,217</u>	<u>11,032</u>	<u>55,592</u>
At 31 December 2021	<u>6,505</u>	<u>32,489</u>	<u>5,174</u>	<u>12,708</u>	<u>56,876</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	1,000
At 31 December 2022	<u>1,000</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Dynamic Technologies US LLC	Ordinary	100 %
Dynamic Technologies GmbH	Ordinary	100 %
Infinite Edge Technologies Ltd	Ordinary	100 %
Dynamic Technologies Europe SAS	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Dynamic Technologies US LLC	4,901,290	1,027,478
Dynamic Technologies GmbH	503,342	192,612
Infinite Edge Technologies Ltd	(371,485)	(378,366)
Dynamic Technologies Europe SAS	(3,018)	(3,018)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Stocks

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Finished goods and goods for resale	<u>1,563,311</u>	<u>3,887,359</u>	<u>761,489</u>	<u>1,709,433</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	1,572,366	2,177,793	1,260,904	1,630,975
Amounts owed by group undertakings	-	-	1,063,063	867,666
Other debtors	5,232,162	1,681,267	4,819,492	1,067,007
Prepayments and accrued income	86,671	60,436	78,504	56,027
	<u>6,891,199</u>	<u>3,919,496</u>	<u>7,221,963</u>	<u>3,621,675</u>

17. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	<u>3,627,442</u>	<u>4,154,856</u>	<u>1,401,044</u>	<u>2,165,949</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	507,040	906,850	422,109	781,106
Amounts owed to group undertakings	-	-	2,901,554	157,945
Corporation tax	399,419	134,886	270,000	74,071
Other taxation and social security	178,677	1,382,052	176,479	1,230,212
Other creditors	16,879	346,988	16,879	346,988
Accruals and deferred income	208,524	293,477	200,989	194,575
	<u>1,310,539</u>	<u>3,064,253</u>	<u>3,988,010</u>	<u>2,784,897</u>

Details of security provided:

Fixed and floating charges are held over all assets of the company by NatWest plc.

19. Deferred taxation

Group	2022 £
At beginning of year	7,604
Charged to profit or loss	(4,093)
At end of year	<u><u>3,511</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19. Deferred taxation (continued)

Company

	2022
	£
At beginning of year	7,604
Charged to profit or loss	(4,093)
At end of year	<u>3,511</u>

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Accelerated capital allowances	<u>3,511</u>	<u>7,604</u>	<u>3,511</u>	<u>7,604</u>

20. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
10,000 (2021 - 100) Ordinary shares of £0.01 (2021 - £1.00) each	<u>100</u>	<u>100</u>

During the year, the Company performed a Division of Shares, converting 100 shares at a £1 per share into 10,000 shares at £0.01 per share.

21. Reserves

Profit and loss account

Includes all current and prior year retained profits and losses.

22. Contingent liabilities

Dynamic Technologies Europe Ltd has guaranteed the liabilities of its subsidiary, Infinite Edge Technologies Limited, as at 31 December 2022.

For the year ending 31 December 2022 Infinite Edge Technologies Ltd, a 100% owned subsidiary of the

Company, was entitled to exemption from audit under s479C of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

23. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	124,773	134,867
Later than 1 year and not later than 5 years	300,000	325,854
Later than 5 years	37,500	112,500
	<u>462,273</u>	<u>573,221</u>

24. Transactions with directors

At 31 December 2022, one of the directors, J Raja, owed the Parent Company £800,000 (2021: £nil) in respect of loans and advances made by the Company. The amount is interest free and there are no fixed terms of repayment.

25. Related party transactions

In the year ended 31 December 2022, no goods were purchased from a Company with a Director in common (2021: £5,035).

The Group has taken advantage of the exemption available in Section 33.1A of FRS102 not to disclose transactions with its wholly owned subsidiaries.

At the year end an associated company with a participating interest owed the Company £2,763,747 (2022 - £nil). The amount is interest free and there are no formal terms of repayment.

26. Controlling party

There is no ultimate controlling party for either this or the previous accounting period.

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.