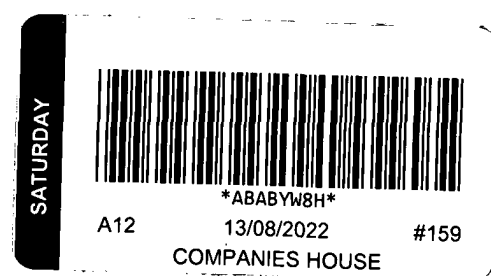


Registered number: 01001465

EDM Limited

Annual Report and Financial Statements

For the Year Ended 30 December 2021



EDM Limited

Company Information

Directors	A Bermingham M Bonney S Ferguson N Randall S Grundy
Company secretary	S Ferguson
Registered number	01001465
Registered office	Brunel House 1 Thorp Road Newton Heath Manchester Lancashire M40 5BJ
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD

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 - 29

EDM Limited

**Strategic Report
For the Year Ended 30 December 2021**

Introduction

The directors present their Strategic Report for the year ended 30 December 2021.

Business review

In 2021 the company achieved a turnover of £9,730,628 (2020: £10,134,041), which was a reduction on the previous year. Despite this reduction, the directors view this as a good result given the COVID-19 pandemic continued to impact the global economy throughout the year. Changes made within the business to overcome this difficult period have proved beneficial as the company achieved an improved earnings before interest, tax, depreciation and amortisation, EBITDA, of £785,097 (2020: £396,669).

COVID-19 has continued to have a devastating impact on the civil aviation sector over the last twelve months. This has shown itself in the fact that, whilst airlines have been placing orders for door trainers, they have not yet been willing to commit to any larger expenditure for cabin trainers. Continued restrictions on global travel has meant that our installations teams were only able to start to travel in the second half of the year, and even then not to all countries. The disruption to the business' operations resulted in the continued use of the Coronavirus Jobs Retention Scheme where required.

Looking ahead to 2022, as all restrictions ease globally, the directors are optimistic for growth in all sectors it serves. The business has also opened its own training centre, the EDM Aviation Training Academy, thereby now providing Cabin Crew training on-site at its facility in Manchester.

The majority of sales (64%) continue to come from exports comprising Europe, USA, Canada, China, the Middle East and the Far East, meaning there is no significant dependency on any particular region.

Strategic Report (continued)
For the Year Ended 30 December 2021

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

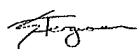
Strategic Report (continued)
For the Year Ended 30 December 2021

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. The 2019 figures exclude exceptional charges to the Statement of Comprehensive Income in respect of a fellow subsidiary that entered creditors voluntary liquidation during that year:

	2021	2020	2019
	£	£	£
Turnover	9,730,628	10,134,041	12,487,926
Profit for the financial year	451,919	111,411	100,739
Net Profit margin	4.6%	1.1%	0.8%
Average number of employees	128	141	170

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



.....
S Ferguson
Director

Date: 28 Jul 2022

EDM Limited

Directors' Report For the Year Ended 30 December 2021

The directors present their report and the financial statements for the year ended 30 December 2021.

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 (appointed 1 January 2021)

Results and dividends

The profit for the year, after taxation, amounted to £451,919 (2020 - £111,411).

No dividends were paid during the year (2020: £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 2021

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 programmes 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.

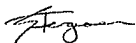
Post balance sheet events

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: 28 Jul 2022

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 2021, 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 2021 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, control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- Enquiring of local management and parent company management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or that had a fundamental effect on the operations of the Company, including General Data Protection requirements, Anti-bribery and corruption policy and the Coronavirus Job Retention Scheme.

Audit response to risks identified

Our procedures to respond to risk identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having 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 and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance, and correspondence with regulators; and
- Carrying out substantive testing to confirm the validity and accuracy of 'furlough' claims.

EDM Limited

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

We have also considered the risks noted above in addressing the risk of fraud through management override of controls:

- Testing the appropriateness of journal entries and other adjustments;
- 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.

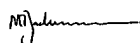
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Lancashire Gate

21 Tiviot Dale

Stockport

SK1 1TD

Date: 01 Aug 2022

EDM Limited

Statement of Income and Retained Earnings
For the Year Ended 30 December 2021

	Note	2021 £	2020 £
Turnover	4	9,730,628	10,134,041
Cost of sales		(5,508,942)	(6,180,636)
Gross profit		4,221,686	3,953,405
Administrative expenses		(4,037,517)	(4,920,448)
Other operating income	5	135,304	1,054,924
Operating profit	6	319,473	87,881
Interest receivable and similar income	10	694	6,057
Interest payable and similar expenses	11	(36,318)	(9,708)
Profit before tax		283,849	84,230
Tax on profit	12	168,070	27,181
Profit after tax		451,919	111,411
Retained earnings at the beginning of the year		10,978,157	10,866,746
		10,978,157	10,866,746
Profit for the year		451,919	111,411
Retained earnings at the end of the year		11,430,076	10,978,157

The notes on pages 12 to 29 form part of these financial statements.

EDM Limited
Registered number: 01001465

Balance Sheet
As at 30 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	13	276,169	178,112
Tangible assets	14	784,779	786,163
		<u>1,060,948</u>	<u>964,275</u>
Current assets			
Stocks	15	1,255,888	567,691
Debtors: amounts falling due within one year	16	10,903,134	7,935,110
Cash at bank and in hand	17	5,481,687	8,889,702
		<u>17,640,709</u>	<u>17,392,503</u>
Creditors: amounts falling due within one year	18	(5,552,319)	(5,169,075)
Net current assets		<u>12,088,390</u>	<u>12,223,428</u>
Total assets less current liabilities		<u>13,149,338</u>	<u>13,187,703</u>
Creditors: amounts falling due after more than one year	19	(1,543,914)	(2,034,198)
Provisions for liabilities			
Deferred tax	21	(2,468)	(2,468)
		<u>(2,468)</u>	<u>(2,468)</u>
Net assets		<u>11,602,956</u>	<u>11,151,037</u>
Capital and reserves			
Called up share capital	22	172,880	172,880
Profit and loss account	23	11,430,076	10,978,157
		<u>11,602,956</u>	<u>11,151,037</u>

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

T.A. Bermingham

.....
A Bermingham
Director

Date: 28 Jul 2022

The notes on pages 12 to 29 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 30 December 2021**

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 Simginuity Limited as at 30 December 2021 and these financial statements may be obtained from Companies House.

Notes to the Financial Statements
For the Year Ended 30 December 2021

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 £283,849 (2020: £84,230) and net assets totalling £11,602,956 (2020: £11,151,037) at 30 December 2021.

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 2021 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 2021

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.

Notes to the Financial Statements
For the Year Ended 30 December 2021

2. Accounting policies (continued)

2.8 Government grants

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

2.9 Interest income

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

2.10 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.

2.11 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.

2.12 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 2021

2. Accounting policies (continued)

2.13 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
-------------------------	---	-------------------------

2.14 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.

2.15 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.

2.16 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 2021

2. Accounting policies (continued)

2.17 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.

2.18 Cash

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

2.19 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.

2.20 Provisions for liabilities

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

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

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

2.21 Financial instruments

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

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.

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 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 Company would receive for the asset if it were to be sold at the balance sheet date.

EDM Limited

Notes to the Financial Statements
For the Year Ended 30 December 2021

2. Accounting policies (continued)

2.21 Financial instruments (continued)

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

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

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:

Valuation of amount recoverable on work in progress contracts

Amounts recoverable on work in progress contracts are valued on the basis of percentage of completion of each contract, which requires a judgement of total costs to completion for each contract to be made. At the year end, work in progress was valued at £678,754 (2020: £629,824).

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:

	2021	2020
	£	£
United Kingdom	3,522,650	1,868,057
Rest of Europe	1,136,141	467,081
Rest of the world	5,071,837	7,798,903
	<u>9,730,628</u>	<u>10,134,041</u>

EDM Limited

**Notes to the Financial Statements
For the Year Ended 30 December 2021**

5. Other operating income

	2021	2020
	£	£
Other operating income	-	145,156
Government grants receivable	135,304	909,768
	<u>135,304</u>	<u>1,054,924</u>

Government grants receivable includes amounts received under the Coronavirus Job Retention Scheme.

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Exchange differences	8,063	(110,368)
Other operating lease rentals	443,142	437,307
	<u>443,142</u>	<u>437,307</u>

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	28,700	28,700
	<u>28,700</u>	<u>28,700</u>

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

EDM Limited

**Notes to the Financial Statements
For the Year Ended 30 December 2021**

8. Employees

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

	2021 £	2020 £
Wages and salaries	4,721,810	5,234,276
Social security costs	484,972	517,873
Cost of defined contribution scheme	148,035	172,793
	<u>5,354,817</u>	<u>5,924,942</u>

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

	2021 No.	2020 No.
Production staff	95	107
Administrative staff	20	20
Management staff	5	6
Other staff	8	8
	<u>128</u>	<u>141</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	627,584	598,324
Company contributions to defined contribution pension schemes	15,754	24,446
	<u>643,338</u>	<u>622,770</u>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £308,553 (2020 - £291,094).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2020 - £NIL).

EDM Limited

**Notes to the Financial Statements
For the Year Ended 30 December 2021**

10. Interest receivable	2021	2020
	£	£
Other interest receivable	<u>694</u>	<u>6,057</u>
11. Interest payable and similar expenses		
	2021	2020
	£	£
Bank interest payable	17,900	-
Finance leases and hire purchase contracts	<u>18,418</u>	<u>9,708</u>
	<u>36,318</u>	<u>9,708</u>
12. Taxation		
	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	(168,070)	-
Adjustments in respect of previous periods	-	(15,317)
Total current tax	<u>(168,070)</u>	<u>(15,317)</u>
Deferred tax		
Origination and reversal of timing differences	-	11,864
Total deferred tax	<u>-</u>	<u>(11,864)</u>
Taxation on loss on ordinary activities	<u>(168,070)</u>	<u>(27,181)</u>

EDM Limited

Notes to the Financial Statements
For the Year Ended 30 December 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>283,849</u>	<u>84,230</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	53,931	16,004
Effects of:		
Expenses not deductible for tax purposes	9,500	27,862
Short term timing difference leading to an increase (decrease) in taxation	-	6,600
Non-taxable income	-	(37,481)
Research and Development enhancement	(320,524)	(356,007)
Surrender of tax losses for R&D tax relief	-	61,220
Research and Development tax credit	19,187	197,266
Other differences leading to an increase (decrease) in the tax charge	-	(7,341)
Group relief	69,836	64,696
Total tax charge for the year	<u>(168,070)</u>	<u>(27,181)</u>

EDM Limited

Notes to the Financial Statements
For the Year Ended 30 December 2021

12. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Intangible assets

	Development expenditure £
Cost	
At 31 December 2020	557,100
Additions	172,457
At 30 December 2021	<u>729,557</u>
Amortisation	
At 31 December 2020	378,988
Charge for the year	74,400
At 30 December 2021	<u>453,388</u>
Net book value	
At 30 December 2021	<u>276,169</u>
<i>At 30 December 2020</i>	<u>178,112</u>

EDM Limited

**Notes to the Financial Statements
For the Year Ended 30 December 2021**

14. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Other fixed assets £	Total £
Cost					
At 31 December 2020	136,240	2,120,492	1,537,238	524,982	4,318,952
Additions	-	311,023	15,233	13,584	339,840
At 30 December 2021	<u>136,240</u>	<u>2,431,515</u>	<u>1,552,471</u>	<u>538,566</u>	<u>4,658,792</u>
Depreciation					
At 31 December 2020	63,471	1,761,584	1,432,238	275,496	3,532,789
Charge for the year	8,857	207,125	57,725	67,517	341,224
At 30 December 2021	<u>72,328</u>	<u>1,968,709</u>	<u>1,489,963</u>	<u>343,013</u>	<u>3,874,013</u>
Net book value					
At 30 December 2021	<u><u>63,912</u></u>	<u><u>462,806</u></u>	<u><u>62,508</u></u>	<u><u>195,553</u></u>	<u><u>784,779</u></u>
At 30 December 2020	<u><u>72,769</u></u>	<u><u>358,908</u></u>	<u><u>105,000</u></u>	<u><u>249,486</u></u>	<u><u>786,163</u></u>

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

	2021 £	2020 £
Plant and machinery	<u>100,675</u>	<u>245,093</u>
	<u><u>100,675</u></u>	<u><u>245,093</u></u>

15. Stocks

	2021 £	2020 £
Raw materials and consumables	402,646	328,989
Finished goods and goods for resale	853,242	238,702
	<u><u>1,255,888</u></u>	<u><u>567,691</u></u>

EDM Limited

**Notes to the Financial Statements
For the Year Ended 30 December 2021**

16. Debtors

	2021	2020
	£	£
Trade debtors	2,227,328	891,018
Amounts owed by group undertakings	7,004,969	5,216,687
Other debtors	661,857	432,046
Prepayments and accrued income	173,882	487,787
Amounts recoverable on long term contracts	678,754	629,824
Tax recoverable	156,344	197,266
Financial instruments	-	80,482
	<u>10,903,134</u>	<u>7,935,110</u>

17. Cash

	2021	2020
	£	£
Cash at bank and in hand	<u>5,481,687</u>	<u>8,889,702</u>

18. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	400,000	100,000
Payments received on account	2,310,987	2,601,865
Trade creditors	1,062,975	985,548
Amounts owed to group undertakings	861,405	861,391
Other taxation and social security	144,320	135,168
Obligations under finance lease and hire purchase contracts	94,443	140,927
Other creditors	81,356	83,041
Accruals and deferred income	572,996	261,135
Financial instruments	23,837	-
	<u>5,552,319</u>	<u>5,169,075</u>

Obligations under finance lease and hire purchase 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.

EDM Limited

**Notes to the Financial Statements
For the Year Ended 30 December 2021**

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

	2021	2020
	£	£
Bank loans	1,533,333	<i>1,900,000</i>
Net obligations under finance leases and hire purchase contracts	10,581	<i>134,198</i>
	<u>1,543,914</u>	<i><u>2,034,198</u></i>

Obligations under finance lease and hire purchase 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.

20. Loans

Analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year		
Bank loans	400,000	<i>100,000</i>
Amounts falling due 1-2 years		
Bank loans	400,000	<i>400,000</i>
Amounts falling due 2-5 years		
Bank loans	1,133,333	<i>400,000</i>
Amounts falling due after more than 5 years		
Bank loans	-	<i>1,100,000</i>
	<u>1,933,333</u>	<i><u>2,000,000</u></i>

EDM Limited

**Notes to the Financial Statements
For the Year Ended 30 December 2021**

21. Deferred taxation

	2021 £	2020 £
At beginning of year	(2,468)	(14,332)
Charged to profit or loss	-	11,864
At end of year	(2,468)	(2,468)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	2,468	2,468

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid 172,880 (2020 - 172,880) Ordinary shares of £1.00 each	172,880	172,880

23. Reserves

Profit and loss account

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

EDM Limited

Notes to the Financial Statements
For the Year Ended 30 December 2021

24. 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) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	0.23	216,018	0.23	216,018
Granted during the year	0.10	257,165		-
Outstanding at the end of the year	0.16	473,183	0.23	216,018

25. 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 £4,432,851 (2020: £4,838,530).

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

26. Pension commitments

The company operates a defined contribution pension scheme for employees. The pension costs charge in the financial statements of £148,035 (2020: £172,793) represents the contributions payable by the company during the year. At the yearend outstanding contributions amounted to £37,926 (2020: £36,139) which is included in other creditors.

EDM Limited

**Notes to the Financial Statements
For the Year Ended 30 December 2021**

27. Commitments under operating leases

At 30 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	436,010	439,658
Later than 1 year and not later than 5 years	1,339,842	1,655,432
Later than 5 years	-	68,750
	<u>1,775,852</u>	<u>2,163,840</u>

28. 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.

29. 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 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.