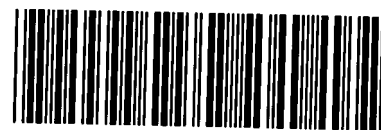


Annual report and financial statements EA Technology Limited

For the year ended 31 March 2019

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COMPANIES HOUSE

Company Registration No 02566313

Company information

Company registration number	02566313
Registered office	Capenhurst Technology Park Capenhurst Chester Cheshire CH1 6ES
Directors	R P Davis (Chief Executive Officer) J Wynne S J Harvey J H Schofield R H Percival D A Roberts M S Wilding L M Sampson
Secretary	C E Parry
Banker	Handelsbanken AB 2 nd Floor Albion House Albion Street Chester CH1 1RQ
Solicitors	Hillyer McKeown Gorse Stacks House George Street Chester CH1 3EQ
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

Index

	Page
Directors' Report	3-4
Strategic report	5-7
Independent auditor's report	8-10
Principal accounting policies	11-14
Consolidated income statement	15
Consolidated statement of comprehensive income	16
Consolidated statement of financial position	17
Company statement of financial position	18
Consolidated cash flow statement	19
Consolidated Statement of changes in equity	20
Company Statement of changes in equity	21
Notes to the financial statements	22-33

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2019.

Matters dealt with in Strategic Report

The expected future development of the business, post balance sheet events, the associated risks and actions to mitigate those risks, and the Group's activities in the field of research and development are described in the Strategic Report.

Employees

Staff are eligible to participate in the EA Technology Limited (1997) Share Ownership Scheme which provides for employees to buy (and sell) shares in accordance with the rules of the scheme.

Directors

The membership of the Board is set out below. All members served on the Board throughout the year and to the date of this report except as noted below:

R P Davis (Chief Executive Officer)
J Wynne (Chief Financial Officer)
S J Harvey
J H Schofield
R H Percival (appointed 22 May 2018)

Directors' indemnity provisions

The Company has secured third-party indemnity insurance for the benefit of the directors.

Directors' responsibilities for the financial statements and disclosure of information to auditors

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

Directors' Report

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.
- The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

BY ORDER OF THE BOARD



R P Davis
Director

19 December 2019

Strategic report

The directors present their strategic report on the Group for the year ended 31 March 2019.

Principal Activities

The Group provides a portfolio of smart grid technologies globally. Its core business is the provision of monitoring instruments, 'digital twin' grid software, smart grid consultancy, specialist power engineering services and training to the owners and operators of electricity networks. Beyond the Group's HQ in Capenhurst, UK, its international presence has been established through subsidiaries in Singapore, Australia, USA and China.

Business review

The Group profits for the year after taxation amounted to £1,290,000 (2018: £ 1,110,000 profit). The directors do not recommend the payment of a dividend.

Group turnover from continuing activities increased by 10% (2018: 7% increase) compared to the previous year.

Group Operating Profit from continuing operations for the year was £1,377,000 (2018: £ 1,191,000 profit). The Group has made the strategic decision to invest in development and innovation to enable it to provide innovative high value-added offerings to customers in the future.

Employment costs increased by 12% (2018: 2% increase). Group turnover per employee increased by 5% (2018: 7%) to £119,000 (2018: £113,000).

International sales represented 30% (2018: 36%) of total turnover in the year.

Net funds decreased by £94,000 (2018: £ 1,263,000 increase) and at the year end the Group had cash balances of £3,646,000 (2018: £3,740,000).

Group Shareholders' funds totalled £3,566,000 at the year end, an increase of £1,346,000 following a successful year of trading.

Research & development

The Group continues to invest in the quality and design of its products and services. The directors believe that targeted investment in development is fundamental to the continuing growth of the business. The Group spent approximately £1,920,000, being 8% (2018: 6%) of turnover, on development activity during the year.

Strategic objectives

The Group's long-term strategic objectives are focussed on continuing to develop and expand its business in a sustainable manner over the long term. This will be achieved through maintaining and enhancing its position as a world leader in products and services which improve the performance, reliability, safety and cost-efficiency of power assets. We will enable our customers to manage their assets more efficiently, with fewer failures and outages, greater safety and lower costs. The Group is also anticipating the changing model in the electricity industry with more focus on environmental concerns and more active electricity network management with participating end-users.

Strategic report

Strategic objectives (continued)

Achievement of those strategic objectives requires continued investment in development allied with a drive to understand customers' underlying needs and concerns regarding their asset base and network infrastructure within the diverse regulatory environments in which they operate, and to offer flexible and timely value for money solutions.

The directors remain committed to developing the Group in accordance with its key values:

- Integrity
- Collaboration
- Contribution
- Creativity
- Fairness

The strategic objectives are facilitated through the commitment of the Group's staff.

As one of the world's leading smart grid specialists, the Group has launched a campaign to help businesses reduce their carbon footprint. There is a commitment to become one of the first carbon neutral businesses in the North West and to become an icon of good practice. Initiatives include installing LED lights throughout the premises, encouraging staff to use electric vehicles and installing solar panels to reduce energy usage. Plans are afoot to decarbonise the heating system at the main site.

Business environment and outlook and future developments

The Group continued to grow in FY19. Growth in predictable profit is key to long-term success. The Group will continue to invest in new ideas, attract and retain industry specialists and create a credible and sustainable business.

The sustainable growth of the business is dependent on retaining and recruiting high calibre staff to support customers in the UK and overseas. The Group has ambitious recruitment plans; however, the recruitment of suitably qualified staff remains a challenge. The Group continues to invest in developing its product range and customer offering.

The electricity distribution and associated industries in which our customers operate will need to invest in forthcoming years to manage asset infrastructure more efficiently and reliably as well as meet the challenges of decarbonisation, likely to substantially increase load on networks as well as require a range of smart solutions. Consequently, the demand for the Group's products and services is forecast to continue to increase over the medium to long term which will enable the business to grow sustainably and profitably.

Principal risks and uncertainties

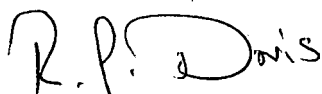
Key challenges and risks, together with mitigation activities include the following:

- Ensuring the adequacy of operational cash flow generation – this is mitigated by maintaining long term cash flow forecasts and ensuring board approval for substantial investments. The Company has a £750,000 overdraft facility with its bankers which is secured by a debenture over the Company's assets including the debtors' book. The overdraft is repayable on demand and the facility can be withdrawn without notice. The directors consider such an eventuality to be unlikely given the security provided by the Company's debtor book.

Strategic report

- Increased competition in key markets – investment in development activity aims to maintain the Group's position as a leading supplier of technology and consultancy to the power distribution industry and to protect its reputation as a highly valued independent contributor to customers' businesses.
- Protection of intellectual property – The Group is taking steps to secure rights where necessary to protect its income stream.
- Recruitment and retention of suitably qualified engineering talent – the sustainable growth of the business is dependent on retaining and recruiting high calibre staff to support customers globally. The Group continues to seek further employees with the right skills and values and supports this by maintaining strong relationships with higher education institutions and industry associations. The recruitment of suitably qualified engineering talent, however, remains a challenge particularly in the UK.
- Financial risks – The Group has exposures to three main areas of financial risk – foreign exchange currency exposure, liquidity risk and customer credit exposure. The details and mitigations of these risks are included in note 18.
- Brexit – The Group is taking steps to review the employee register, increase stock levels and monitor the supply chain in preparation for any impact from the UK leaving the European Union.

BY ORDER OF THE BOARD



R P Davis
Director

19 December 2019



Independent auditor's report to the members of EA Technology Limited

Opinion

We have audited the financial statements of EA Technology Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated cash flow statement, the consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Independent auditor's report to the members of EA Technology Limited

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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



Independent auditor's report to the members of EA Technology Limited

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3 and 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 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 financial statements.

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 auditor's 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

James Andersen
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

19 December 2019

Principal accounting policies

General Information

EA Technology Limited is a private company limited by share capital incorporated in the UK with its registered office at Capenhurst Technology Park, Capenhurst, Chester CH1 6ES. The Group and parent Company are principally engaged in supplying electricity network support technologies throughout the UK and internationally. Its core business is the provision of technical and business consultancy, technical services products and training to the owners and operators of electricity networks, large energy users and related organisations.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are presented in Sterling (£).

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings (see note 8) drawn up to 31 March 2019, except as disclosed in note 8. Profits or losses on intra-Group transactions are eliminated in full.

The results and financial position of foreign subsidiaries are translated into sterling as follows:

- a) Assets and liabilities are translated at the closing exchange rate at the balance sheet date.
- b) Income and expenses are translated at the average exchange rate for the year.
- c) All resulting exchange rate differences are dealt with in the consolidated statement of comprehensive income.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these significant judgements and estimates have been made include:

Accrued / Deferred Income calculation

Income recognition is based on project manager's assessment of the completeness of the project. Comparison of costs to budget and stage invoicing support the value recognised.

The useful expected lives of intangible and tangible assets

Useful economic lives are determined by management based on historical experience.

Stock provisions

The stock provision is determined by ageing the stock in conjunction with managements knowledge. The provision applied reduces the carrying value to its selling price less costs to sell.

Principal accounting policies

Turnover

Turnover is the total amount receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. In respect of sales of products, turnover is recognised upon delivery of the goods, and in respect of services, upon completion of those services.

Long-term contracts

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced by reference to the stage of completion.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives, starting in the year after acquisition. The period applicable for vehicles, fixtures, fittings, tools and equipment is 3 - 5 years.

Intangible fixed asset and amortisation

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is calculated to write down the cost less estimated residual value of all intangible fixed assets by equal annual instalments over their expected useful lives, starting in the year of acquisition. The period applicable for intellectual property is 10 years.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Income statement on a straight-line basis over the lease term.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

In respect of the Group's own shares which are held by the EA Technology Limited Employee Share Ownership Trust (ESOT), the consideration paid for the shares is deducted in arriving at shareholders' funds.

Impairment of assets

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Principal accounting policies

Impairment of assets (continued)

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Income in advance

Income in advance included in creditors relates to amounts invoiced which relate to future periods. It is credited to the Income statement over the life of the project to which it relates.

Stocks and work in progress

Stocks and short-term work in progress are stated at the lower of cost and net realisable value. The cost of stock represents the purchase value of the goods and costs to bring it to its current location. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Debtors

Short terms debtors are measured at transaction price, less any impairment.

Creditors

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

Current tax

The current tax charge is based on the profit or loss for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the income statement for the period except to the extent that it is attributable to income or expense that is or has been recognised directly in the statement of total comprehensive income.

Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not subject to discounting.

Contributions to pension schemes

Defined Contribution Scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Principal accounting policies

Research and development

Development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty is carried forward and amortisation is charged in line with the expected income arising from the projects.

Other development expenditure and research expenditure is written off in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the Income statement.

Cash and cash equivalents

Cash is represented by cash in hand repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant change in value.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of income and retained earnings over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are factors beyond the control of either party.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of income and retained earnings over the remaining vesting period.

Consolidated Income Statement

	Note	2019 £'000	2018 £'000
Turnover	1	22,958	20,886
Cost of sales		(11,409)	(10,972)
Gross profit		11,549	9,914
Administrative expenses		(10,172)	(8,723)
Operating profit		1,377	1,191
Interest receivable and similar income	2	3	3
Interest payable and similar charges	3	(152)	(80)
Profit on ordinary activity before taxation	1	1,228	1,114
Tax on profit on ordinary activities	5	62	(4)
Profit for the financial year		1,290	1,110

All figures relate to continuing operations. The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Income statement.
The accompanying accounting policies and notes on pages 22 to 33 form an integral part of these accounts.

Consolidated Statement of Comprehensive Income

	Note	2019 £'000	2018 £'000
Profit for the financial year		1,290	1,110
Currency translation differences on foreign currency net investments		16	(122)
Shares held by ESOT		-	48
Total comprehensive income for the year		<u>1,306</u>	<u>1,036</u>

The accompanying accounting policies and notes on pages ²²~~23~~ to 33 form an integral part of these accounts.

Consolidated statement of financial position

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible fixed assets	6	306	342
Tangible assets	7	1,171	1,004
Investments	8	22	22
		<u>1,499</u>	<u>1,368</u>
Current assets			
Stocks	9	1,796	1,092
Debtors	10	9,219	8,667
Cash and cash equivalents		3,646	3,740
		<u>14,661</u>	<u>13,499</u>
Creditors: amounts falling due within one year	11	<u>(5,057)</u>	<u>(5,140)</u>
Net current assets		<u>9,604</u>	<u>8,359</u>
Total assets less current liabilities		11,103	9,727
Creditors due after more than one year	12	<u>(7,537)</u>	<u>(7,507)</u>
Net assets		<u>3,566</u>	<u>2,220</u>
Capital and reserves			
Called up share capital	13	735	735
Capital redemption reserve	14	-	3,528
Retained Earnings	15	3,252	(1,582)
Share based payment reserve	16	20	-
Shares held by ESOT	17	(441)	(461)
Shareholders' funds		<u>3,566</u>	<u>2,220</u>

22

The accompanying accounting policies and notes on pages 22 to 33 form an integral part of these accounts.

The financial statements were approved and authorised for issue by the Board of Directors on 19 December 2019, and signed on its behalf by:



R P Davis
Director

Company statement of financial position

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	6	306	342
Tangible assets	7	927	752
Investments	8	460	460
		<u>1,693</u>	<u>1,554</u>
Current assets			
Stocks	9	1,586	946
Debtors	10	8,660	8,716
Cash at bank and in hand		2,812	2,243
		<u>13,058</u>	<u>11,905</u>
Creditors: amounts falling due within one year	11	<u>(4,040)</u>	<u>(4,280)</u>
Net current assets		<u>9,018</u>	<u>7,625</u>
Total assets less current liabilities		10,711	9,179
Creditors due after more than one year	12	<u>(7,537)</u>	<u>(7,507)</u>
Net assets		<u>3,174</u>	<u>1,672</u>
Capital and reserves			
Called up share capital	13	735	735
Capital redemption reserve	14	-	3,528
Retained Earnings	15	2,863	(2,130)
Share based payment reserve	16	17	
Shares held by ESOT	17	(441)	(461)
Shareholders' funds		<u>3,174</u>	<u>1,672</u>

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income statement in these financial statements. The profit of the parent company for the year was £1,466,000 (2018: £761,000 profit).

The accompanying accounting policies and notes on pages ²²22 to 33 form an integral part of these accounts. The financial statements were approved and authorised for issue by the Board of Directors on 19 December 2019 and signed on its behalf by



R P Davis
Director

Consolidated cash flow statement

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit for the financial year	1,290	1,110
Adjustments for:		
Share based payment expense	19	-
Amortisation	36	18
Depreciation of tangible assets	415	452
Profit on sale of assets	(41)	(9)
Research and development tax credit	(189)	(160)
Interest payable	152	80
Interest receivable	(3)	(3)
Taxation received	92	180
Taxation charge	(62)	
Increase in trade and other debtors	(373)	(101)
(Increase)/decrease in stocks	(704)	163
(Decrease)/increase in creditors	(70)	942
Net cash generated from operating activities	562	2,672
Cash flows from investing activities		
Proceeds from sale of tangible assets	40	9
Purchases of tangible assets	(579)	(574)
Purchases of intangible fixed assets	-	(360)
Interest received	3	3
Net cash from investing activities	(536)	(922)
Cash flows from financing activities		
Transfer to ESOT	20	-
Repayment of finance lease obligations	(60)	(60)
Repayment of loan note	(100)	(348)
Interest paid	(2)	(80)
Net cash used in financing activities	(142)	(488)
Net increase in cash and cash equivalents	(116)	1,262
Foreign exchange translation adjustment	22	1
Cash and cash equivalents at the beginning of year	3,740	2,477
Cash and cash equivalents at end of year	3,646	3,740

Consolidated statement of changes in equity

	Called-up share capital	Shares held by ESOT	Share based Payment reserve	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	735	(413)	-	3,528	(2,618)	1,232
Profit for the financial year	-	-	-	-	1,110	1,110
Foreign exchange translation difference	-	-	-	-	(122)	(122)
Transfer to reserves	-	(48)	-	-	48	-
As at 31 March 2018	735	(461)	-	3,528	(1,582)	2,220
Profit for the financial year	-	-	-	-	1,290	1,290
Foreign exchange translation difference	-	-	-	-	16	16
Issue of options	-	-	20	-	-	20
Transfer to reserves	-	20	-	(3,528)	3,528	20
As At 31 March 2019	735	(441)	20	-	3,252	3,566

Company statement of changes in equity

	Called-up share capital	Shares held by ESOT	Share based payment reserve	Capital redemption	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	735	(413)	-	3,528	(2,939)	91
Profit and total comprehensive income for the year	-	-	-	-	761	76
Transfer to reserves	-	(48)	-	-	48	-
As At 31 March 2018	735	(461)	-	3,528	(2,130)	1,672
Profit and total comprehensive income for the year	-	-	-	-	1,465	1,465
Issue of options	-	-	17	-	-	17
Transfer to reserves	-	20	-	(3,528)	3,528	-
As At 31 March 2019	735	(441)	17	-	2,863	3,174

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable to the Group's principal activities.

An analysis of turnover by geographical market is given below:

	2019 £'000	2018 £'000
United Kingdom	15,976	13,399
Europe	780	1,627
North America	964	1,084
Australasia/other	5,238	4,776
	<u>22,958</u>	<u>20,886</u>

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2019 £'000	2018 £'000
Auditors' remuneration:		
- Fees payable for the audit of the consolidation and the parent company accounts	34	36
- Fees payable for the audit of subsidiaries, pursuant to legislation – non-UK	10	-
- Tax compliance	16	16
- Tax advisory	2	16
- Advisory services	10	-
- Advisory – non-UK	3	-
Depreciation:		
- Tangible fixed assets owned	347	443
- Tangible fixed assets on finance agreements	68	12
Amortisation:		
- Intangible fixed assets owned	36	18
Operating lease rentals:		
- Land and buildings	316	316
- Other	3	5
(Profit)/loss on sale of fixed assets	(41)	6

2 Interest receivable

	2019 £'000	2018 £'000
Interest receivable and similar income	<u>3</u>	<u>3</u>

Notes to the financial statements

3 Interest payable

	2019 £'000	2018 £'000
Interest payable and similar charges	(152)	(80)

4 Directors and employees

Staff costs during the year were as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Wages and salaries	8,770	7,905	7,684	7,017
Social security costs	977	812	840	731
Other pension costs	1,514	1,355	1,514	1,342
	<u>11,261</u>	<u>10,072</u>	<u>10,038</u>	<u>9,090</u>

The average number of employees of the Group during the year was:

	Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
Managerial	14	13	11	10
Technical and scientific	130	126	123	120
Administrative and clerical	46	43	39	36
Industrial	3	2	3	2
	<u>193</u>	<u>184</u>	<u>176</u>	<u>168</u>

Remuneration in respect of directors was as follows:

	2019 £'000	2018 £'000
Emoluments	703	379
Pension contributions to money purchase pension schemes	54	45
	<u>757</u>	<u>424</u>

During the year, three directors (2018: two) participated in money purchase pension schemes.

During the year, three directors (2018: zero) participated in the share options scheme and were issued share options (see note 24).

Emoluments relating to key management personnel total £839,000 (2018: £491,000).

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2019 £	2018 £
Emoluments	292,331	257,548
Pension contributions to money purchase pension schemes	26,844	25,837
	<u>319,175</u>	<u>283,385</u>

Notes to the financial statements

5 Tax on profit on ordinary activities

The tax credit is based on the profit for the year and represents:

	2019 £'000	2018 £'000
UK Corporation Tax	-	-
Adjustments in respect of previous periods	-	(1)
Foreign taxes	-	-
Overseas taxation	83	46
Total current tax	83	45
Deferred taxation: origination and reversal of timing differences	(185)	(6)
Deferred taxation: adjustments in respect of previous periods	40	(35)
Tax on results on ordinary activities	62	4

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 19% (2018: 20%). The differences are explained as follows:

Profit on ordinary activities before tax	(1,228)	(1,114)
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2018: 20%)	233	212
Expenses not deductible for tax purposes	23	65
Prior year adjustments	(68)	(35)
Overseas tax differences	(26)	(30)
Research and development relief	(186)	(168)
Reliefs carried forward	(45)	(31)
Fixed asset differences	-	4
Other permanent differences	7	(13)
Tax on results on ordinary activities	(62)	4

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £Nil (2018: £Nil).

From 1 April 2019 the main rate of corporation tax has been 19%.

Notes to the financial statements

6 Intangible fixed assets

The Group

	Intellectual Property £'000
Cost	
At 1 April 2018	360
Additions	-
At 31 March 2019	<u>360</u>
Depreciation	
At 1 April 2018	18
Amortisation in the year	36
At 31 March 2019	<u>54</u>
Net book value at 31 March 2019	<u>306</u>
Net book value at 31 March 2018	<u>342</u>

The Company

	Intellectual Property £'000
Cost	
At 1 April 2018	360
Additions	-
At 31 March 2019	<u>360</u>
Depreciation	
At 1 April 2018	18
Amortisation in the year	36
At 31 March 2019	<u>54</u>
Net book value at 31 March 2019	<u>306</u>
Net book value at 31 March 2018	<u>342</u>

Notes to the financial statements

7 Tangible fixed assets

The Group

	Vehicles, fixtures, fittings, tools and equipment £'000
Cost	
At 1 April 2018	5,177
Additions	579
Disposals	(172)
Foreign exchange translation adjustment	19
At 31 March 2019	<u>5,603</u>
Depreciation	
At 1 April 2018	4,173
Provided in the year	415
Disposals	(173)
Foreign exchange translation adjustment	17
At 31 March 2019	<u>4,432</u>
Net book value at 31 March 2019	<u>1,171</u>
Net book value at 31 March 2018	<u>1,004</u>

The Company

	Vehicles, fixtures, fittings, tools and equipment £'000
Cost	
At 1 April 2018	4,520
Additions	489
Disposals	(99)
At 31 March 2019	<u>4,910</u>
Depreciation	
At 1 April 2018	3,768
Provided in the year	310
Disposals	(95)
At 31 March 2019	<u>3,983</u>
Net book value at 31 March 2019	<u>927</u>
Net book value at 31 March 2018	<u>752</u>

Notes to the financial statements

8 Fixed asset investments

The Group

	Other investments £'000	Total £'000
Cost and net book value		
At 1 April 2018 and 31 March 2019	22	22

The Company

	Other investments £'000	Shares in Group undertakings £'000	Total £'000
Cost and net book value			
At 1 April 2018 and 31 March 2019	22	438	460

The investments represent the cost of shares less amounts written off.

EA Technology Limited owns shares in the Electricity Pension Trustee Limited, which is responsible for aspects of the management of the Electricity Supply Pension Scheme and is incorporated in England and Wales. The Group owns 22,000 £1 ordinary shares. The acquisition of these shares was funded by a loan of £22,000 from Electricity Pension Trustee Limited, the value of which is shown in other creditors.

EA Technology Limited owns 100% of the ordinary share capital of EA Technology PTY Limited a company incorporated in Australia and registered at Unit 27, 14 Argyle Street, Albion QLD 4010.

EA Technology Limited owns 100% of the ordinary share capital of EA Technology Asset Management Pte Ltd., a company incorporated in Singapore and registered at 8 Ubi Road 2, #03-08, Zervex, 40853.

EA Technology Limited owns 100% of the ordinary share capital of EA Technology LLC, a company incorporated in the USA and registered at 400 Morris Ave, Suite 240, Denville, NJ 07834.

EA Technology Limited owns 100% of the ordinary share capital of EA Technology Shanghai Limited, a company incorporated in China and registered at 308 Wujin Century Mansion, No.291 Fumin Road, Xuhui Dist., Shanghai 200031.

All of the above subsidiaries are included in the consolidated accounts. The accounts for EA Technology LLC and EA Technology Shanghai Limited are drawn up to 31 December, but management have reviewed and consider there are no material consequences of consolidating the results at this date. Interim financial statements are prepared for the intervening period.

Notes to the financial statements

9 Stocks

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Finished goods	900	545	900	399
Work in progress	895	547	686	547
	<u>1,795</u>	<u>1,092</u>	<u>1,586</u>	<u>946</u>

Stock recognised in cost of sales during the year as an expense was £3,532,000 (2018: £2,436,000).

10 Debtors

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	4,485	4,351	3,718	3,899
Other debtors	132	60	26	17
Amounts due from Group undertakings		-	615	862
Taxation recoverable	381	347	381	365
Prepayments and accrued income	2,533	2,366	2,232	2,030
Deferred tax asset (see note 15)	1,688	1,543	1,688	1,543
	<u>9,219</u>	<u>8,667</u>	<u>8,660</u>	<u>8,716</u>

Trade debtors are stated after provisions for impairment of £13,150 (2018: £9,469).

11 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors and accruals	2,110	1,645	1,670	1,480
Income in advance	1,813	2,488	1,366	1,925
Corporation tax	27	-	-	-
Other taxation and social security	696	623	641	576
Other creditors	391	324	343	239
Lease purchase	20	60	20	60
	<u>5,057</u>	<u>5,140</u>	<u>4,040</u>	<u>4,280</u>

Amounts owed under lease purchases are secured on the assets to which they relate.

Notes to the financial statements

12 Creditors due after more than 1 year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Lease purchase	-	20	-	20
Fixed rate guaranteed secured loan note	<u>7,537</u>	<u>7,487</u>	<u>7,537</u>	<u>7,487</u>
	<u>7,537</u>	<u>7,507</u>	<u>7,537</u>	<u>7,507</u>

Amounts owed under lease purchases are secured on the assets to which they relate.

The loan note is secured on the assets of the group and has no repayment date. Interest is payable as follows:

- 1% from 21 March 2017 to 31 March 2018
- 2% from 1 April 2018 to 31 March 2021
- 5% above base rate thereafter.

13 Share Capital

At 31 March 2019 and 31 March 2018
 7,350,000 ordinary shares of 10p each

Authorised, issued,
 called up and fully paid
 £'000
735

14 Capital redemption reserve

Capital redemption reserve includes amounts raised in the repurchase of preference shares.

15 Retained earnings

Included all current and prior period retained profits.

16 Share based payment reserve

Fair value of share options issued in the year.

17 Shares held by ESOT

Value of investments held in the ESOT.

18 Capital commitments

The Group and the Company do not have any capital commitments outstanding at the end of either year.

Notes to the financial statements

19 Deferred taxation

The Group

	2019 £'000	2018 £'000
Brought forward	(1,543)	(1,502)
Utilised	-	-
Origination and reversal of timing differences	(145)	(6)
Adjustments in respect of prior periods	-	(35)
Carried forward	<u>(1,688)</u>	<u>(1,543)</u>

The Company

	2019 £'000	2018 £'000
Brought forward	(1,543)	(1,502)
Utilised	-	-
Origination and reversal of timing differences	(145)	(6)
Adjustments in respect of prior periods	-	(35)
Carried forward	<u>(1,688)</u>	<u>(1,543)</u>

Deferred taxation provided for at 17% (2018: 17%) in the financial statements is set out below:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Accelerated capital allowance	-	28	-	28
Short term timing differences	(1,452)	(1,273)	(1,452)	(1,273)
Losses	-	(118)	-	(118)
Research and development	(236)	(180)	(236)	(180)
	<u>(1,688)</u>	<u>(1,543)</u>	<u>(1,688)</u>	<u>(1,543)</u>

Notes to the financial statements

20 Pensions

Employees are eligible to join the EA Technology Limited Group Personal Pension Scheme, a defined contribution scheme.

21 Financial instruments

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost	10,378	10,065	9,034	8,600
Financial liabilities measured at amortised cost	10,059	9,536	9,570	9,286

Financial assets measured at amortised cost comprise trade debtors, accrued income, other debtors, amounts due by group undertakings and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise bank overdrafts utilised, trade creditors, other creditors, accruals, bank loans and loan notes.

22 Financial risk management

The Group has exposures to three main areas of risk – foreign exchange currency exposure, liquidity risk and customer credit exposure.

Foreign exchange transactional currency exposure

The Group is exposed to currency rate risk in the group's subsidiaries in Australia, China, Singapore and USA. The UK, where possible, trades in sterling to minimise the exposure to foreign exchange rate fluctuations.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. Cash flow projections are prepared monthly reflecting the following 12 months so that mitigating actions can be taken if a shortfall is foreseen.

Customer credit exposure

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by maintaining strong on-going customer relationships.

Notes to the financial statements

23 Leasing commitments

The Group's future minimum operating lease payments are as follows:

	2019 £'000	2018 £'000
Within one year	470	320
Between one and five years	1,555	1,263
Over five years	2,025	2,211

The group's future minimum finance lease payments are as follows:

	2019 £'000	2018 £'000
Within one year	20	60
Between one and five years	-	20

The company's future minimum finance lease payments are as follows:

	2019 £'000	2018 £'000
Within one year	20	60
Between one and five years	-	20

24 Share based payments

Certain employees of the company along with other group employees have been granted options over shares in EA Technology Limited. The options are granted at a fixed exercise price and are exercisable three years after the date of grant and will expire ten years after the date of grant. Employees are required to remain in the Group.

	No	Price
Outstanding at 1st April 2018	-	
Granted	1743738	£0.21
Lapsed	83000	£0.21
Outstanding at 31st March 2019	1660738	£0.21
Exercisable at 31st March 2019	-	

The total charge to the profit and loss for the period was £19,000 (2018:nil)

Of the above, 757,738 options were issued to directors in the year, all of whom are still employed by the company at the year end. The total charge in relation to these options is £8,000.

25 Related party transactions

The group has taken advantage of exemptions within Financial Reporting Standard 102 section 33 and not disclosed transactions where the company is a 100% subsidiary as consolidated accounts are prepared.

26 Post balance sheet events

There are no post balance sheet events to report.

Notes to the financial statements

27 Ultimate controlling party

In the opinion of the directors there is no single ultimate parent controlling party.