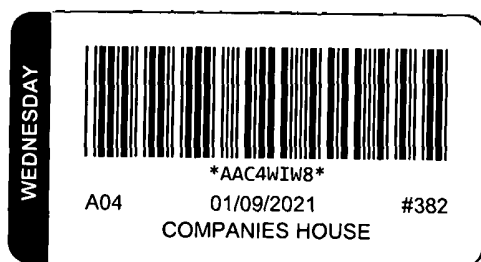


**TTP plc**  
**Report and accounts 2021**



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## Directors, officers and advisers

<b>Directors</b>	Sam Hyde Douglas Bradshaw Matthew Carr Keith Haddow Chantal Taylor Richard Walker	Chairman and managing director Director Director Financial director Director Director
<b>Company secretary</b>	Keith Haddow	
<b>Registered office</b>	Melbourn Science Park Melbourn Herts SG8 6EE	
<b>Auditor</b>	Ernst & Young LLP One Cambridge Business Park Cambridge CB4 0WZ	
<b>Bankers</b>	Lloyds Bank plc University of Cambridge Branch 3 Sidney Street Cambridge CB2 3HQ	
<b>Solicitors</b>	Taylor Wessing LLP 24 Hills Road Cambridge CB2 1JP  Taylor Vinters LLP Merlin Place Milton Road Cambridge CB4 0DP	

## Strategic report

### Principal activity

The principal activity of the company is the development of new technology and products and the provision of related consulting services.

### Review of the business and future developments

In what has been an unprecedented year with significant challenges, the company has produced another record performance and continued to grow its business across the market areas. Sales, revenue and profit were all substantially ahead of target and ahead of the same period last year.

This performance reflects the commitment of the team to maintain the pace of business and delivery to clients despite the obstacles presented by the pandemic. We have maintained operation of the labs, effective communication with clients, as well as continuing to grow networks and contacts in new business areas. This was achieved in an environment of rapidly changing government advice and restrictions on organisations. It was also achieved in challenging personal circumstances for many. Our teams should be proud of what has been achieved and proud of the support they have given each other.

Our recent performance, including formation of a number of new spin-out businesses, as well as growth of our main markets, demonstrates the potential of the team and our opportunity. We operate differently to many conventional businesses, exhibiting a higher degree of collaboration and self-determination. To help better harness this potential, we reorganised the main operating groups in the year. The aim has been to provide more and diverse opportunity to people and to more effectively enable and support them to develop and to address new, ambitious opportunities. Reorganising during a pandemic has had its challenges, but it leaves us well set to grow as we emerge from this challenging time.

It was particularly satisfying to have increased the pace of recruitment during the past year. While many businesses pulled back from hiring, our pipeline of work and effective operation of the office and lab facilities in Covid-safe manner, enabled us to bring on board a record number of new people. Particular thanks go to our recruitment team. We continue to look for the brightest and best engineers and scientists to drive the business forward with further significant growth ambitions for the year ahead.

Looking forward to the year ahead, we hope that the continued easing of restriction will reduce the complexity and overhead in operating the business, and allow us to broaden the much missed human interaction which is at the heart of our community. The team have stretched themselves to deliver an exceptional performance in the most challenging circumstances and deserve the respite of a period of normality. Our forecast for the year ahead is positive and we are well set to continue to build exciting new areas of the business.

### Financial performance

Turnover was £60.8m (2020 as restated – £54.0m). The increase over last year is attributable to higher fee income (in turn attributable to higher utilisation rates), higher recharged project expenses and higher licence and royalty income. Operating expenses were £39.7m (2020 as restated - £36.4m), including staff costs of £23.2m (2020 - £21.1m). Staff costs rose because of the increase in headcount and an increase in per capita employment costs. The operating profit was £23.2m (2020 - £19.2m) and the profit before tax was £23.1m (2020 - £19.6m). Profit for the year was £22.5m (2020 - £19.0m).

A dividend of £17.5m (2020 - £5.0m) was paid to the parent company during the year. Net assets at the balance sheet date were £38.4m (2020 - £33.1m).

## Strategic report (continued)

### Principal risks and uncertainties

#### *Market risk*

The company faces the risk of competition from other companies involved in the development of new products and the provision of related consulting services. Additionally, the company faces the risk of the loss of major clients, a reduction in demand, and pressure on product prices and consulting rates. We manage these risks by constantly striving to provide a first-class service to our clients, maintaining a balanced portfolio of work, fostering a culture of innovation amongst our staff and pursuing market opportunities wherever they are identified.

#### *Operational risk*

There is a risk that the company will not be able to recruit and retain sufficient numbers of technical experts to undertake the services the company offers to clients. We manage this risk through our recruitment policies and offering attractive career and professional development opportunities. Because of the nature of the company's services, there is also a risk of claims of professional negligence, third party intellectual property infringement or product failure. We manage these risks through our processes of internal review and accountability and the maintenance of appropriate insurances.

#### *Covid-19*

The Covid-19 pandemic is receding as a business risk for the company. The business has temporarily adapted some of its working practices to cope with the situation and no significant disruption has been suffered thus far. Nevertheless, some uncertainty remains.

### The needs of key stakeholders

Company law places duties on the directors to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the shareholders as a whole. In doing so they are to have regard (amongst other matters) to: the likely consequences of any decision in the long term, the interests of the company's employees and other stakeholders and the effect of the company's operations on the community and the environment.

The board meets monthly and reviews financial, commercial and staff-related information relating to the company. In their decision-making, the directors seek to consider the long-term consequences of any decision and the impact on the staff and other key stakeholders. Decisions are made on the basis of a consensus of the board. The key stakeholders of the business, their needs, and how the board has had regard thereto, are set out below.

#### *Employees*

The expertise and commitment of the staff make the company what it is: a successful consulting-based enterprise, providing world-class services to a wide-ranging portfolio of clients. To a large extent it is the staff who determine the markets and industry sectors the company operates in and who set recruitment levels and the nature of the recruitment effort. The directors' role is largely one of oversight, enabling and rewarding, such that this mode of working – which has characterised the company since its inception – is maintained. Further details pertaining to employees' involvement in the business are to be found in the directors' report on page 7.

#### *Clients and customers*

Core to the company's enduring commercial success is the provision of the highest quality services to our clients. Our staff seek to understand clients' needs, communicate with them throughout the course of an assignment, and strive to deliver valuable solutions. The directors look to support and encourage the staff in this.

#### *Suppliers*

Our suppliers comprise another key stakeholder class. The directors ensure that the company deals appropriately with its suppliers, including as regards payment practices.

## Strategic report (continued)

### The needs of key stakeholders (continued)

#### *Shareholder*

The company is wholly-owned by TTP Group Limited. Some board members are also directors of TTP Group, so the needs of the wider group are known, as are the implications on fellow group companies of company decisions.

#### *Wider community*

The company recognises that the local community is also, collectively, a stakeholder. Our staff benefit from the facilities and cultural life of the region. The company, partly via the parent company, provides support to the local community, through sponsorship of the arts, the making of grants to charitable and other community bodies, and the participation in networking and local area strategic planning groups.

Our business operates from Melbourn Science Park. The effects of our day-to-day operations on the local community and environment are minimal. Of more significance is our travel pattern: we have clients worldwide and face-to-face engagement with them has, hitherto at least, been regarded as essential to the successful provision of consulting services. This has inevitably meant that our staff have been involved in significant amounts of motor and air travel. As noted above, though, in the appraisal of the risks presented by the Covid-19 pandemic, our travel has of necessity reduced substantially at the time of making this report.

### Financial risk management objectives and policies

The company has financial assets in the form of investments, trade debtors, amounts recoverable on contracts and cash. The company's trade debtors and contract balances arise directly from its operations. There is a risk of non-recovery, but as our clients are generally well-established the risk of this is low. We manage the risk by normal credit control processes. Cash is managed on a group treasury basis by the parent undertaking, TTP Group Limited ('TTP Group'). TTP Group in turn holds cash and term deposits. The latter are held for the purpose of providing a return to the group. The company's financial liabilities comprise trade creditors and contract-related payments received on account.

Approved by the board on <sup>10</sup> August 2021 and signed on its behalf by:



**Keith Haddow** Director

## Directors' report

Company Registered number 03304950

The directors present the report and accounts for the year ended 31 March 2021.

### Results and dividends

The profit after tax was £22.5m (2020 - £19.0m). A dividend of £17.5m (2020 - £5.0m) was paid during the year and a dividend of £23.0m was declared and paid on 16 June 2021.

### Directors

The directors who served during the year, and to the date of this report, were:

Peter Taylor	(chairman; resigned 16 March 2021)
Sam Hyde	(appointed chairman 16 March 2021)
Douglas Bradshaw	(appointed 16 March 2021)
Matthew Carr	(appointed 16 March 2021)
Keith Haddow	
Chantal Taylor	(appointed 16 March 2021)
Richard Walker	(appointed 16 March 2021)

### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report. The strategic report also describes the financial position of the company and gives details of the company's financial instruments and the risks relating thereto.

The directors have taken into account the severe effect that the Covid-19 pandemic has had and to some extent continues to have on general economic activity. Whilst the financial effect on the company's operations has been modest, the directors are mindful that this situation could still change for the worse in the period ahead. Accordingly, when preparing their forecasts for the period to 30 September 2022, they have allowed for varying degrees of reduction in revenues due to cancelled or delayed orders and due to the loss of efficiency of staff working remotely and/or their suffering sickness.

At the date of this report the group of which the company is part has considerable financial resources, including net current assets of £110.5m (2020 - £45.3m), which in turn include liquid funds of £98.8m (£42.7m). The company also has a healthy order book. The group has sufficient liquid resources to enable it to continue to settle its liabilities as they fall due.

The directors believe that the company continues to be well placed to manage its business risks successfully overall and to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the report and accounts.

### Directors' and officers' indemnity insurance

The company, in conjunction with the parent and fellow subsidiary undertakings, has taken out insurance to indemnify, against third party proceedings, the directors of the company. This indemnity policy subsisted throughout the year and remains in place at the date of this report.

### Research and development

The principal activity of the company continues to include research and the development of new technologies and products.

### Employee participation

The company relies upon the skills of its highly qualified staff. Their welfare is a high priority within the company. Employees are informed and consulted on matters affecting them as employees – and on the financial and commercial factors affecting the company – through regular informal meetings.

All employees are encouraged to become shareholders in the parent company through the operation of share ownership plans and an internal share market, assisted by the availability of loans. All employees participate in a profit-sharing plan operated on a group-wide basis. Directors participate in both share ownership and profit-sharing on an equal basis with other employees.

## Directors' report (continued)

### Employee participation (continued)

The strategic report on page 3 contains further information pertaining to the directors' duties regarding employees and their interests.

### Engagement with suppliers, clients and others

During the ordinary course of business, the company engages with a large number of suppliers, clients and others (charities, community organisations etc). The strategic report contains further information pertaining to the directors' duties regarding external stakeholders and their interests.

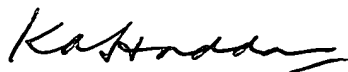
### Disclosure of information to the auditor

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

An elective regime is in place to dispense with the need to re-appoint the auditor annually. Accordingly, Ernst & Young LLP are deemed to continue in office.

By order of the board



**Keith Haddow** Secretary

10 August 2021

## Statement of directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the accounts 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 for that period.

In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 enable them to ensure that the accounts 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.

## Independent auditor's report to the shareholder of TTP plc

### Opinion

We have audited the accounts of TTP plc for the year ended 31 March 2021 which comprise the profit and loss account, statement of changes in equity, balance sheet and the related notes 1 to 23, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the company's affairs as at 31 March 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 Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC'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 accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the accounts 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 to 30 September 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in this 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 accounts 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 there is a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matter 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 accounts are prepared is consistent with the accounts; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## Independent auditor's report to the shareholder of TTP plc (continued)

### 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 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 accounts 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 statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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.

### Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 accounts.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**  
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK GAAP), the Companies Act 2006 and the relevant tax compliance regulations in the jurisdictions in which the company operates.
- We understood how TTP plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated these enquiries through our review of board meeting minutes. We assessed management's entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.
- We assessed the susceptibility of the Company's accounts to material misstatement, including how fraud might occur by through our discussions with management through various parts of the business to understand where there is susceptibility for fraud. We also considered management performance targets and how these could influence any attempts to manage earnings. We also gained an understanding of internal controls designed by the company to prevent, deter and detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journal entries, with an emphasis placed on manual journal entries recorded to revenue and any other large or unusual transactions to gain reasonable assurance that the accounts were free from fraud and error. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Independent auditor's report to the shareholder of TTP plc (continued)

### Use of our report

This report is made solely to the company's shareholder, 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 shareholder those matters we are required to state to them in an auditor's 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

**Adrian Bennett** Senior statutory auditor  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Cambridge

13 August 2021

## Profit and loss account

for the year ended 31 March 2021

	Notes	2021 £000	2020 Restated £000
<b>Turnover - continuing operations</b>	3	60,846	54,015
Other operating income	4	1,989	1,575
Operating expenses	5	(39,670)	(36,397)
<b>Operating profit</b>		23,165	19,193
(Loss)/gain on financial asset held at fair value	11	(140)	236
Interest receivable	6	25	162
<b>Profit before tax</b>		23,050	19,591
Tax on profit	9	(573)	(640)
<b>Profit after tax and total comprehensive income for the year</b>		22,477	18,951

## Statement of changes in equity

for the year ended 31 March 2021

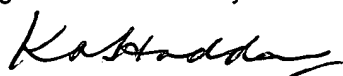
	Share capital £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 1 April 2019	1,000	2,574	15,332	18,906
Profit for the year	-	-	18,951	18,951
Credit to equity for share-based payments (note 19)	-	260	-	260
Dividends paid	-	-	(5,000)	(5,000)
At 1 April 2020	1,000	2,834	29,283	33,117
Profit for the year	-	-	22,477	22,477
Credit to equity for share-based payments (note 19)	-	268	-	268
Dividends paid	-	-	(17,500)	(17,500)
At 31 March 2021	1,000	3,102	34,260	38,362

## Balance sheet

at 31 March 2021

	Notes	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	10	1,419	1,566
Investments	11	1,304	1,239
		2,723	2,805
<b>Current assets</b>			
Stocks	12	700	761
Debtors	13	46,413	39,390
Cash at bank and in hand		84	378
		47,197	40,529
<b>Creditors: amounts falling due within one year</b>	14	(11,474)	(10,116)
<b>Net current assets</b>		35,723	30,413
<b>Total assets less current liabilities</b>		38,446	33,218
<b>Provision for liabilities</b>	15	(84)	(101)
<b>Net assets</b>		38,362	33,117
<b>Capital and reserves</b>			
Called up share capital	17	1,000	1,000
Capital contribution	18	3,102	2,834
Profit and loss account		34,260	29,283
<b>Equity</b>		38,362	33,117

The accounts were approved and authorised for issue by the board of directors on <sup>10</sup> August 2021 and signed on its behalf by:



**Keith Haddow** Director

## Notes to the accounts

31 March 2021

### 1 CORPORATE INFORMATION

TTP plc is a public company limited by shares and incorporated in England and Wales. The registered office is shown on page 2. The company's operations and activities are described in the strategic report on page 3.

### 2 ACCOUNTING POLICIES

#### Basis of accounting

The accounts are prepared in accordance with accounting standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (Revised 2018). The accounts are prepared in sterling, which is the functional currency of the company, and rounded to the nearest £1,000.

#### Prior year restatement

During the year the directors concluded that certain costs and income had been incorrectly categorised as project expenses and project-related recharge income, respectively. The costs and the associated recharge income should not have been recognised in the profit and loss account. The substance of the contractual arrangement concerned was that the company was acting as agent rather than principal and as such no expense or income arose in the company. The correction to prior year turnover is a reduction of £2,958,000 and the correction to operating expenses is, likewise, a reduction of £2,958,000. The corrections have no net effect on reported profit.

#### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report. The strategic report also describes the financial position of the company and gives details of the company's financial instruments and the risks relating thereto.

The directors have taken into account the severe effect that the Covid-19 pandemic has had and to some extent continues to have on general economic activity. Whilst the financial effect on the company's operations has been modest, the directors are mindful that this situation could still change for the worse in the period ahead. Accordingly, when preparing their forecasts for the period to 30 September 2022, they have allowed for varying degrees of reduction in revenues due to cancelled or delayed orders and due to the loss of efficiency of staff working remotely and/or their suffering sickness.

At the date of this report the group of which the company is part has considerable financial resources, including net current assets of £110.5m (2020 - £45.3m), which in turn include liquid funds of £98.8m (£42.7m). The company also has a healthy order book. The group has sufficient liquid resources to enable it to continue to settle its liabilities as they fall due.

The directors believe that the company continues to be well placed to manage its business risks successfully overall and to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the report and accounts.

#### Cash flow statement

The company has taken the exemption from preparing a cash flow statement under the terms of FRS 102, as the ultimate parent undertaking prepares a consolidated cash flow statement, which includes the results of this company, and which is publicly available.

#### Financial instruments

The company has taken the exemption under the terms of FRS 102 from disclosing the measurement bases, carrying values by category and the other accounting policies used for financial instruments.

## Notes to the accounts

31 March 2021

### 2 ACCOUNTING POLICIES (continued)

#### **Judgements and key sources of estimation uncertainty**

The preparation of the accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities, revenues and expenses. However, the nature of estimation means that actual outcomes may differ from those estimates. The key assumptions and sources of estimation uncertainty arise from the following:

#### *Research and development expenditure credit*

The company recognises this income based on management judgement as to which activities are eligible according to the criteria set out in the relevant legislation.

#### *Consulting fees*

The company undertakes consultancy projects and uses the stage of completion method for determining attributable revenue and profit, as set out in 'Accounting for contracts', below. The state of completeness of each project, and hence revenue and profit recognised, requires the use of estimates. Management apply their judgement in assessing the costs required to complete the projects.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Plant and equipment: 3 - 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **Revenue recognition**

##### *Consulting fees*

Turnover in respect of consulting fees represents the proportion of contract value applicable to the activity in the period, including rebillable costs and handling charges, ascertained by reference to valuation of the work carried out to date. The related costs are matched with this turnover, resulting in the reporting of attributable profit proportionate to the contract activity.

Estimates of total contract costs and revenues are reviewed periodically, and the cumulative effect of changes are recognised in the period in which they are identified. All known or anticipated losses are provided for in full as soon as they are foreseen.

Net costs incurred in excess of amounts transferred to cost of sales and revenues recognised in excess of amounts billed are classified as amounts recoverable under contracts and included in debtors. Amounts billed in excess of revenues recognised to date are classified as payments on account and included in creditors.

Turnover arising from project expenses recharged is recognised as it is billed

##### *Licences and royalties*

Revenue from the grant of perpetual or non-exclusive licences is recognised when a contract is signed, delivery has occurred, the sales price is fixed, collectability is probable, and no significant obligations remain. Otherwise, revenue is recognised over the period of the licence. Royalty revenues are recognised on a receivable basis based on sales of units arising during each accounting period as reported by licensees.

#### **Foreign currency**

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising is included in the profit and loss account.

## Notes to the accounts

31 March 2021

### 2 ACCOUNTING POLICIES (continued)

#### **Pensions**

The company participates in a Group Personal Pension Plan. Contributions are charged to the profit and loss account as they become payable in accordance with the plan rules.

#### **Operating leases**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis.

#### **Research and development expenditure**

Research and development expenditure is written off through the profit and loss account in the year of expenditure.

#### **Research and development expenditure credit**

Qualifying costs incurred on consulting activities and research and development entitle the company to a payment from HM Revenue & Customs. This payment, which has the nature of a government grant, is credited to other operating income so as to match the expenditure to which it relates.

#### **Investments**

Investments are initially accounted for at cost and subsequently held at cost less provision for diminution in value, unless the investment relates to publicly traded shares or their fair value can otherwise be measured reliably, in which case they are measured at fair value with changes in fair value recognised in profit or loss.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Work in progress
- cost of direct materials and labour plus attributable overheads based on a normal level of activity applicable to TTP plc.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences, except that deferred tax assets are recognised only to the extent that the directors consider it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Timing differences arise when incomes or expenses are recognised in the taxable profit in a different period to their recognition in the accounting profit.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the accounts

31 March 2021

### 3 TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. Turnover is analysed by activity as follows:

	2021 £000	2020 Restated £000
Consulting fees	50,355	46,263
Project expenses recharged	7,657	4,988
Licence and royalty income	2,834	2,764
	60,846	54,015

All turnover arises within the United Kingdom and was contributed from the following geographical markets:

	2021 £000	2020 Restated £000
United Kingdom	23,457	20,959
Rest of Europe	9,245	8,756
North America	25,950	21,371
Rest of World	2,194	2,929
	60,846	54,015

### 4 OTHER OPERATING INCOME

	2021 £000	2020 £000
Research and development expenditure credit	1,716	1,315
Management and support charges to fellow group undertakings	273	260
	1,989	1,575

### 5 OPERATING EXPENSES

Operating expenses for the year include:

	2021 £000	2020 £000
Depreciation of tangible fixed assets (note 10)	730	744
Operating lease rentals – land and buildings	1,247	1,087
Auditor's remuneration		
- Audit of the accounts	27	30
- Other fees to the auditor – taxation compliance services	10	10
- Other fees to the auditor – taxation advisory services	-	4
Foreign exchange differences	35	81
Research and development expenditure written off	1,820	2,081

## Notes to the accounts

31 March 2021

## 6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	2020 £000
Interest receivable on group treasury balance	25	136
Other interest received	-	26
	25	162

## 7 STAFF COSTS

	2021 £000	2020 £000
Salaries	18,968	16,989
Social security costs	2,069	1,927
Pension costs (note 21)	1,937	1,934
Share-based payments (note 19)	268	260
	23,242	21,110

The average monthly numbers of persons (including executive directors) employed by the company during the year were as follows:

	2021 No.	2020 No.
Consulting	206	189
Support	60	56
	266	245

## 8 DIRECTORS' REMUNERATION

Directors of the company received the following remuneration:

	2021 £000	2020 £000
Emoluments	83	-
Pension contributions	7	-
	90	-

In addition, £626,000 (2020 - £703,000) was paid to TTP Group Limited (formerly TTP Group plc) in respect of the qualifying services of 3 directors (2020 - 3). 3 directors (2020 - 1) received pension benefits under the TTP Group Limited Group Personal Pension Plan.

One director (2020 - none) exercised options over shares in TTP Group Limited in the current year.

## Notes to the accounts

31 March 2021

## 9 TAX ON PROFIT

- a) The tax charge on the profit for the year is made up as follows:

	2021 £000	2020 £000
Current tax:		
Based on the profit for the year:		
UK corporation tax	670	687
Adjustment in respect of previous years	(83)	-
Foreign tax relief	(546)	(206)
Total UK corporation tax	41	481
Foreign tax charge:		
Based on profit for the year	546	206
Current tax	587	687
Deferred tax:		
Originating and reversal of timing differences	(14)	(64)
Effect of changes in tax rate	-	18
Adjustment in respect of previous years	-	(1)
Deferred tax	(14)	(47)
Tax charge on profit	573	640

- b) **Factors affecting the tax charge for the year**

	2021 £000	2020 £000
Profit before tax	23,050	19,591
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	4,379	3,722
Expenses not deductible for tax purposes and non-taxable income	66	53
Enhanced tax relief for research and development expenditure	(449)	(562)
Group relief received for nil payment	(3,340)	(2,590)
Effect of changes in tax rate	-	18
Adjustments in respect of previous years	(83)	(1)
Tax charge on profit	573	640

- c) **Factors that may affect future tax charges**

The rate of corporation tax is due to increase to 25% on 1 April 2023. The change was not substantively enacted at the balance sheet date and hence has not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated the change will have a material impact on the company's deferred tax balances.

## Notes to the accounts

31 March 2021

## 10 TANGIBLE FIXED ASSETS

	Plant and equipment £000
<b>Cost</b>	
At 1 April 2020	8,728
Additions	600
Disposals	(26)
At 31 March 2021	9,302
<b>Depreciation</b>	
At 1 April 2020	7,162
Provided in the year	730
Disposals	(9)
At 31 March 2021	7,883
<b>Net book value</b>	
At 31 March 2021	1,419
At 1 April 2020	1,566

## 11 INVESTMENTS

	Quoted investments £000	Unquoted investments £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2020	799	440	1,239
Additions	205	-	205
Fair value adjustment	(140)	-	(140)
At 31 March 2021	864	440	1,304

## 12 STOCKS

	2021 £000	2020 £000
Work in progress	700	761

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

## Notes to the accounts

31 March 2021

## 13 DEBTORS

	2021 £000	2020 £000
Trade debtors	9,337	9,171
Amounts recoverable on contracts	1,607	5,337
Amounts owed by group undertakings	31,274	21,803
Other debtors	3,003	2,140
Prepayments and accrued income	1,192	939
	46,413	39,390

## 14 CREDITORS: amounts falling due within one year

	2021 £000	2020 £000
Payments on account	489	745
Trade creditors	1,275	1,295
Amounts owed to group undertakings	33	35
Foreign tax payable	40	-
Other taxation and social security costs	1,395	1,208
Other creditors	1,687	1,522
Accruals and deferred income	6,555	5,311
	11,474	10,116

## 15 PROVISION FOR LIABILITIES

## Deferred tax liability

	2021 £000	2020 £000
At 1 April	101	148
Transfer to fellow subsidiary undertaking	(3)	-
Deferred tax credit for the year	(14)	(47)
At 31 March	84	101

The deferred tax liabilities/(assets) are as follows:

	2021 £000	2020 £000
Capital allowances in excess of depreciation	119	132
Short term timing differences	(35)	(31)
	84	101

The company expects the deferred tax asset of £35,000 to reverse in the year ending 31 March 2022 and the deferred tax liability of £119,000 to reverse after more than one year.

## Notes to the accounts

31 March 2021

## 16 OBLIGATIONS UNDER LEASES

Total minimum commitments under non-cancellable operating leases are as follows:

	Land & buildings	
	2021 £000	2020 £000
Within one year	1,438	939
In two to five years	1,916	868
In over five years	-	35
	3,354	1,842

## 17 CALLED UP SHARE CAPITAL

	Allotted, called up and fully paid	
	2021 £000	2020 £000
1,000,000 ordinary shares of £1 each	1,000	1,000

## 18 RESERVES

**Capital contribution**

This reserve records the investment made in the company by the parent company arising from the award of shares and share options by the parent company to staff of this company.

## 19 SHARE-BASED PAYMENTS

The company participates in a HM Revenue & Customs approved share incentive plan, operated by TTP Group Limited. Employees may save in order to acquire shares in TTP Group Limited and receive alongside an award of free matching shares. The company also participates in a second group plan, under which employees acquire shares and receive a grant of options alongside.

As permitted by FRS 102, the company has not disclosed details of the share-based payment expenses arising from employees' participation in these schemes, nor has it disclosed the numbers of options granted and the terms of exercise of the options.

## 20 DIVIDENDS

	2021 £000	2020 £000
<i>Declared and paid during the year:</i>		
Equity dividends on ordinary shares:		
- final dividend for 2019	-	5,000
- final dividend for 2020	17,500	-
<i>Declared after the balance sheet date (not recognised as a liability at 31 March):</i>		
Equity dividends on ordinary shares:		
- final dividend for 2020	-	17,500
- final dividend for 2021	23,000	-

## Notes to the accounts

31 March 2021

### 21 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

#### a) Pension commitments

During the year, the company participated in the TTP Group Limited Group Personal Pension Plan ('Plan'). The assets of the Plan are held separately from those of the group in independently administered funds. The pension charge represents contributions payable by the company to the Plan and amounted to £1,937,000 (2020 - £1,934,000).

The creditor outstanding at the balance sheet date was £186,000 (2020 - £161,000).

#### b) Bank guarantee

The company is party to a cross-guarantee with other members of the group.

#### c) Capital commitments

At the balance sheet date there were no capital commitments (2020 - £nil).

### 22 RELATED PARTY TRANSACTIONS

Sam Hyde has an interest-free loan from TTP Group Limited. The loan has 5 years left to run. The balance outstanding at 31 March 2021 was £5,063 (2020 - £6,059).

Chantal Taylor took an interest-free loan of £4,994 from TTP Group Limited during the year. The balance outstanding at 31 March 2021 was £4,994. The loan is interest-free and is repayable over 10 years; repayments commenced on 6 May 2021.

Matthew Carr has an interest-free loan from TTP Group Limited with a balance at 31 March 2021 of £1,098 (2020 - £1,314). The loan is due to be re-paid by 6 April 2026. He took an additional loan of £4,994 during the year. The loan balance at the year-end was £4,994. The loan is interest-free and repayable over 5 years; repayments commenced on 6 May 2021.

Douglas Bradshaw took an interest-free loan of £10,000 from TTP Group Limited on 31 March 2016. The balance outstanding at 31 March 2021 was £5,063. The loan is interest-free and is repayable over 10 years; repayments commenced on 6 May 2016.

Richard Walker took an interest-free loan of £10,000 from TTP Group Limited on 31 March 2016. The balance outstanding at 31 March 2021 was £5,063. The loan is interest-free and is repayable over 10 years; repayments commenced on 6 May 2016.

The company has taken advantage of the exemptions in FRS 102 from disclosing: transactions with related parties that are wholly-owned by TTP Group Limited or investees of the group; and the aggregate remuneration of key management personnel.

### 23 ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking and controlling party is TTP Group Limited. The smallest and largest group which consolidates the results of the company is headed by TTP Group Limited. Copies of TTP Group Limited's accounts are available from the company at Melbourn Science Park, Melbourn, Hertfordshire, SG8 6EE.