

Company Registration No. 01823478 (England and Wales)

ADDER TECHNOLOGY LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 2020**

ADDER TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	A C Dickens N A Dickens
Secretary	N A Dickens
Company number	01823478
Registered office	West Walk Building 110 Regent Road Leicester LE1 7LT
Auditor	Newby Castleman LLP West Walk Building 110 Regent Road Leicester LE1 7LT
Business address	Saxon Way Bar Hill Cambridge CB23 8SL
Bankers	Barclays Bank Plc Chesterton Business Centre 28 Chesterton Road Cambridge CB4 3AZ

ADDER TECHNOLOGY LIMITED

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ADDER TECHNOLOGY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present their strategic report for the year ended 30 June 2020.

Fair review of the business

The directors aim to present a balanced and comprehensive review of the development and performance of the group during the year and of its position at the year end. The review is consistent with the size of the group and is written in the context of the risks and uncertainties that the group faces.

A global market leader in connectivity solutions, Adder Technology enables the real-time control and management of distributed IT systems. With a presence in over 60 countries, Adder works with a network of distributors, resellers and OEMs to connect millions of devices worldwide. Adder is a thought leader and continues to deliver excellence through innovation.

The Global Covid-19 pandemic started to materialise early in 2020 and like many other businesses worldwide Adder Group has seen an impact in the financial year to June 2020. Our UK headquarters and factory based in Bar Hill, Cambridge quickly switched to mainly remote working for those who could work remotely and enhanced protection measures and social distancing for those, mainly in the factory, who could not work remotely. Although the first UK national lockdown happened in March 2020, due to fantastic efforts from the whole team at Adder, we were able to keep the factory and business operational throughout.

Considering the impact of Covid, Adder group has completed another successful year. Although both sales and profit declined compared to the previous year, the business nevertheless remained very profitable. Notable highlights include increasing strategic investment into a major refurbishment of the facilities at our headquarters building, the launch of an increased range of new Secure KVM Switch products certified to NIAP PP 4.0, introducing VDI Virtual Desktop Infrastructure capability to our award winning Infinity range with the ALIF3000 series and adding key additional functionality including HDR, 4K over 1Gb and multi rate network support to the world's first dual-head, high performance 4K IP KVM matrix, the ALIF4000 series and also enhancing our XDIP range with support for larger matrix sizes. Our achievements have again been recognised with many prestigious awards including our third Queen's Award for Enterprise in 2020 and being listed in The Sunday Times HSBC International Track 200.

We believe that the key financial performance indicators are those which communicate the financial performance and strength of the group as a whole, these being turnover and gross profit margin. The group has again performed strongly, achieving good levels of revenue and profits in the context of the impacts from Covid-19. During the year turnover decreased by 14% whilst the gross profit margin changed from 69.3% in 2019 to 70.5% in 2020. These results reflect the sustained and targeted investment in developing new technology, effective product innovation, global market development and continued investment in our staff and facilities. The group's research and development investment has continued to grow resulting in new technologies and market leading solutions. This will continue into the future to ensure that the group remains at the leading edge.

The principal risks and uncertainties of the group are continually monitored by the directors, who seek to mitigate any such risks. The key business risks affecting the group are considered to be competition, the global economic environment and reliable operation of our supply chains. The group responds to these risks by continually developing and expanding the product range, improving operational effectiveness, building a strong brand identity and investing in the future of the business.

The group's headquarters and most of its staff are located in Cambridge, UK and so the result of the EU Referendum on 23 June 2016, "BREXIT" and formal departure from the EU on 31st January 2020 followed by the end of the transitional period on 31st December 2020 may have consequences, some of which are still unknown as at 17th March 2021. It is anticipated that some import/export issues between the UK and EU seen in early 2021 will rapidly be resolved and ultimately have little impact on Adder's operations. Most of the company's trade is with large markets outside the EU like North America and China where trade is on WTO terms. North America and in particular the USA are a significant marketplace for the group's products. The administration of President Trump introduced significant import tariffs of 25% on some products originating in China. Only a few accessories and lower value products which the group imports into the USA originate from China, so this is unlikely to have a material impact on sales of the group's products in the USA. Indeed, the fact that most products are manufactured in the UK may give the group a significant strategic advantage versus competitors whose products are manufactured in China. The new administration of President Biden might alter the trading landscape further, but as yet that is unknown.

ADDER TECHNOLOGY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

This year's results, once again, display the group's ability to succeed in extremely challenging global and local economic conditions benefiting from a proven business model built on agility and resilience. By developing, investing in and growing a positive culture, Adder continues to establish a united sense of purpose and ambition that reflects the diversity of the group's markets as well as its agility to respond quickly to customer needs.

The group operates on an international basis and continues to serve its customers through strategically located sales and support centres which provide localised services in the major time zones and languages. The group covers North America from offices covering East Coast (MA), Central (AZ) and West Coast (CA), the Asia Pacific region from offices in Singapore, Shanghai and Tokyo, EMEA from the group's headquarters in Cambridge, UK and offices in Germany, Spain, Netherlands, France and Sweden.

The group's growth is the product of a consistent strategy together with the commitment, creativity and integrity of a dedicated worldwide team. The group will continue to take the following strategic approach:

- Invest significantly in "pushing back" the boundaries of connectivity technology.
- Ensure the effective innovation of high performance quality products.
- Commit to expenditure in developing markets and revenue regions across the globe.
- Provide increasing levels of technical support and service to our customers.

By focusing on these aspects, the directors believe that the group can sustain longer term organic growth into the future and expect that the group will make further progress in the years ahead.

On behalf of the board

A C Dickens
Director
26 March 2021

ADDER TECHNOLOGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and financial statements for the year ended 30 June 2020.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A C Dickens
N A Dickens

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,000,000. The directors do not recommend payment of a final dividend.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7. It has done so in respect of important events occurring since the year end date, research and development activities and branches of the company outside the UK.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

ADDER TECHNOLOGY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

On behalf of the board

A C Dickens
Director

26 March 2021

ADDER TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADDER TECHNOLOGY LIMITED

Opinion

We have audited the financial statements of Adder Technology Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows 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 FRS 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 the parent company's affairs as at 30 June 2020 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 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.

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.

ADDER TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ADDER TECHNOLOGY LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ADDER TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ADDER TECHNOLOGY LIMITED

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.

Christopher Castleman FCA (Senior Statutory Auditor)

for and on behalf of Newby Castleman LLP

29 March 2021

Chartered Accountants

Statutory Auditor

West Walk Building

110 Regent Road

Leicester

LE1 7LT

ADDER TECHNOLOGY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	2019 £
Turnover	3	28,657,862	33,226,227
Cost of sales		(8,454,675)	(10,205,009)
Gross profit		20,203,187	23,021,218
Distribution costs		(862,121)	(1,322,042)
Administrative expenses		(14,219,207)	(13,768,084)
Other operating income		112,215	80,000
Operating profit	4	5,234,074	8,011,092
Interest receivable and similar income	8	123,185	81,574
Profit before taxation		5,357,259	8,092,666
Taxation	9	315,560	251,935
Profit for the financial year		5,672,819	8,344,601
Profit for the financial year is attributable to:			
- Owners of the parent company		5,660,646	8,331,706
- Non-controlling interests		12,173	12,895
		5,672,819	8,344,601

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ADDER TECHNOLOGY LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020 £	2019 £
Profit for the year	5,672,819	8,344,601
Other comprehensive income		
Currency translation differences	8,056	10,597
	<u>5,680,875</u>	<u>8,355,198</u>
Total comprehensive income for the year	<u><u>5,680,875</u></u>	<u><u>8,355,198</u></u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	5,668,702	8,342,303
- Non-controlling interests	12,173	12,895
	<u>5,680,875</u>	<u>8,355,198</u>
	<u><u>5,680,875</u></u>	<u><u>8,355,198</u></u>

ADDER TECHNOLOGY LIMITED

GROUP BALANCE SHEET AS AT 30 JUNE 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	11		350,557		390,382
Other intangible assets	11		41,500		124,500
			<u>392,057</u>		<u>514,882</u>
Total intangible assets			392,057		514,882
Tangible assets	12		5,973,975		5,825,258
			<u>6,366,032</u>		<u>6,340,140</u>
Current assets					
Stocks	15	5,153,288		5,512,670	
Debtors	16	4,877,678		6,252,361	
Cash at bank and in hand		18,426,073		13,549,597	
		<u>28,457,039</u>		<u>25,314,628</u>	
Creditors: amounts falling due within one year	17	(2,984,811)		(3,674,276)	
		<u>25,472,228</u>		<u>21,640,352</u>	
Net current assets			25,472,228		21,640,352
Total assets less current liabilities			31,838,260		27,980,492
Creditors: amounts falling due after more than one year	18		(176,893)		-
			<u>31,661,367</u>		<u>27,980,492</u>
Net assets			<u>31,661,367</u>		<u>27,980,492</u>
Capital and reserves					
Called up share capital	22		100		100
Profit and loss reserves	23		31,616,466		27,947,764
			<u>31,616,566</u>		<u>27,947,864</u>
Equity attributable to owners of the parent company			31,616,566		27,947,864
Non-controlling interests			44,801		32,628
			<u>31,661,367</u>		<u>27,980,492</u>

The financial statements were approved by the board of directors and authorised for issue on 26 March 2021 and are signed on its behalf by:

A C Dickens
Director

ADDER TECHNOLOGY LIMITED

COMPANY BALANCE SHEET AS AT 30 JUNE 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	11		41,500		124,500
Tangible assets	12		751,096		510,376
Investments	13		607,064		607,064
			<u>1,399,660</u>		<u>1,241,940</u>
Current assets					
Stocks	15	4,880,408		5,283,960	
Debtors	16	10,513,775		12,281,204	
Cash at bank and in hand		17,879,022		12,971,974	
		<u>33,273,205</u>		<u>30,537,138</u>	
Creditors: amounts falling due within one year	17	(3,083,676)		(3,636,857)	
Net current assets			<u>30,189,529</u>		<u>26,900,281</u>
Total assets less current liabilities			<u>31,589,189</u>		<u>28,142,221</u>
Capital and reserves					
Called up share capital	22		100		100
Profit and loss reserves	23		31,589,089		28,142,121
Total equity			<u>31,589,189</u>		<u>28,142,221</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £5,446,968 (2019 - £8,461,835 profit).

The financial statements were approved by the board of directors and authorised for issue on 26 March 2021 and are signed on its behalf by:

A C Dickens
Director

Company Registration No. 01823478

ADDER TECHNOLOGY LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 July 2018		100	21,405,461	21,405,561	19,733	21,425,294
Year ended 30 June 2019:						
Profit for the year		-	8,331,706	8,331,706	12,895	8,344,601
Other comprehensive income:						
Currency translation differences		-	10,597	10,597	-	10,597
Total comprehensive income for the year		-	8,342,303	8,342,303	12,895	8,355,198
Dividends	10	-	(1,800,000)	(1,800,000)	-	(1,800,000)
Balance at 30 June 2019		100	27,947,764	27,947,864	32,628	27,980,492
Year ended 30 June 2020:						
Profit for the year		-	5,660,646	5,660,646	12,173	5,672,819
Other comprehensive income:						
Currency translation differences on overseas subsidiaries		-	8,056	8,056	-	8,056
Total comprehensive income for the year		-	5,668,702	5,668,702	12,173	5,680,875
Dividends	10	-	(2,000,000)	(2,000,000)	-	(2,000,000)
Balance at 30 June 2020		100	31,616,466	31,616,566	44,801	31,661,367

ADDER TECHNOLOGY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2018		100	21,480,286	21,480,386
<hr/>				
Year ended 30 June 2019:				
Profit and total comprehensive income for the year		-	8,461,835	8,461,835
Dividends	10	-	(1,800,000)	(1,800,000)
<hr/>				
Balance at 30 June 2019		100	28,142,121	28,142,221
<hr/>				
Year ended 30 June 2020:				
Profit and total comprehensive income for the year		-	5,446,968	5,446,968
Dividends	10	-	(2,000,000)	(2,000,000)
<hr/>				
Balance at 30 June 2020		100	31,589,089	31,589,189
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ADDER TECHNOLOGY LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	29	7,060,979		8,115,736	
Income taxes paid		(111,910)		(17,162)	
Net cash inflow from operating activities		6,949,069		8,098,574	
Investing activities					
Purchase of tangible fixed assets		(402,333)		(222,226)	
Proceeds on disposal of tangible fixed assets		7,900		-	
Interest received		123,185		81,574	
Net cash used in investing activities		(271,248)		(140,652)	
Financing activities					
Proceeds of new bank loans		176,893		-	
Dividends paid to equity shareholders		(2,000,000)		(1,800,000)	
Net cash used in financing activities		(1,823,107)		(1,800,000)	
Net increase in cash and cash equivalents		4,854,714		6,157,922	
Cash and cash equivalents at beginning of year		13,549,597		7,381,144	
Effect of foreign exchange rates		21,762		10,531	
Cash and cash equivalents at end of year		18,426,073		13,549,597	

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Adder Technology Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The address of the registered office and the place of business is given in the company information page of these financial statements.

The group consists of Adder Technology Limited and all of its subsidiaries ("the group").

1.1 Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has taken advantage of the exemption from preparing a statement of cash flows on the basis that the group statement of cash flows, included in these financial statements, includes the company's cash flows.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Adder Technology Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 30 June 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the group control is accounted for as a business combination. Thereafter, where the group increases its controlling interest in the subsidiary, the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business (net of VAT) and by reference to the date that goods are despatched as this is the point that all risks and rewards are deemed to be transferred.

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.4 Research and development expenditure

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing the excess of the fair value of the consideration given over the fair value of identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software licences	20% per annum on cost
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1.7 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold buildings	No depreciation or 2% per annum of cost
Leasehold alterations	Over the lease period
Fixtures, fittings & computer equipment	20% or 33.33% per annum of cost
Motor vehicles	25% per annum of cost

The estimated residual value of certain freehold buildings is such that their depreciable amount is insignificant. Accordingly, no depreciation is charged on certain freehold buildings. No depreciation is provided in respect of freehold land.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount in order to determine the extent of the impairment loss (if any). Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct material costs. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

1.11 Financial instruments

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.13 Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

1.14 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.15 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the relevant lease.

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

The trading results of overseas group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas group undertakings are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Stock provision

Provision is made for damaged, obsolete and slow moving stock where appropriate. This requires estimation of anticipated future sales.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020	2019
	£	£
Turnover		
Sale of goods	28,657,862	33,226,227
	<u>28,657,862</u>	<u>33,226,227</u>

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

3 Turnover and other revenue		(Continued)	
Other revenue			
Interest income	123,185	81,574	
Grants received	25,634	-	
	<u>148,820</u>	<u>81,574</u>	
Turnover analysed by geographical market			
	2020	2019	
	£	£	
United Kingdom	2,352,681	2,566,602	
Overseas	26,305,181	30,659,625	
	<u>28,657,862</u>	<u>33,226,227</u>	
4 Operating profit			
	2020	2019	
	£	£	
Operating profit for the year is stated after charging/(crediting):			
Exchange gains	(234,851)	(223,926)	
Research and development costs	4,681,883	4,970,433	
Government grants	(25,634)	-	
Depreciation of owned tangible fixed assets	239,910	257,833	
Profit on disposal of fixed assets	(7,900)	-	
Amortisation of intangible assets	122,825	122,828	
Operating lease charges	136,470	96,996	
	<u>4,912,713</u>	<u>5,173,164</u>	
5 Auditor's remuneration			
	2020	2019	
	£	£	
Fees payable to the company's auditor and associates:			
For audit services			
Audit of the financial statements of the group and company	20,000	20,000	
Audit of the financial statements of the company's subsidiaries	8,000	8,000	
	<u>28,000</u>	<u>28,000</u>	

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Directors	2	2	2	2
Corporate	13	12	10	10
Development and engineering	43	45	39	41
Operations	49	48	48	47
Technical support	14	14	11	11
Sales and marketing	34	32	23	21
Total	<u>155</u>	<u>153</u>	<u>133</u>	<u>132</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	9,212,758	9,422,053	7,205,665	7,470,676
Social security costs	865,867	938,290	829,468	904,871
Pension costs	944,947	489,452	813,887	459,351
Total	<u>11,023,572</u>	<u>10,849,795</u>	<u>8,849,020</u>	<u>8,834,898</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>1,085,875</u>	<u>1,219,053</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	<u>674,853</u>	<u>766,048</u>

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	123,185	81,574

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	123,185	81,574
--	---------	--------

9 Taxation

	2020 £	2019 £
Current tax		
Foreign current tax on profits for the current period	162,426	13,194
Deferred tax		
Origination and reversal of timing differences	(477,986)	(265,129)
Total tax credit	(315,560)	(251,935)

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	5,357,259	8,092,666
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,017,879	1,537,607
Tax effect of expenses that are not deductible in determining taxable profit	4,910	3,990
Depreciation on assets not qualifying for tax allowances	15,022	14,823
Research and development tax credit	(1,156,425)	(1,227,697)
Effect of overseas tax rates	93,398	35,500
Patent box deduction	(315,583)	(642,714)
Consolidation adjustments	25,239	26,556
Taxation credit	(315,560)	(251,935)

10 Dividends

	2020 £	2019 £
Ordinary paid	2,000,000	1,800,000

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

11 Intangible fixed assets

Group	Goodwill	Domain name	Software licences	Total
	£	£	£	£
Cost				
At 1 July 2019 and 30 June 2020	796,555	9,245	485,000	1,290,800
Amortisation and impairment				
At 1 July 2019	406,173	9,245	360,500	775,918
Amortisation charged for the year	39,825	-	83,000	122,825
At 30 June 2020	445,998	9,245	443,500	898,743
Carrying amount				
At 30 June 2020	350,557	-	41,500	392,057
At 30 June 2019	390,382	-	124,500	514,882
Company		Domain name	Software licences	Total
		£	£	£
Cost				
At 1 July 2019 and 30 June 2020		9,245	485,000	494,245
Amortisation and impairment				
At 1 July 2019		9,245	360,500	369,745
Amortisation charged for the year		-	83,000	83,000
At 30 June 2020		9,245	443,500	452,745
Carrying amount				
At 30 June 2020		-	41,500	41,500
At 30 June 2019		-	124,500	124,500

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

12 Tangible fixed assets

Group	Freehold buildings	Leasehold alterations	Fixtures, fittings & computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2019	5,689,962	229,757	1,441,817	15,660	7,377,196
Additions	-	316,863	85,470	-	402,333
Disposals	-	-	(1,167)	(15,660)	(16,827)
Exchange adjustments	-	-	7,440	-	7,440
At 30 June 2020	5,689,962	546,620	1,533,560	-	7,770,142
Depreciation and impairment					
At 1 July 2019	223,217	226,173	1,086,888	15,660	1,551,938
Depreciation charged in the year	76,738	2,090	161,082	-	239,910
Eliminated in respect of disposals	-	-	(1,167)	(15,660)	(16,827)
Exchange adjustments	-	-	21,146	-	21,146
At 30 June 2020	299,955	228,263	1,267,949	-	1,796,167
Carrying amount					
At 30 June 2020	5,390,007	318,357	265,611	-	5,973,975
At 30 June 2019	5,466,745	3,584	354,929	-	5,825,258

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

12 Tangible fixed assets (Continued)

Company	Freehold buildings	Leasehold alterations	Fixtures, fittings & computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2019	278,038	229,757	1,311,225	15,660	1,834,680
Additions	-	316,863	82,212	-	399,075
Disposals	-	-	-	(15,660)	(15,660)
At 30 June 2020	278,038	546,620	1,393,437	-	2,218,095
Depreciation and impairment					
At 1 July 2019	110,546	226,173	971,925	15,660	1,324,304
Depreciation charged in the year	-	2,090	156,265	-	158,355
Eliminated in respect of disposals	-	-	-	(15,660)	(15,660)
At 30 June 2020	110,546	228,263	1,128,190	-	1,466,999
Carrying amount					
At 30 June 2020	167,492	318,357	265,247	-	751,096
At 30 June 2019	167,492	3,584	339,300	-	510,376

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	607,064	607,064

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 July 2019 and 30 June 2020	607,064
Carrying amount	
At 30 June 2020	607,064
At 30 June 2019	607,064

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

14 Subsidiaries

Details of the company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held DirectIndirect	
Adder Corporation	USA	Computer system connectivity	Common stock	100.00
Adder Properties Limited	England	Letting of commercial premises	Ordinary	100.00
Adder Technology (Asia-Pacific) PTE Limited	Singapore	Computer system connectivity	Ordinary	100.00
Adventiq Limited	England	Computer system connectivity	Ordinary	89.60
Adder Technology B.V.	Netherlands	Dormant	Ordinary	100.00

The registered address of Adder Properties Limited is the same as the company's registered office address as given in the company information page of these financial statements.

The registered address of Adventiq Limited is the same as the company's business address as given in the company information page of these financial statements.

The business address for Adder Corporation is 24 Graf Road, Newburyport, MA, 01950, United States of America.

The business address for Adder Technology (Asia-Pacific) PTE Limited is 73 Ubi Road 1, #08-62 Oxley Bizhub, Singapore, 408733.

The business address for Adder Technology B.V. is De Kil 34, 8255RR Swifterbant, Netherlands.

15 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	3,564,794	4,243,302	3,564,794	4,243,302
Work in progress	891,787	549,348	891,787	549,348
Finished goods and goods for resale	696,707	720,020	423,827	491,310
	<u>5,153,288</u>	<u>5,512,670</u>	<u>4,880,408</u>	<u>5,283,960</u>

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

16 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	3,088,310	4,734,999	1,789,783	3,188,245
Amounts owed by group undertakings	-	-	6,941,514	7,583,474
Other debtors	488,006	721,321	488,006	720,321
Prepayments and accrued income	169,431	142,096	163,438	136,103
	<u>3,745,747</u>	<u>5,598,416</u>	<u>9,382,741</u>	<u>11,628,143</u>
Deferred tax asset (note 20)	1,131,931	653,945	1,131,034	653,061
	<u>4,877,678</u>	<u>6,252,361</u>	<u>10,513,775</u>	<u>12,281,204</u>

17 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Trade creditors	1,313,886	1,927,142	1,219,250	1,775,946
Amounts owed to group undertakings	-	-	567,777	429,032
Corporation tax payable	51,029	513	-	-
Other taxation and social security	352,768	315,058	189,638	187,534
Other creditors	840,243	1,014,929	838,930	1,015,809
Accruals and deferred income	426,885	416,634	268,081	228,536
	<u>2,984,811</u>	<u>3,674,276</u>	<u>3,083,676</u>	<u>3,636,857</u>

18 Creditors: amounts falling due after more than one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
	<u>176,893</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bank loans and overdrafts	176,893	-	-	-
	<u>176,893</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	176,893	-	-	-
	<u>176,893</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payable after one year	176,893	-	-	-
	<u>176,893</u>	<u>-</u>	<u>-</u>	<u>-</u>

The bank loan is due for repayment in May 2022.

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2020 £	Assets 2019 £
Group		
Accelerated capital allowances	(75,642)	(48,817)
Tax losses	1,190,134	683,189
Other timing differences	17,439	19,573
	<u>1,131,931</u>	<u>653,945</u>
	<u><u>1,131,931</u></u>	<u><u>653,945</u></u>
	Assets 2020 £	Assets 2019 £
Company		
Accelerated capital allowances	(75,642)	(48,817)
Tax losses	1,190,134	683,189
Other timing differences	16,542	18,689
	<u>1,131,034</u>	<u>653,061</u>
	<u><u>1,131,034</u></u>	<u><u>653,061</u></u>
	Group 2020 £	Company 2020 £
Movements in the year:		
Liability/(asset) at 1 July 2019	(653,945)	(653,061)
Credit to profit or loss	(477,986)	(477,973)
	<u>(1,131,931)</u>	<u>(1,131,034)</u>
Liability/(asset) at 30 June 2020	<u><u>(1,131,931)</u></u>	<u><u>(1,131,034)</u></u>

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution scheme		
Charge to profit or loss in respect of defined contribution scheme	<u>944,947</u>	<u>489,452</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

22 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

23 Reserves

Profit and loss reserves

The profit and loss reserves comprise retained profits and losses for the current and prior periods.

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Within one year	349,602	445,031	245,726	324,348
Between two and five years	159,867	450,485	1,299	242,660
	<u>509,469</u>	<u>895,516</u>	<u>247,025</u>	<u>567,008</u>

25 Events after the reporting date

Since the year-end, operations have continued to be impacted as a result of the COVID-19 pandemic. In response to this, the group has utilised the Coronavirus Job Retention Scheme and implemented a recovery strategy to secure the position of the business. The full financial effect of this cannot currently be estimated due to the ongoing situation.

26 Related party transactions

Transactions with related parties

Company

Administrative expenditure includes £524,374 (2019: £560,950) in respect of amounts charged by a subsidiary undertaking for subcontract research and development work and supply of KVM over IP technology.

The company has taken advantage of the exemption offered by FRS 102 from the requirement to disclose transactions between wholly owned subsidiaries.

ADDER TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

27 Directors' transactions

Dividends totalling £2,000,000 (2019 - £1,800,000) were paid in the year in respect of shares held by the company's directors.

28 Controlling party

The ultimate controlling party is A C Dickens by virtue of his shareholding.

29 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	5,672,819	8,344,601
Adjustments for:		
Taxation credited	(315,560)	(251,935)
Investment income	(123,185)	(81,574)
Gain on disposal of fixed assets	(7,900)	-
Amortisation and impairment of intangible assets	122,825	122,828
Depreciation and impairment of tangible fixed assets	239,910	257,833
Movements in working capital:		
Decrease/(increase) in stocks	359,382	(753,443)
Decrease in debtors	1,625,084	251,336
(Decrease)/increase in creditors	(512,396)	226,090
Cash generated from operations	7,060,979	8,115,736

30 Analysis of changes in net funds - group

	1 July 2019 £	Cash flows £	Exchange rate movements £	30 June 2020 £
Cash at bank and in hand	13,549,597	4,854,714	21,762	18,426,073
Borrowings excluding overdrafts	-	(176,893)	-	(176,893)
	<u>13,549,597</u>	<u>4,677,821</u>	<u>21,762</u>	<u>18,249,180</u>

