
EDM Limited

Annual Report and Financial Statements

For the Year Ended 30 December 2023

EDM Limited

Company Information

Directors	A Bermingham M Bonney S Ferguson N Randall S Grundy
Company secretary	S Ferguson
Registered number	01001465
Registered office	Brunei House 1 Thorp Road Newton Heath Manchester Lancashire M40 5BJ
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors 3 Stockport Exchange Stockport SK1 3GG

EDM Limited

Contents

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditors' report	6 - 9
Statement of income and retained earnings	10
Balance sheet	11
Notes to the financial statements	12 - 28

Strategic Report
For the Year Ended 30 December 2023

Introduction

The directors present their Strategic Report for the year ended 30 December 2023.

Business review

Following two years of level revenue, 2023 saw the company achieve an improved turnover of £11,659,600 (2022: £9,207,402), an increase of 26.6% on the previous year. Whilst sales in both our civil aviation training products and defence product sectors have remained in line with previous years, the increase in revenue has mostly been driven by increased activity in the rail sector. This increase in revenue has flowed through to a positive EBITDA of £686,627 (2022: loss £870,472).

The prospects for 2024 look very promising and the directors are optimistic for continued growth in all sectors. A number of large orders have already been secured and the pipeline is very strong, particularly within the defence sector.

The business continues to look for growth opportunities and is currently investigating ways to better support our product footprint in North America.

UK sales in 2023 rose with the increase demand within the rail sector, but the majority of sales (55%) continue to come from exports comprising the USA, Canada, India and Europe, meaning there is no significant dependency on any particular region.

Strategic Report (continued)
For the Year Ended 30 December 2023

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Financial Risk Management Objectives and Policies

The company uses financial instruments comprising borrowings, cash and other liquid resources, derivatives and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for management each of these risks and they are summarised below.

Interest Rate Risk

The company finances its operations through a mixture of retained profits, asset finance, bank borrowings and borrowing from group companies. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity Risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably.

Other risks and uncertainties

Contract Profitability

Management review all contracts on a monthly basis relevant to both actual and forecasted costs to complete and report against anticipated gross margin, investigating variances against budget.

Fluctuations in Currency Exchange Rates

A large proportion of future turnover will relate to overseas operations and the company is therefore exposed to foreign currency fluctuations. The company manages its foreign exchange exposure on a net basis and, where required, uses forward foreign exchange contracts and other derivatives/financial instruments to reduce its exposure.

EDM Limited

**Strategic Report (continued)
For the Year Ended 30 December 2023**

Financial key performance indicators

The directors have monitored overall progress of company performance by reference to certain financial and non-financial key performance indicators as indicated below.

	2023	2022	2021
	£	£	£
Turnover	11,659,600	9,207,402	9,730,628
Profit/(Loss) for the financial year	190,997	(1,159,146)	451,919
Net Profit/(Loss)	1.6%	(12.6%)	4.6%
Average number of employees	131	126	128

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

.....
S Ferguson
Director

Date: 22 May 2024

Directors' Report
For the Year Ended 30 December 2023

The directors present their report and the financial statements for the year ended 30 December 2023.

Principal activity

The principal activity of the company is as a global provider of world class training and simulation solutions for the commercial airline and defence aviation sectors.

Directors

The directors who served during the year were:

A Bermingham
M Bonney
S Ferguson
N Randall
S Grundy

Results and dividends

The profit for the year, after taxation, amounted to £190,997 (2022 - loss £1,159,146).

Dividends were paid during the year of £1,000,000 (2022: £Nil). The directors do not recommend the payment of a final dividend.

Directors' responsibilities statement

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

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

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

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

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

Directors' Report (continued)
For the Year Ended 30 December 2023

Future developments

The continuation of the company's strategy to trade internationally is enabling the Company to secure projects in the USA, Middle East, Africa, Far East, China and Mainland Europe.

The company is now established as a leading player in the niche market for providing simulators and training equipment for the commercial aircraft, defence sector and associated markets, and is planning to increase market share of this business. The company also plans to continue the development of its training equipment to meet growing customer expectations. The company's state-of-the-art production facilities, in association with the expansion of the management support services and labour force, has increased the company's capability to expand its client base and range of services.

Research and development activities

The company continues to invest in research and development programs for new products as well as new processes and technologies to improve overall operational effectiveness.

Matters covered in the Strategic Report

Financial risk management is considered to be of strategic importance and is therefore included in the Strategic Report.

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

The auditors, Hurst Accountants Limited, 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.

.....
S Ferguson
Director

Date: 22 May 2024

Independent Auditors' Report to the Members of EDM Limited

Opinion

We have audited the financial statements of EDM Limited (the 'Company') for the year ended 30 December 2023, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Independent Auditors' Report to the Members of EDM Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of EDM Limited (continued)

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:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector in which the company operates; the control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- The outcome of enquiries of local management and parent company management, including whether management was aware of any instances of non-compliance with laws and regulations, and whether management had knowledge of any actual, suspected, or alleged fraud.
- Supporting documentation relating to the Company's policies and procedures for:
 - Identifying, evaluating, and complying with laws and regulations
 - Detecting and responding to the risks of fraud
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- The outcome of discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

The legal and regulatory framework in which the Company operates, particularly those laws and regulations which have a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or which had a fundamental effect on the operations of the Company, including General Data Protection requirements, and Anti-bribery and Corruption.

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with the provisions of those relevant laws and regulations which have a direct effect on the financial statements.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Evaluation of the operating effectiveness of management's controls designed to prevent and detect irregularities.
- Enquiring of management about any actual and potential litigation and claims.
- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of material misstatement due to fraud.

Independent Auditors' Report to the Members of EDM Limited (continued)

We have also considered the risk of fraud through management override of controls by:

- Testing the appropriateness of journal entries and other adjustments. We have used data analytics software to identify accounting transactions which may pose a heightened risk of material misstatement, whether due to fraud or error.
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of them. 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 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.

Mike Jackson (senior statutory auditor)
for and on behalf of
Hurst Accountants Limited
Chartered Accountants & Statutory Auditors
3 Stockport Exchange
Stockport
SK1 3GG
22 May 2024

EDM Limited

Statement of Income and Retained Earnings
For the Year Ended 30 December 2023

	Note	2023 £	2022 £
Turnover	4	11,659,600	9,207,402
Cost of sales		<u>(6,890,826)</u>	<u>(6,055,757)</u>
Gross profit		4,768,774	3,151,645
Administrative expenses		<u>(4,474,316)</u>	<u>(4,392,323)</u>
Operating profit/(loss)	5	294,458	(1,240,678)
Interest receivable and similar income	9	20,807	5,046
Interest payable and similar expenses	10	<u>(134,148)</u>	<u>(121,556)</u>
Profit/(loss) before tax		181,117	(1,357,188)
Tax on profit/(loss)	11	<u>9,880</u>	<u>198,042</u>
Profit/(loss) after tax		<u>190,997</u>	<u>(1,159,146)</u>
Retained earnings at the beginning of the year		<u>10,270,930</u>	<u>11,430,076</u>
		10,270,930	11,430,076
Profit/(loss) for the year		190,997	(1,159,146)
Dividends declared and paid		<u>(1,000,000)</u>	<u>-</u>
Retained earnings at the end of the year		<u>9,461,927</u>	<u>10,270,930</u>

The notes on pages 12 to 28 form part of these financial statements.

EDM Limited
Registered number: 01001465

Balance Sheet
As at 30 December 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	209,245	213,061
Tangible assets	13	813,469	932,113
		<u>1,022,714</u>	<u>1,145,174</u>
Current assets			
Stocks	14	1,967,853	1,873,673
Debtors: amounts falling due within one year	15	11,535,765	11,304,281
Cash at bank and in hand	16	1,640,159	2,512,339
		<u>15,143,777</u>	<u>15,690,293</u>
Creditors: amounts falling due within one year	17	(5,678,485)	(5,094,872)
Net current assets		<u>9,465,292</u>	<u>10,595,421</u>
Total assets less current liabilities		<u>10,488,006</u>	<u>11,740,595</u>
Creditors: amounts falling due after more than one year	18	(757,301)	(1,188,339)
Provisions for liabilities			
Deferred tax	20	(95,898)	(108,446)
		<u>(95,898)</u>	<u>(108,446)</u>
Net assets		<u><u>9,634,807</u></u>	<u><u>10,443,810</u></u>
Capital and reserves			
Called up share capital	21	172,880	172,880
Profit and loss account	22	9,461,927	10,270,930
		<u>9,634,807</u>	<u>10,443,810</u>

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

.....
A Bermingham
Director

Date: 22 May 2024

The notes on pages 12 to 28 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 30 December 2023**

1. General information

EDM Limited is a private company limited by share capital. It is both incorporated and domiciled in England and Wales. The address of its registered office is Brunel House, 1 Thorp Road, Newton Heath, Manchester, M40 5BJ.

The principal activity of the company is as a global provider of world class training and simulation solutions for the commercial airline and defence aviation sectors.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Singinuity Limited as at 30 December 2023 and these financial statements may be obtained from Companies House.

**Notes to the Financial Statements
For the Year Ended 30 December 2023**

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis of which the directors have reached their conclusion.

The Company has a profit before tax of £181,117 (2022 Loss: £1,357,188) and net assets totalling £9,634,807 (2022: £10,443,810) at 30 December 2023.

The Company currently meets its working capital requirements through its cash balances and credit facilities.

Based on the Company's forecasts and projections, the directors believe they have sufficient facilities to trade through the next 12 month period.

Therefore, the directors believe it is appropriate to prepare the accounts to 30 December 2023 on a going concern basis and there will be no adverse effect on solvency for more than 12 months after the date of approval of the financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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.

**Notes to the Financial Statements
For the Year Ended 30 December 2023**

2. Accounting policies (continued)

2.5 Revenue

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

When the outcome of contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the end of the reporting period.

Reliable estimation of the outcome of contracts requires reliable estimates of the stage of completion, future costs, and collectability of billings.

The stage of completion is measured by surveys of work performed.

When the outcome of a contract cannot be estimated reliably, revenue is only recognised to the extent of contract costs incurred that it is probable will be recoverable.

When it is probable that the total contract costs will exceed total contract revenue on a contract, the expected loss shall be recognised as an expense immediately, with a corresponding provision for an onerous contract.

Revenue in respect of variations to contracts and incentive payments is recognised when it is probable it will be agreed by the customer.

Where costs incurred plus recognised profits less recognised losses exceed progress billing, the balance is shown as due from customers on contracts within debtors. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as due to customers on contracts within creditors.

2.6 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Interest income

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

**Notes to the Financial Statements
For the Year Ended 30 December 2023**

2. Accounting policies (continued)

2.9 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.

2.10 Pensions

Defined contribution pension plan

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

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

2.11 Current and deferred taxation

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

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

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

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

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

Notes to the Financial Statements
For the Year Ended 30 December 2023

2. Accounting policies (continued)

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	20% - 33% straight line
-------------------------	---	-------------------------

2.13 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:

Leasehold property	- 10% straight line
Plant and machinery	- 20% straight line
Fixtures and fittings	- 15% - 20% straight line
Electrical installation	- 20% straight line
Tooling and design	- 20% straight line

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

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

2.14 Work in progress contracts

Costs associated with work in progress contracts are included in debtors as amounts recoverable on work in progress contracts to the extent that they cannot be matched with contract work accounted for as turnover. Work in progress contract balances included in debtors are stated after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

2.15 Stocks

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

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

Notes to the Financial Statements
For the Year Ended 30 December 2023

2. Accounting policies (continued)

2.16 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.

2.17 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.18 Creditors

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

2.19 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

**Notes to the Financial Statements
For the Year Ended 30 December 2023**

2. Accounting policies (continued)

2.20 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable.

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.

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

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

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

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income and expenditure, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Critical judgements in applying the company policies:

Revenue and margin recognition

The Company's revenue recognition and margin recognition policies, which are set out in note 2.5, are central to how the Company values the work it has carried out in each financial year. These policies require forecasts to be made of contract outcomes, which require assessment and judgements to be made in respect of budgeted costs and final margins. The Company reviews and, when necessary, revises the estimates of revenue and costs as the contract progresses.

EDM Limited

Notes to the Financial Statements
For the Year Ended 30 December 2023

4. Turnover

The whole of the turnover is attributable to the company's principal activity as described in note 1.

Analysis of turnover by country of destination:

	2023	2022
	£	£
United Kingdom	5,305,082	3,312,531
Rest of Europe	960,412	906,556
Rest of the world	5,394,106	4,988,315
	<u>11,659,600</u>	<u>9,207,402</u>

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2023	2022
	£	£
Exchange differences	(48,163)	132,840
Other operating lease rentals	<u>453,329</u>	<u>447,626</u>

6. Auditors' remuneration

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

	2023	2022
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>28,300</u>	<u>31,300</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

Notes to the Financial Statements
For the Year Ended 30 December 2023

7. Employees

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

	2023 £	2022 £
Wages and salaries	5,459,543	5,164,899
Social security costs	584,461	573,372
Cost of defined contribution scheme	176,843	159,402
	<u>6,220,847</u>	<u>5,897,673</u>

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

	2023 No.	2022 No.
Production staff	98	93
Administrative staff	20	20
Management staff	5	5
Other staff	8	8
	<u>131</u>	<u>126</u>

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	701,456	662,215
Company contributions to defined contribution pension schemes	28,243	16,785
	<u>729,699</u>	<u>679,000</u>

During the year retirement benefits were accruing to no directors (2022 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £316,982 (2022 - £325,451).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2022 - £NIL).

EDM Limited

Notes to the Financial Statements
For the Year Ended 30 December 2023

9. Interest receivable

	2023	2022
	£	£
Other interest receivable	<u>20,807</u>	<u>5,046</u>

10. Interest payable and similar expenses

	2023	2022
	£	£
Bank interest payable	125,960	106,568
Finance leases	8,188	14,988
	<u>134,148</u>	<u>121,556</u>

11. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	2,668	(304,020)
Total current tax	<u>2,668</u>	<u>(304,020)</u>
Origination and reversal of timing differences	(12,548)	70,496
Adjustments in respect of previous periods	-	35,482
Total deferred tax	<u>(12,548)</u>	<u>105,978</u>
Taxation on loss on ordinary activities	<u>(9,880)</u>	<u>(198,042)</u>

Notes to the Financial Statements
For the Year Ended 30 December 2023

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 25% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit/(loss) on ordinary activities before tax	<u>181,117</u>	<u>(1,353,928)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022 - 19%)	45,279	(257,246)
Effects of:		
Expenses not deductible for tax purposes	633	2,756
Super-deduction pool adjustment	(1,023)	(22,039)
Adjustments to deferred tax charge in respect of prior periods	(874)	35,482
Research and Development enhancement	(284,604)	(144,563)
Double taxation relief	2,668	-
Changes to tax rate leading to an decrease in the tax charge	-	(11,591)
Group relief	<u>228,041</u>	<u>199,159</u>
Total tax charge for the year	<u><u>(9,880)</u></u>	<u><u>(198,042)</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Notes to the Financial Statements
For the Year Ended 30 December 2023

12. Intangible assets

	Development expenditure £
Cost	
At 31 December 2022	758,746
Additions	106,149
At 30 December 2023	<u>864,895</u>
Amortisation	
At 31 December 2022	545,685
Charge for the year	109,965
At 30 December 2023	<u>655,650</u>
Net book value	
At 30 December 2023	<u><u>209,245</u></u>
<i>At 30 December 2022</i>	<u><u>213,061</u></u>

EDM Limited

Notes to the Financial Statements
For the Year Ended 30 December 2023

13. Tangible fixed assets

	Long-term leasehold property	Plant and machinery	Fixtures and fittings	Other fixed assets	Total
	£	£	£	£	£
Cost					
At 31 December 2022	190,471	2,644,606	1,726,027	538,566	5,099,670
Additions	24,591	78,529	29,652	1,017	133,789
At 30 December 2023	<u>215,062</u>	<u>2,723,135</u>	<u>1,755,679</u>	<u>539,583</u>	<u>5,233,459</u>
Depreciation					
At 31 December 2022	85,110	2,132,881	1,541,478	408,088	4,167,557
Charge for the year	15,529	121,061	52,264	63,579	252,433
At 30 December 2023	<u>100,639</u>	<u>2,253,942</u>	<u>1,593,742</u>	<u>471,667</u>	<u>4,419,990</u>
Net book value					
At 30 December 2023	<u>114,423</u>	<u>469,193</u>	<u>161,937</u>	<u>67,916</u>	<u>813,469</u>
At 30 December 2022	<u>105,361</u>	<u>511,725</u>	<u>184,549</u>	<u>130,478</u>	<u>932,113</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023	2022
	£	£
Plant and machinery	16,739	80,540
Furniture, fittings and equipment	60,005	75,660
	<u>76,744</u>	<u>156,200</u>

14. Stocks

	2023	2022
	£	£
Raw materials and consumables	625,266	542,207
Finished goods	1,342,587	1,331,466
	<u>1,967,853</u>	<u>1,873,673</u>

Notes to the Financial Statements
For the Year Ended 30 December 2023

15. Debtors

	2023 £	2022 £
Trade debtors	956,377	2,383,181
Amounts owed by group undertakings	7,903,153	7,101,638
Other debtors	197,293	139,917
Prepayments and accrued income	200,226	266,400
Amounts recoverable on long term contracts	2,219,933	1,054,769
Tax recoverable	53,179	304,020
Financial instruments	5,604	54,356
	<u>11,535,765</u>	<u>11,304,281</u>

Amounts due from group undertakings are repayable on demand, unsecured and bear no interest.

16. Cash

	2023 £	2022 £
Cash at bank and in hand	<u>1,640,159</u>	<u>2,512,339</u>

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank loans (see note 18)	400,000	400,000
Payments received on account	2,074,502	2,573,325
Trade creditors	491,655	592,206
Amounts owed to group undertakings	1,861,405	861,405
Corporation tax	66,761	13,582
Other taxation and social security	354,614	314,413
Obligations under finance lease	23,590	26,314
Other creditors	89,033	83,851
Accruals and deferred income	316,925	229,776
	<u>5,678,485</u>	<u>5,094,872</u>

Obligations under finance lease contracts are secured on the assets to which they relate.

Amounts due to group undertakings are repayable on demand, unsecured and bear no interest.

EDM Limited

**Notes to the Financial Statements
For the Year Ended 30 December 2023**

18. Creditors: Amounts falling due after more than one year

	2023	2022
	£	£
Bank loans	733,333	1,133,333
Net obligations under finance leases	23,968	55,006
	757,301	1,188,339

Obligations under finance lease contracts are secured on the assets to which they relate.

The bank loan is secured by means of an unlimited guarantee, secured over all assets of the company, its immediate and ultimate parent companies and all other subsidiary companies within the group owned by the ultimate parent. Interest was charged at 0% until October 2021, and then at 5.21% over the Bank of England Base rate for the remainder for the term.

19. Loans

Analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year		
Bank loans	400,000	400,000
Amounts falling due 1-2 years		
Bank loans	400,000	400,000
Amounts falling due 2-5 years		
Bank loans	333,333	733,333
	1,133,333	1,533,333

20. Deferred taxation

	2023	2022
	£	£
At beginning of year	(108,446)	(2,468)
Charged to profit or loss	12,548	(105,978)
At end of year	(95,898)	(108,446)

Notes to the Financial Statements
For the Year Ended 30 December 2023

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2023	2022
	£	£
Accelerated capital allowances	106,685	118,127
Other timing differences	(10,787)	(9,681)
	<u>(95,898)</u>	<u>(108,446)</u>

21. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
172,880 (2022 - 172,880) Ordinary shares of £1.00 each	<u>172,880</u>	<u>172,880</u>

22. Reserves**Profit and loss account**

The profit and loss accounts represent the accumulated profit and losses.

23. Share options

The company's ultimate parent company operates an Enterprise Management Incentive scheme, which allows a director to acquire shares in the parent company. The directors consider the market value of the options to be immaterial at the point of issue and therefore there is no share-based payment expense

Below is a summary of the options currently granted.

	Weighted average exercise price (pence) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at the beginning of the year	0.16	473,183	0.16	473,183
Granted during the year		-		-
Outstanding at the end of the year		<u>473,183</u>	<u>0.16</u>	<u>473,183</u>

**Notes to the Financial Statements
For the Year Ended 30 December 2023**

24. Contingent liabilities

The group has unlimited multilateral guarantees in place in respect of monies due by the Company's parent and fellow subsidiary undertakings to the group financiers. At the year end, the net group borrowings amounted to £2,924,945 (2022: £3,666,614).

The debenture includes a fixed charge over all assets of the company.

25. Pension commitments

The company operates a defined contribution pension scheme for employees. The pension costs charge in the financial statements of £205,086 (2022: £159,402) represents the contributions payable by the company during the year. At the yearend outstanding contributions amounted to £43,151 (2022: £38,725) which is included in other creditors.

26. Commitments under operating leases

At 30 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	2022
	£	£
Not later than 1 year	430,056	448,631
Later than 1 year and not later than 5 years	493,645	906,538
	923,701	1,355,169

27. Related party transactions

The company has taken advantage of the exemptions available under FRS 102 section 33 and not disclosed transactions with wholly owned subsidiaries.

28. Controlling party

The Company's immediate parent company is EDM Holdings Limited, registered number 04709279 . The ultimate parent company is Simginuity Limited, registered number 09405326 . Both companies are incorporated in England and Wales.

The ultimate controlling party is A Bermingham by virtue of his majority shareholding.

The smallest and largest group of companies where these accounts are consolidated is that headed by Simginuity Limited. A copy of the financial statements of Simginuity can be obtained from Companies House.

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.