

Financial Statements
for the Year Ended 31st December 2020
for
CANNON TECHNOLOGIES LIMITED

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for the year ended 31st December 2020**

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CANNON TECHNOLOGIES LIMITED

**Company Information
for the year ended 31st December 2020**

DIRECTORS:

E A Reddicliffe
M Goulding

SECRETARY:

E A Reddicliffe

REGISTERED OFFICE:

13 Queensway
Stem Lane Industrial Estate
New Milton
Hampshire
BH25 5NU

REGISTERED NUMBER:

01374913 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Alasdair Weaks

AUDITORS:

Simpson Wreford & Partners
Chartered Accountants & Statutory Auditors
Suffolk House
George Street
Croydon
Surrey
CR0 0YN

**Statement of Financial Position
31st December 2020**

| | Notes | 31.12.20 | | 31.12.19 as restated | |
|--|-------|------------------|------------------|-------------------------|------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Intangible assets | 4 | | 12,608 | | 16,987 |
| Property, plant and equipment | 5 | | <u>447,734</u> | | <u>573,132</u> |
| | | | 460,342 | | 590,119 |
| CURRENT ASSETS | | | | | |
| Inventories | 6 | 1,557,024 | | 2,234,300 | |
| Debtors | 7 | 2,381,505 | | 1,976,400 | |
| Cash at bank and in hand | | <u>269,442</u> | | <u>12,202</u> | |
| | | 4,207,971 | | 4,222,902 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 8 | <u>2,172,230</u> | | <u>1,321,697</u> | |
| NET CURRENT ASSETS | | | <u>2,035,741</u> | | <u>2,901,205</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>2,496,083</u> | | <u>3,491,324</u> |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 9 | | 50,527 | | 118,555 |
| NET ASSETS | | | <u>2,445,556</u> | | <u>3,372,769</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | | | 60,000 | | 60,000 |
| Retained earnings | | | <u>2,385,556</u> | | <u>3,312,769</u> |
| SHAREHOLDERS' FUNDS | | | <u>2,445,556</u> | | <u>3,372,769</u> |

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Statement of Income and Retained Earnings has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 22nd December 2021 and were signed on its behalf by:

M Goulding - Director

**Notes to the Financial Statements
for the year ended 31st December 2020**

1. STATUTORY INFORMATION

Cannon Technologies Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

Going concern

The COVID-19 pandemic resulted in significant business and social disruption around the world. The impact was immediate and continues to affect the company. The company utilised government support throughout the year by way of accessing the Coronavirus Job Retention Scheme. The directors are continually reviewing and updating the company's strategy to lessen the impact of the pandemic on the company's operations. They believe that this, along with the continuing support of the company's banking facilities, will ensure the company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date the financial statements were authorised for issue. The company has also generated a number of opportunities with both existing and new customers that the directors expect to generate an uplift in revenue in 2022. Accordingly, the directors are satisfied that the financial statements should be prepared on the going concern basis.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

| | |
|-----------------------|---------------------|
| Plant and machinery | - 10% straight line |
| Fixtures and fittings | - 20% straight line |
| Motor vehicles | - 25% straight line |
| Computer Equipment | - 33% straight line |

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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 proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Government grants included within the financial statements are comprised of furlough payments to staff members as part of the government's package of measures to cover the impact of COVID-19.

Stocks

Stock is valued at the lower of cost and net realisable value, being the estimated selling price less costs to sell. Cost is based on the cost of purchase plus any associated costs on a first in, first out basis.

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

Financial instruments

The company only enters into basic financial instruments that results in the recognition of financial assets and liabilities such as trade and other debtors and creditors and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amounts that the company would receive for the asset if it were to be sold at the balance sheet date.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

Taxation

The tax expenses for the year comprises of current and deferred tax. Tax is recognised in the statement of comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

Research and development

Expenditure on research is written off in the year in which it is incurred.

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period in which the company is expected to derive benefits.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The company's functional currency and presentational currency is pound sterling.

Hire purchase and leasing commitments

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

Pensions

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

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in creditors as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

Debtors

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

Creditors

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

Cash and cash equivalents

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

3. EMPLOYEES

The average number of employees during the year was 62 (2019 - 76) .

4. INTANGIBLE FIXED ASSETS

Other
intangible
assets
£

COST

At 1st January 2020
and 31st December 2020

77,364

AMORTISATION

At 1st January 2020

60,377

Charge for year

4,379

At 31st December 2020

64,756

NET BOOK VALUE

At 31st December 2020

12,608

At 31st December 2019

16,987

Notes to the Financial Statements - continued
for the year ended 31st December 2020

5. **PROPERTY, PLANT AND EQUIPMENT**

| | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Computer equipment £ | Totals £ |
|-----------------------|-----------------------------|----------------------------------|------------------------|----------------------------|------------------|
| COST | | | | | |
| At 1st January 2020 | 3,495,040 | 216,433 | 83,503 | 600,058 | 4,395,034 |
| Additions | <u>1,475</u> | <u>-</u> | <u>-</u> | <u>28,930</u> | <u>30,405</u> |
| At 31st December 2020 | <u>3,496,515</u> | <u>216,433</u> | <u>83,503</u> | <u>628,988</u> | <u>4,425,439</u> |
| DEPRECIATION | | | | | |
| At 1st January 2020 | 3,024,234 | 213,077 | 57,839 | 526,752 | 3,821,902 |
| Charge for year | <u>111,773</u> | <u>984</u> | <u>6,416</u> | <u>36,630</u> | <u>155,803</u> |
| At 31st December 2020 | <u>3,136,007</u> | <u>214,061</u> | <u>64,255</u> | <u>563,382</u> | <u>3,977,705</u> |
| NET BOOK VALUE | | | | | |
| At 31st December 2020 | <u>360,508</u> | <u>2,372</u> | <u>19,248</u> | <u>65,606</u> | <u>447,734</u> |
| At 31st December 2019 | <u>470,806</u> | <u>3,356</u> | <u>25,664</u> | <u>73,306</u> | <u>573,132</u> |

6. **INVENTORIES**

| | 31.12.20 £ | 31.12.19 as restated £ |
|--------|------------------|---------------------------------|
| Stocks | <u>1,557,024</u> | <u>2,234,300</u> |

7. **DEBTORS**

| | 31.12.20 £ | 31.12.19 as restated £ |
|---|------------------|---------------------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,125,919 | 1,197,992 |
| Amounts owed by group undertakings | 437,245 | 367,855 |
| Amounts owed by related undertakings | 33,772 | 37,026 |
| Other debtors | 34,485 | 62,485 |
| Tax | 586,590 | - |
| Deferred tax asset | - | 167,146 |
| Prepayments and accrued income | <u>120,448</u> | <u>100,850</u> |
| | <u>2,338,459</u> | <u>1,933,354</u> |
| Amounts falling due after more than one year: | | |
| Amounts owed by related undertakings | <u>43,046</u> | <u>43,046</u> |
| Aggregate amounts | <u>2,381,505</u> | <u>1,976,400</u> |

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.20 | 31.12.19 as restated |
|---|------------------|----------------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 10) | 796,822 | 554,840 |
| Trade creditors | 511,539 | 359,444 |
| Amounts owed to group undertakings | 526,500 | 136,500 |
| Social security and other taxes | 46,466 | 57,867 |
| VAT | 212,349 | 132,631 |
| Other creditors | 28,554 | 30,415 |
| Accruals and deferred income | 50,000 | 50,000 |
| | <u>2,172,230</u> | <u>1,321,697</u> |

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 31.12.20 | 31.12.19 as restated |
|--------------------------|---------------|----------------------------|
| | £ | £ |
| Bank loans (see note 10) | <u>50,527</u> | <u>118,555</u> |

10. LOANS

An analysis of the maturity of loans is given below:

| | 31.12.20 | 31.12.19 as restated |
|---|----------------|----------------------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | 729,805 | 491,285 |
| Bank loans | <u>67,017</u> | <u>63,555</u> |
| | <u>796,822</u> | <u>554,840</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | <u>50,527</u> | <u>67,047</u> |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | <u>-</u> | <u>51,508</u> |

The bank loan is repayable in instalments over two years. Interest is payable on the loans at 2.0% over base rate. Securities held in relation to the loans and overdrafts are discussed in note 14.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 31.12.20 | 31.12.19 as restated |
|----------------------------|---------------|----------------------------|
| | £ | £ |
| Within one year | 55,917 | 82,257 |
| Between one and five years | <u>19,881</u> | <u>82,912</u> |
| | <u>75,798</u> | <u>165,169</u> |

12. SECURED DEBTS

The following secured debts are included within creditors:

| | 31.12.20 | 31.12.19 as restated |
|-----------------|----------------|----------------------------|
| | £ | £ |
| Bank overdrafts | 729,805 | 491,285 |
| Bank loans | <u>117,544</u> | <u>182,110</u> |
| | <u>847,349</u> | <u>673,395</u> |

The bank loan and overdraft are secured by an unscheduled mortgage debenture incorporating a fixed and floating charge over all assets of the company, present and future, and by an unlimited inter-company guarantee jointly given by the company, Cannon Technologies Group Limited, Cannontech Limited, Cannon Technologies (Europe) Limited and Cannon Datacom Limited.

In addition, a charge is held over property owned by Scammell Estates Limited, a company under common control.

13. AUDITORS' INFORMATION

The audit report provided to the members of Cannon Technologies Limited on the financial statements for the period ended 31 December 2020 was not qualified.

The audit report was signed by Alasdair Weaks (Senior Statutory Auditor) for and on behalf of Simpson Wreford & Partners, Chartered Accountants and Statutory Auditor.

14. CONTINGENT LIABILITIES

The company is party to a composite guarantee between itself, Cannon Technologies Group Limited, Cannon Technologies Europe Limited, Cannontech Limited, Cannon Telecomms Limited and Cannon Datacom Limited for bank borrowings, but all such borrowings were by the company itself at the period end. There are no other contingent liabilities at the balance sheet date (2019 - none).

15. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

In the year, the company paid rental costs of £36,000 to Scammell Estates Limited (2019 - £36,000), a company under common control.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

16. ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company is Cannon Technologies Group Limited, a company registered in England and Wales.

Cannon Technologies Group Limited prepares consolidated financial statements and copies can be obtained from 13 Queensway, Stem Lane Industrial Estate, New Milton, Hampshire, BH25 5NU.